

JANUARY 2009 DIRECTOR FC WALES' REPORT FOR NATIONAL COMMITTEE

KEY PERFORMANCE INDICATORS

1. We are on target to meet 19 (86%) out of 22 KPIs. Three KPIs are proving challenging though should be met: KPI 14 (equality and diversity training), KPI 18 (number of staff learning to speak Welsh) and KPI 22 (Greenerways). Three will not be met as previously reported: KPI 2 (cases of non-compliance with approved Forest Design Plans on the Assembly Estate), KPI 4 (area of woodland entered into BWW) and KPI 16 (responding to Freedom of Information requests within 20 working days).

POLICY

Corporate Planning Project

2. A project to look at our future approach to corporate planning has now been set up to develop a process to more closely align our corporate and business plans. Full alignment will not be achieved until 2011/12 because of the current development of a set of ten new corporate programmes. Development of the 2009/10 Corporate Plan is advanced, and will be structured around the new approach to corporate planning. Centred on the ten corporate programmes and responding to the revised Woodlands for Wales, the publication of the corporate plan should follow closely on from the launch of the Woodland Strategy.

Wales Forest Business Partnership (WFBP)

3. The Partnership has taken legal advice on its structure and how it manages any liabilities arising from its activities. The outcome is that the Partnership will be taking steps to formalise its own governance and its working relationship with the Wales Timber Forum (WTF). In anticipation of the merger between the WFBP and WTF, the Interim Chair of the WFBP has taken this opportunity to initiate an exercise to recruit a permanent successor.

ESTATE MANAGEMENT

Harvesting & Marketing

4. Due to the rapid slow down in the construction sector during the last quarter, we are seeing a further reduction in Standing Sales. Our current forecast indicates an end of year volume outturn of 654km³ from a planned volume of 790km³. Timber processors and everyone in the supply chain are under significant pressure. BSW have now confirmed the imminent closure of the operation at Senghenydd.

5. During the autumn FC Wales took part in FC GB meetings with the trade associations to discuss options to help customers through the economic downturn. In discussion with other industry bodies I have agreed a key series of support measures including looking at contract extensions, negotiating changes to payment profiles in exceptional circumstances and ensuring that harvesting contractors and hauliers are paid promptly. I will continue to offer new contracts to ensure continuity of supply and retention of key sector skills. To date in Wales we have had only one company apply for deferment of payment with a number of others taking up the extension of contract option. Finally we held a Wales Customer Liaison meeting last week to set out our sales plan for the coming year, together with detail for the forthcoming long-term contract tender.
6. We are taking measures to increase the number of e-sale points in 2009 from four to six, and we are committed to putting the full business plan volume of 770km³ to the market despite the economic downturn. Our aim is to create as much stability as possible whilst ensuring the best return as possible through what will be a difficult trading year in 2009.
7. The Biofuel market continues to perform very well and both the Shotton and Western Bioenergy developments are taking increasing and significant volumes of timber on a regular basis.

National Forest Estate Wind Farm Programme

8. Planning Applications for all six developments are due to be submitted over the next 18 months. Nuon the largest developer has started community consultation in South Wales. Our Website now contains links to the Option Holders web sites. My team is scheduled to visit a windfarm development in South Scotland to learn from their experience.

Built Asset Review

9. Prompted by the Value for Money audit, my Estates team are reviewing all the buildings on the estate. The value of these buildings exceeds £6 million and we are working with unit managers to identify those that require investment, retention, demolition or disposal. Recommendations will take account of suitability, location, condition, whether they meet legal requirements, and the ability to share with others. A report will be submitted to the Management Board in the spring.

Affordable Housing

10. My Estates team is investigating the possibility of land transfer under an Option Agreement to developers for future projects. This will include the Ceinws site, which is currently on hold awaiting the conclusion of this investigation. This should not alter the position of the two 'live' sites, Dinas Mawddwy and Dolwyddelan. We are close to completing the sale of Dinas Mawddwy. Dolwyddelan has received Planning Permission for the construction of four units, and the developers are due to start site investigations.

Coed y Brenin Forest Park Visitor Centre Cafe

11. The Coed y Brenin Forest Park visitor centre cafe tenancy has been terminated because the original tenant was not delivering what was required of the lease. We will run the cafe for an initial period of 18 months before reviewing how it will be managed in the future.

Tintern Landslip

12. Work commenced early January 2009 after local residents and media were informed of the action plan in December 2008. Operations are due to be completed by June 2009.

GRANTS AND REGULATIONS

Better Woodlands for Wales

13. Demand for Better Woodland for Wales (BWW) remains strong with new areas being added into the scheme. To date 997 BWW cases have entered into scheme and are at foundation stage or beyond. Of these 401 cases have been approved totalling over 12,000 hectares. We have paid a total of £1,509k of grants in 2008/09 and a further £1,969k is approved for payment this year.

14. My Grants and Regulations team wrote to all contract holders to assess the impact of the economic downturn on the demand for grant aid. Indications are that nearly £400k of approved work will not go ahead in 2008/09. We are assessing options to maintain, and encourage private sector activity in 2009 using grant aid.

Woodlands for Learning

15. The Woodlands for Learning team had a busy time leading up to Christmas, organising and delivering 106 seasonal visits to 3283 children across Wales. The visits were aimed at Foundation Phase children (3 to 7) and were delivered on 17 different sites, both FC Wales managed and others in partnership with local authorities. Good media coverage was achieved together with positive feedback from teaching staff and young people.

Restocking Notices

16. Two Restocking Notices under the Forestry Act 1967 were issued to two adjoining landowners in north Wales last year. The landowners in question appealed against these notices. As a result of legal advice during the appeal process one of the notices was revoked in December 2008 without going to the appeal panel. The second appeal notice was heard by the specially convened panel this January, and after close examination of the site and factual evidence surrounding the case, the panel recommended that the second restocking notice be revoked. A report will be submitted to the Minister as part of due process.

PROJECTS & INITIATIVES

Wood Energy (WEBS 2) and the Strategic Capital Investment Fund

17. Following an approach from DