

## **In Year Monitoring of FC Scotland Performance**

### **Purpose**

1. To provide the National Committee (NC) with an update of the key financial and non-financial performance measures for 2003-04 as at the end of June 2003.

### **Approved Budget**

2. At the last NC I outlined how we were planning to meet our agreed funding for 2003-04. I indicated that the Forestry Devolution Review would move some of the costs, particularly policy, from GB to countries. This exercise is complete and the changes have been incorporated in an updated budget shown at Annex 1.

3. There is no overall impact on our ability to meet the budget because the additional £1.3M required will be met from GB Core Funds of £1.2M and a slightly increased End Year Flexibility figure of £0.1M. There may still need to be some refinements of these allocations between FC and FE but the overall funding for FCS will remain unchanged.

4. The FC (GB) are approaching Treasury to discuss how we can transfer these funds on a permanent basis to the countries. I will report on the success or otherwise of this approach in a future report.

### **Overall Financial Performance**

5. Annex 2 shows that we are forecasting to hit our overall targets, with a potential cash surplus of £0.3M. This arises in FE but see comments below. The FC remains on target but we have moved £0.6M from the grant budget to the general budget to pay for the GLADE project, a complete rewrite of the current computerised grants system.

### **Corporate Plan Targets**

6. Annex 3 shows a full list of our Corporate Plan Targets and an indication of progress. This has proved an extremely useful exercise in that it has identified some gaps in our knowledge. However, this seems far too much detail for the NC and in future I propose to only raise those items where we may be in danger of failing.

7. We have been working with SEERAD on the commitments arising from the 'Partnership for a Better Scotland' agreement. We will need to monitor these closely and will be bringing details to a future NC meeting.

### **Forest Enterprise**

8. We have not yet agreed formal Key Agency Targets. However, from the existing Directors we have received financial forecasts (see Annex 4) and they indicate an overall saving of £0.3M, mainly due to the large number of successful disposal cases which were put on the market last year.

9. Timber markets are still fragile but the main uncertainty is the £1M income due from the Whitelee windfarm development. The forecast is dependent on this project but we will not know if it will proceed until October.

**Action**

10. Committee members are asked to note the current position.

Paul Snaith  
Head of Corporate Services

## Funding of Forestry Commission Scotland 2003-04

£m	SR2002	Approved by Commissioners	Revised Budget	Post FDR Budget	
SE Funding	38.7	38.7	38.7	38.7	
End Year Flexibility			0.9	1.0	
<b>Total SE Direct Funding</b>	<b>38.7</b>	<b>38.7</b>	<b>39.6</b>	<b>39.7</b>	
EU co-financing	8.1	7.9	7.9	7.9	
GB Core				1.2	
<b>Total Funding</b>	<b>46.8</b>	<b>46.6</b>	<b>47.5</b>	<b>48.8</b>	
<b>Used for:</b>					
Woodland Grants	19.5	19.5	19.4	19.4	
Policy, regulation and administration	4.2	4.8	4.8	7.4	
Forest Enterprise	23.1	24.6	23.3	22.0	
<b>Net Cash Expenditure</b>	<b>46.8</b>	<b>48.9</b>	<b>47.5</b>	<b>48.8</b>	
<b>Cash Funding Deficit</b>		<b>2.3</b>			* Must not Exceed 0
Non-Cash Charges	26.3	26.3	26.3	26.3	
Working Capital Movement					
<b>Full Resource Budget</b>	<b>73.1</b>	<b>75.2</b>	<b>73.8</b>	<b>73.9</b>	* Must not exceed 7
<b>Full Resource Deficit/ (Surplus)</b>		<b>2.1</b>	<b>-0.2</b>	<b>-0.2</b>	
<b>Detailed Analysis of Forest Enterprise</b>					
<b>Income and Expenditure Account</b>					
Operating Income	-41.0	-38.3	-38.3	-38.3	
Operating Expenditure	57.8	56.1	56.1	55.0	
<b>Net Operating Cost</b>	<b>16.8</b>	<b>17.8</b>	<b>17.8</b>	<b>16.7</b>	* Must not exceed 1
Environmental and Social Income	-1.4	-3.0	-3.0	-3.0	
Environmental and Social Expenditure	8.3	10.8	10.8	10.6	
<b>Environmental and Social Net Cost</b>	<b>6.9</b>	<b>7.8</b>	<b>7.8</b>	<b>7.6</b>	
<b>Cost of Disposals</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	
<b>Net Cost for Year</b>	<b>23.8</b>	<b>25.9</b>	<b>25.9</b>	<b>24.6</b>	
<b>Cash Flow Statement</b>					
Net Cost from I&E Account	23.8	25.9	25.9	24.6	
non cash items	-2.0	-1.9	-1.9	-1.9	
working capital movement		0.4	0.1	0.1	
<b>Capital</b>					
Acquisitions/ New Planting	0.5	0.6	0.6	0.6	
Buildings	0.2	0.2	0.2	0.2	
VME/ OME	1.5	0.6	0.6	0.6	
Sales of VME/OME	-0.4	-0.4	-0.4	-0.4	
Estate Disposals	-0.5	-0.8	-1.8	-1.8	
<b>Total capital</b>	<b>1.3</b>	<b>0.2</b>	<b>-0.8</b>	<b>-0.8</b>	
<b>Net Cash Requirement from FC</b>	<b>23.1</b>	<b>24.6</b>	<b>23.3</b>	<b>22.0</b>	* Must not exceed 2
<b>Analysis of Direct Cash Spending and Central Service Costs</b>					
	<b>FC</b>	<b>FE</b>	<b>Total</b>		
Direct Net Cash	24.1	2.2	26.3		
Central Services	2.6	3.2	5.8		
Business Units	0.1	16.6	16.7		
<b>Total</b>	<b>26.8</b>	<b>22.0</b>	<b>48.8</b>		

\* = Key Targets

## Financial Monitoring of Forestry Commission Scotland 2003-04

Period Ended: June 2003

£m	2002-03 Outturn	Approved Funding	Actual to Date	Latest Forecast	% of Forecast	Movement from		
						Previous Forecast	Previous Forecast	Approved Funding
SE Funding	40.4	38.7	11.0	38.7	28%	38.7		
End Year Flexibility		1.0		1.0		1.0		
<i>Total SE Direct Funding</i>	<i>40.4</i>	<i>39.7</i>	<i>11.0</i>	<i>39.7</i>	<i>28%</i>	<i>39.7</i>		
EU co-financing	5.9	7.9	1.4	7.9	18%	7.9		
GB Core		1.2		1.2		1.2		
<b>Total Funding</b>	<b>46.3</b>	<b>48.8</b>	<b>12.4</b>	<b>48.8</b>	<b>25%</b>	<b>48.8</b>		
<b>Used for:</b>								
Woodland Grants	14.0	19.4	4.7	18.8	25%	19.4	-0.6	-0.6
Policy, regulation and administration	5.1	7.4	0.8	8.0	10%	7.4	0.6	0.6
Forest Enterprise	26.2	22.0	3.2	21.7	15%	22.0	-0.3	-0.3
<b>Net Cash Expenditure</b>	<b>45.3</b>	<b>48.8</b>	<b>8.7</b>	<b>48.5</b>	<b>18%</b>	<b>48.8</b>	<b>-0.3</b>	<b>-0.3</b>
<b>Cash Funding Deficit/ (Surplus)</b>	<b>-1.0</b>		<b>-3.7</b>	<b>-0.3</b>			<b>-0.3</b>	<b>-0.3</b>
Non-Cash Charges	32.1	26.3	0.1	26.3	0%	26.3		
Working Capital Movement	0.2							
<b>Full Resource Budget</b>	<b>70.7</b>	<b>74.1</b>	<b>5.1</b>	<b>73.6</b>	<b>7%</b>	<b>73.9</b>	<b>-0.3</b>	<b>-0.5</b>
<b>Full Resource Deficit / (Surplus)</b>	<b>-1.0</b>		<b>-3.7</b>	<b>-0.3</b>			<b>-0.3</b>	<b>-0.5</b>



<b>MAXIMISING VALUE</b>		
<b><i>Improving competitiveness and ensuring continuing investment (MV1, MV2)</i></b>		
Work with the Scottish Forestry Industry Cluster, serving on the cluster leadership group; seconding a staff member to Scottish Enterprise as a Forest Investment Adviser and supporting the work of local Forest Action Groups		✓
Work in partnership with industry to progress the plans of the Forest Industries Cluster to develop a strong and competitive network of forest industries, and to support the Forest Industries Development Council's sustainability strategy <i>Naturally Wood</i>		✓
3.0 million m <sup>3</sup> of timber from Scotland's national forests in accordance with published production forecasts		✓
Encourage investment through marketing 65% of timber supply, from Scotland's national forests, through long term contracts		✓
<b><i>Developing the timber transport infrastructure (MV3)</i></b>		
Support the work of the Timber Transport Groups and the Timber Transport Forum; help the industry and local authorities to develop proposals for a Strategic Timber Transport Fund	Ian Forshaw	✓
Take forward local projects (such as the Argyll "Timber Haul Route Network", the North Loch Garry Transport Management Programme, the integrated timber transport system for the national forests in Galloway, and innovative engineering solutions on the Rimsdale/Kinbrace road		✓
<b><i>Promoting more use of timber and developing new markets (MV4, MV5)</i></b>		
Work with the Scottish Forest Industries Cluster and the newly established Centre for Timber Engineering at Napier University to bring innovation, research		✓

and education closer together		
Promote Scottish wood as 'fit for purpose' to building industry; running three further CPD events for architects and specifiers in Scotland, with follow up visits to industry within 2003-2004	Derek Nelson	✓
Promote the use of wood through events in Scotland: supporting the organisation and delivery of the Scottish Wood Fair in Perth during May; and developing plans in partnership with others for a promotional initiative, a year of timber	Derek Nelson	✓
Commence work on international co-operation project to promote external timber cladding in partnership with Highland Council	Derek Nelson	✓
Explore with Norway areas for mutual co-operation on sustainable construction	Derek Nelson	✓
Conclude the first phase of the three year, £9 million partnership campaign ("wood.for good") involving the Forestry Commission at GB level, and the UK and Nordic timber industries, to promote greater use of wood	DG	✓
Establish a Scotland wide woodfuel co-ordination group; running three further seminars, in partnership with others, to promote the use of wood for fuel	Derek Nelson	✓
Support research to improve predictions of wood quality from existing crops and improve our understanding of the way future crops can be managed for wood quality; foster collaboration to this end between Forest Research and other organisations such as the Building Research Establishment	FG	✓
Support the development of hardwood markets, complete the study into developing a hardwood grading system for UK and Eire, (based on plank appearance); commissioning a publication on the use of green oak in construction; and arrange two hardwood marketing, value and grading days through the Forestry Commission's Forestry Training Services	Derek Nelson	✓

Explore further the possible promotion of a centre for excellence in furniture design and manufacture in timber (with Moray Council)	Douglas Clark	?
<b><i>FUTURE FOREST RESOURCE</i></b>		
Introducing the new Scottish Forestry Grants Scheme in summer 2003	James Ogilvie	✓✓
Develop the grant application process for electronic input, online and using disk	James Ogilvie	?
<b><i>Expanding the area of forest (FFR1)</i></b>		
Commit £1.85 million for locational premiums in parts of West Lothian, Falkirk, Lanarkshire, East Dunbartonshire, Ayrshire, Aberdeenshire, Moray, Shetland and Orkney to target extra help where woodland establishment, management or improvement are considered a priority for environmental, economic or social reasons		✓✓
Recruit a project co-ordinator to work with the three Ayrshire Councils and other partners in the delivery of the recently published Ayrshire & Arran Woodland Strategy	Keith Wishart	✓✓
Work with the Central Scotland Forest Trust on a revised strategy for the Central Scotland Forest, and subsequent introduction of a locational premium to reflect the aims of the strategy	Keith Wishart	✓
<b><i>Improving timber quality (FFR2)</i></b>		
Continue (through Forest Research) further work to assess factors affecting timber quality, including an extensive survey of the stem form of Sitka spruce, development of models to predict the timber quality of plantation forest grown conifers, and collaboration with other organisations (such as the Building Research Establishment)	Derek Nelson (through FG)	✓

Thinning the national forests to improve the quality of the remaining crop, adding to the economic value while also delivering benefits for the environment and for recreation, with a programmed harvest 449,200 m <sup>3</sup> over-bark standing	Head of FES	✓
<b><i>Developing more mixed forests (FFR3)</i></b>		
Review Forest Design Plans to maintain cover for 80% of the national forest estate, linking these with Strategic Plans for each Forest District	Head of FES	✓
Publish a toolbox of mechanisms, for consulting more effectively on Forest Design Plans for the national forest estate	Head of FES	?
Introduce a forest management strategy for the national forests on Arran, designed to reduce the inherent economic penalties associated with island forestry, whilst at the same time improving the conservation value of the forests and their attractiveness to tourists	Michael Wall/Mike Lofthouse	?
<b><i>Exploiting non timber benefits (FFR4)</i></b>		
Make available the results of a study into the (non-market) social and environmental benefits of forests	Alan Stevenson (through FG/ Pat Snowdon)	✓
<b><i>Tackling deer problems (FFR5)</i></b>		
Work with the Deer Commission to co-ordinate and deliver relevant research; support the work of the joint working group to ensure close co-operation and liaison; monitor impact at sites where deer pressure is an issue; and develop best practice guidance	Ian Forshaw	✓
Work in partnership with local Deer Management Groups to develop sustainable deer range management plans, which cover all the interests within the deer range; continue with the five year programme of deer larder refurbishment in the national forests; and register these for inspection under the new Scottish Venison Quality Assurance Scheme	Conservators	✓

In addition to addressing these Strategy Priorities we will continue to:		
Control felling; (around 450 felling licences are issued each year and about 40 cases of alleged illegal felling are investigated each year)	Conservators	✓
Require environmental impact assessment of relevant projects	Conservators	✓
Protect our trees, woods and forests from pests and diseases	Gordon Patterson (through Plant Health Unit)	✓
Support and encourage the forest industries to increase the volume of certified timber	Bob McIntosh (with FC support and central services)	?
<b><i>POSITIVE CONTRIBUTION TO THE ENVIRONMENT</i></b>		
We will continue to promote good environmental practice in the management of Scotland's forests and woodlands. We will also continue to play our part in helping to achieve UK Biodiversity Action Plan targets		✓
We will manage Scheduled Ancient Monuments on FC land through plans agreed with Historic Scotland in line with our revised national agreement.	Head of FES (with FG/Tim Yarnell)	✓
<b><i>Improving the management of semi-natural woodlands and enhancing native woodlands (PCE1, PCE2)</i></b>		
Manage the contract to review and further develop the Caledonian Pinewood Inventory with a view to publishing the results in 2004	Bob Dunsmore	?

In association with SNH, provide training (for 15 woodland officers and operations managers in 2003-04) on semi-natural woodland condition monitoring	Gordon Patterson	?
Develop work with the Scottish Forest Alliance project: taking forward two major projects with £1.9m funding from BP, starting to implement new native woodland programmes at Clashindarroch Forest (500 hectares) Aberdeenshire and Kinloch Hills (600 hectares), Isle of Skye. In addition, to add value through involving partners to improve woodland diversity, involving local people and providing opportunities for access, interpretation and learning	Alan Stevenson	?
Publishing (with SNH) guidance explaining the role and use of Forest Habitat Networks	(see below)	✓✓
Implement the programme for the restoration of ancient woodland sites (which are within planted forests on the national forest estate), taking account of forest habitat networks and Habitat Action Plan priorities	Gordon Patterson	?
Manage, through the Caledonian Partnership, the Core Forest Sites LIFE project in support of Atlantic Oakwoods, Tilio aceron and riparian woodlands	Bob Dunsmore	?
Develop the draft Habitat Action Plan for Upland Birchwoods and assist completion of the draft Habitat Action Plan for Lowland mixed deciduous woodlands, (and seek the endorsement of the Scottish Biodiversity Forum's Action Plan and Science Group)	Gordon Patterson	?
Work with partners at national and local level, leading the implementation of Habitat Action Plans for the following key native woodland habitats: native pinewoods, upland oakwoods, upland mixed ashwoods, wet woodlands	Gordon Patterson	?
Lead on the implementation of Species Action Plans for the Scottish wood ant, Wilson's pouchwort and fulfilled relevant actions in other Species Action Plans	Gordon Patterson	?

Work with, and seek to encourage, a wide range of native woodland initiatives	Peter Quelch	?
Launch a guide on 'Woodland Networks for Wildlife & People' in partnership with SNH promoting the concept of Forest Habitat Networks	Alan Stevenson	✓✓
Set up various pilot exercises across Scotland including Highland Perthshire and the Angus Glens investigating the potential for introducing Forest Habitat Networks into woodland expansion and management planning	Syd House	?
<b><i>Increasing the diversity of the farmed landscape (PCE3)</i></b>		
Work with Perth and Kinross Council, NFU Scotland, and the Environment and Rural Affairs Department, in support of the Breadalbane Initiative on Farm Forestry;	Syd House	?
Publish guidance on farm woodland design in Scotland	Nicholas Shepherd	?
Deliver a premium on the Scottish Forestry Grants Scheme in the Northern Isles which will assist with diversifying the farmed landscape in Orkney and Shetland	James Ogilvie	✓
Organise, with Historic Scotland, a seminar for Forestry Commission staff to raise the awareness and understanding of the value and management of the historic environment	Gordon Patterson (through FG/ Tim Yarnell)	✓
<b><i>Improving riparian habitat and water quality (PCE4)</i></b>		
Work with colleagues in SEERAD and SEPA on the implementation of the Water Framework Directive, and assisting in the development of catchment management plans through involvement in partnership projects	Gordon Patterson (and Conservators & FG/ Steve Gregory)	✓

Participate in an EU LIFE project to demonstrate techniques to protect and enhance water quality and aquatic biodiversity in areas of extensive forest, with an international conference being held in Stranraer in May 2003, to disseminate results, prior to the project concluding in June		✓
Complete the project development of a £6.5 million Scottish LIFE Atlantic Salmon bid, with The Association of Salmon Fishery Boards and submit to the European LIFE fund by October 2003	(Gordon Patterson)	?
<b><i>Encouraging alternatives to clear-felling (PCE5)</i></b>		
Use Forest District Strategic Plans and Forest Design Plans to establish large scale trial study areas for alternatives to clear fell on the national forest estate	Head of FES	?
Establish a large scale trial site in the national forests at Morangie near Tain	Head of FES	?
<b><i>Improving the setting of urban areas (PCE6)</i></b>		
Arrange, jointly with SNH, a conference to promote the exchange of recent research, policy work and best practice in managing woods in and around towns	Alan Stevenson	✓
<b><i>Enhancing biodiversity</i></b>		
Publish (with SNH) guidance on the management of woodland SSSIs	Gordon Patterson	?
Working with colleagues in Scottish Executive, SNH, RSPB and landowners on the .£4.5 million EU LIFE Capercaillie Project (managed by Highland Birchwoods) to safeguard Scotland's declining capercaillie population; develop guidance for foresters and rangers in the national forests on practical measures	Bob Dunsmore	✓

to minimise disturbance during the breeding season		
Support the Black Grouse Recovery Project in Argyll, in partnership with RSPB, Scottish Natural Heritage and Scottish Power	Keith Wishart	?
Work with SNH to prioritise woodlands for red squirrel conservation and improve information on distribution and abundance through survey and monitoring, in support of the Species Action Plan	Alex Morris	?
Work with the Scottish Executive and others to plan the implementation of the Scottish Biodiversity Strategy	Gordon Patterson	?
Implement the five year EU LIFE project (commenced April 2001) on the Restoration of Blanket Bogs in Caithness and Sutherland	Gordon Patterson	?
Complete the restoration of Longbridgemuir, the most important of the northern Solway Mosses, to lowland raised bog	Gordon Patterson	?
Launch the first Butterfly Conservation reserve site in Scotland, in the national forests at Loch Arkaig	Head of FES	✓
Develop the Geographic Information System, 'Forester', to enhance management decisions, evaluation and reporting on the contribution towards the Biodiversity Action Plan on the national forest estate	Ian Forshaw (through Corporate Group)	?
Develop a new suite of training courses, through Forest Training Services, on biodiversity and conservation	Gordon Patterson	?
<b><i>In addition</i></b>		
Work with partners on the UK Forest Partnership for Action to seek to agree a common approach for timber procurement from sustainably managed forests	Richard Broadhurst (& FG)	✓

<b>OPPORTUNITIES TO ENJOY TREES, WOODS AND FORESTS</b>		
<b>Providing opportunities (ETWF1)</b>		
Implement and promote the new arrangements for access, in line with the Land Reform (Scotland) legislation, working closely with local authorities, Scottish Natural Heritage, sportscotland, VisitScotland, private landowners, and others promoting access and recreation	Alan Stevenson	✓
Develop a package of advice for Forestry Commission staff	Alan Stevenson	?
Work with the national Access Forum, to refine guidance prepared in the Scottish Outdoor Access Code	Richard Broadhurst/ Alan Stevenson	✓
Work with governing bodies of sport, associations and clubs to identify future areas of priority	Alan Stevenson	?
Supporting the work of the Local Access Forums	Conservators/FDMs	?
Work with local authorities to identify suitable Core Path Networks, that contribute to the needs of residents, visitors and tourists	Conservators	?
Provide training in the management of forest recreation for landowners, and others who wish to encourage more recreation	Alan Stevenson	?
Discuss, with local access officers and interested parties, opportunities for woodlands to contribute more to the new arrangements for access in areas close to towns, and where forestry could make a larger contribution to tourism;	Conservators/FDMs	✓
Develop a package of information and advice to support private owners in welcoming visitors to their woodlands, in line with the new arrangements for access and the need to support rural tourism, to build on the existing Walkers	Alan Stevenson	?

Welcome scheme;		
Work with the Paths for All Partnership in identifying opportunities for extending woodland paths and access networks close to where people live, for enjoyment and health;	Alan Stevenson	?
Hold a conference on Woods In and Around Towns, following the conclusion of a joint project with SNH, looking at the quality of woodlands, and opens spaces with trees, in and around our towns; ( <i>mentioned above under PCE also</i> )	Alan Stevenson	✓
Develop support for Forestry Commission recreation staff, including a package of advice for front line staff; a system for monitoring visits to the national forests; bringing together case studies and sources of web based advice; and arranging training courses through Forest Training Services to include: disabled access awareness; managing recreation and safety; trail planning and design	Alan Stevenson (and Head of FES)	✓
<b><i>Improving information (ETWF2)</i></b>		
Extend our improved website with comprehensive and up-to-date information on recreation opportunities, ensuring appropriate links with other (such as tourist-related) websites	Richard Broadhurst (&FES & AS & CB)	✓
Work closely with VisitScotland and other partners to integrate our provision of information about opportunities for recreation and access in the national forest	Alan Stevenson	✓
<b><i>Increasing forestry's contribution to tourism (ETWF3)</i></b>		
Maintain the Treefest brand, supporting quality events which celebrate Scotland's trees, woods and forests; working with VisitScotland and the forestry sector in jointly promoting autumn colours as an excellent time to enjoy Scotland's forests and outdoors; promoting the 100 heritage trees of Scotland		✓
Work with VisitScotland to optimise the contribution made by forestry to tourism, through development and implementation of the tourism framework for action		✓

Work with the Tourism and Environment Forum to make the most of the contribution that forests make to wildlife watching opportunities	Alan Stevenson	✓
Report on the survey work to explore the role forests and woodlands play in supporting recreation and tourism in the local economy; through GB Forestry Commission, publishing the results of a study into the role of forests in tourism;	(through FG/ Pat Snowdon)	✓
Work with SNH to pilot their proposals for a "Sustainable Visitor Management System" at Glentress Forest and assess its suitability for use at other Forestry Commission sites	James Simpson	✓
Work with our partners to implement the Scottish Cycle Tourism Strategy developed during 2002/3	Alan Stevenson	?
Construct purpose built contour trails through Leanachan Forest to host a cross-country mountain bike event as part of the World Cup Downhill Mountain Bike Event which is returning to Fort William in 2003	Head of FES/ Gordon Donaldson	✓
Consult with local stakeholders, businesses and communities on the proposal to develop a new Forest Park in national forests in the Great Glen	Head of FES/ David Jardine	?
Work with other partners in taking forward the £1.8 million project 'Perthshire: Big Tree Country' as an exemplar of cooperative working between forest managers and tourism interests	Syd House	✓
Extend the range of recreation and tourist facilities in Scotland's national forests, including the completion of the refurbishment and expansion of the Forest Holiday cabins site at Strathyre	Head of FES and Teresa Garnett	✓
Spend £3.5 million on the provision and maintenance of visitor facilities	Head of FES	✓

Work with partners to establish the South of Scotland as a UK and international mountain bike destination, through implementing the European partnership ERDF project	Head of FES / Mike Lofthouse	✓
Complete the construction, within the year, of more than 57 kilometres of cycle trails at five forest centres in the south of Scotland	Head of FES / Mike Lofthouse	✓
Develop, in partnership, plans to deliver the aims of the new Cairngorms National Park, to ensure that the existing visitor attractions and services provided in the national forests meet international standards	David Jardine	✓
Work with partners to upgrade recreational facilities in the Queen Elizabeth and Argyll Forest Parks, in the Loch Lomond and Trossachs National Park with additional support from Objective 1 and Objective 2 European funding, as well as Scottish Executive funding	Mike Lofthouse/ Hugh Clayden	✓
Review the condition of mountain access paths through forests, and developing an action plan with the Mountaineering Council for Scotland for improvement to important access routes to Munros, Corbetts and local key hill tops	Alan Stevenson/ Head of FES	✓
<b>COMMUNITY BENEFITS</b>		
We will encourage greater activity through the Forest Education Initiative (FEI)	Alan Stevenson	✓
By using our Forestry for People Advisory Panel	Alan Stevenson	✓
Examine the extent to which legislation constrains the scope for greater community involvement in the management of Scotland's national forests		✓
Review the experience and role of Forestry Commission staff in consultation and community involvement; and by		✓

<b><i>Creating wider employment opportunities (CB1)</i></b>		
Contribute to environmentally and forest based tourism partnerships in support of rural development	Director Scotland & Conservators	✓
Work in partnership to initiate a project to realise the rural development potential of small woods in the south of Scotland	Alex Morris	?
Support the three Local Development Projects in the national forests, in partnership with other stakeholders (North Sutherland Community Forest Trust, Minard Community Woodland Trust in Argyll, and Balloch Wood Community Project in Galloway) through our Rural Development Advisor	Simon Hodge & John Risby	✓
Work with North Highland Forest Trust to provide benefits for communities in Caithness and Sutherland;	Chris Nixon	✓
<b><i>Increasing opportunities for consultation (CB2)</i></b>		
Work with the Panel to improve communication between the private sector and communities, using the new provisions in the Scottish Forestry Grants Scheme as the mechanism to encourage greater recognition of community interests, greater use of appraisal and engagement techniques, and partnership working		?
Consult local communities on Forest District Strategic Plans and Forest Design Plans for the national forests;	Head of FES	?
<b><i>Providing opportunities for involvement (CB3)</i></b>		
Facilitate and provide opportunities for the involvement of local communities in the management of Scotland's national forests wherever and whenever feasible, in accordance with the policies set out in the publication <i>Working with</i>	Head of FES	✓

<i>communities in Scotland: our commitment</i>		
Complete the implementation of our action plan in response to Dr Mary Hobbey's report <i>Forest Enterprise and community involvement in Scotland</i> commissioned by the Panel	Head of FES	✓
Roll out the training on 'involving people in forestry' to others areas of Scotland, with three further courses during the year	John Risby	✓
Promote the work of the Forest Education Initiative in conjunction with local FEI Cluster Groups, and establish further groups in the central belt of Scotland	Abbie Wyatt & Conservators	✓
Use our work with young people, involved in Forestry Commission woodlands and through Forest Education Initiative cluster groups, to help promote greater involvement in forestry amongst this age group and enable them to contribute their views to the work of the Forestry for People Advisory Panel	Abbie Wyatt & Conservators	?
Work with our partners, SNH and Central Scotland Forest Trust, in developing Tree Trunk online	Abbie Wyatt	✓
Work with local authorities, Careers Scotland, and representatives of the forest industries, to develop teaching resources and a programme of activities on wood-using industries	Derek Nelson & Abbie Wyatt	✓
Fund - through the GB Forestry Commission – research into social aspects of forestry, including methodologies to explore the contribution of forestry through rural development to the local economy; the contribution made by forestry to the quality of life in areas where communities are disadvantaged; the role of forests in engendering community identity; and the contribution of forestry to health	Alan Stevenson (through FG/ Marcus Sangster)	✓
<b><i>Supporting community ownership where this brings local benefits (CB4)</i></b>		
Examine the feasibility of developing opportunities for affordable housing on land within the national forests of Scotland, making good use of timber, and with	Director Scotland	?

heating based in part on woodfuel	
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## Financial Monitoring of Forest Enterprise Scotland 2003-04

	2002-03 Outturn	Approved Funding	Actual to Date	Latest Forecast	% of Forecast	Movement from		
						Previous Forecast	Previous Forecast	Approved Funding
<b>Income and Expenditure Account</b>								
Sales of Timber	-34.0	-33.0	-5.3	-33.1	16%	-33.0	-0.1	-0.1
Forest Protection and Maintenance	-0.9	-1.0	-0.2	-1.0	20%	-1.0		
Management and Development of Estate	-4.5	-4.3	-0.9	-4.5	20%	-4.3	-0.2	-0.2
<b>Operating Income</b>	<b>-39.4</b>	<b>-38.3</b>	<b>-6.4</b>	<b>-38.6</b>	<b>17%</b>	<b>-38.3</b>	<b>-0.3</b>	<b>-0.3</b>
Forest Planning	3.6	3.0	0.5	3.0	17%	3.0		
Harvesting and Haulage of Timber	22.6	21.8	4.3	21.9	20%	21.8	0.1	0.1
Forest Roads	8.6	8.0	1.7	8.0	21%	8.0		
Forest Protection and Maintenance	17.8	18.3	3.2	18.3	17%	18.3		
Management and Development of Estate	3.5	3.7	0.4	3.8	11%	2.5	1.3	0.1
Unallocated			-0.5			1.2	-1.2	
<b>Operating Expenditure</b>	<b>56.1</b>	<b>54.8</b>	<b>9.6</b>	<b>55.0</b>	<b>17%</b>	<b>54.8</b>	<b>0.2</b>	<b>0.2</b>
<b>NET OPERATING COST</b>	<b>16.7</b>	<b>16.5</b>	<b>3.2</b>	<b>16.4</b>	<b>20%</b>	<b>16.5</b>	<b>-0.1</b>	<b>-0.1</b>
Income	-2.8	-3.0	-0.5	-3.0	17%	-3.0		
Expenditure	10.0	10.8	1.7	10.8	16%	10.8		
<b>Environmental and Social Net Cost</b>	<b>7.2</b>	<b>7.8</b>	<b>1.2</b>	<b>7.8</b>	<b>15%</b>	<b>7.8</b>		
<b>Cost of Disposals</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>	<b>0.5</b>	<b>20%</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
<b>Gains or Losses on Disposals</b>	<b>-0.8</b>							
<b>Cost of Capital</b>	<b>32.7</b>	<b>26.2</b>		<b>26.2</b>		<b>26.2</b>		
<b>Net Cost for Year</b>	<b>56.4</b>	<b>50.8</b>	<b>4.5</b>	<b>50.9</b>	<b>9%</b>	<b>50.8</b>	<b>0.1</b>	<b>0.1</b>
<b>Cash Flow Statement</b>								
Net Cost from I&E Account	56.4	50.8	4.5	50.9	9%	50.8	0.1	0.1
non cash items	-33.9	-28.1	-0.5	-28.1	2%	-28.1		
working capital movement	0.2	0.1	-0.9	0.1	-900%	0.1		
Acquisitions/ New Planting	1.0	0.6	0.1	0.7	14%	0.6	0.1	0.1
Buildings	3.7	0.2	0.1	0.3	33%	0.2	0.1	0.1
VME/ OME	1.2	0.6		0.6		0.6		
Sales of VME/OME	-0.6	-0.4		-0.4		-0.4		
Estate Disposals	-1.8	-1.8	-0.1	-2.4	4%	-1.8	-0.6	-0.6
<b>Total capital</b>	<b>3.5</b>	<b>-0.8</b>	<b>0.1</b>	<b>-1.2</b>	<b>-8%</b>	<b>-0.8</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Net Cash Requirement from FC</b>	<b>26.2</b>	<b>22.0</b>	<b>3.2</b>	<b>21.7</b>	<b>15%</b>	<b>22.0</b>	<b>-0.3</b>	<b>-0.3</b>

## Forest Enterprise Scotland - Key Performance Targets

	2002-03 outturn		2003-04 target	June forecast	Sept forecast	Dec forecast	2003-04 outturn
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£ million

**Sustainable Forest Management**

proportion of estate independently certified (%)	100		100				
Percentage of estate covered by approved Fore							

**Economic Gr**

Volume of Wo cubic metres +							
Net Income fro Activities (£ m)							

**Environmenta**

Percentage of accordance wi							
statutory conservation agencies (%)	100		100				
Number of HAP's / SAP's managed in accordance with plans endorsed by relevant authorities (No.)	100		100				
Percentage of scheduled ancient monuments managed in accordance with plans endorsed by statutory heritage agencies (%)	100		100				
Degree of Structural Diversity (%)			Note 1				
Proportion of estate managed under low impact systems (%)			Note 1				

**Social Inclusion**

Number and Diversity of estate visitors			Note 1				
Number of Community partnership agreements (No.)							

**Operational Efficiency**

Operating profit (£ million)							
Cash Deficit (£ million)							
Total unit cost of DP operations (£p/m3)							
Net Profit for Forest Enterprise Holidays (£ million)							

**Notes**

## Milestones:

- (1) Establish the baseline in order to monitor trends with effect from 2004-05.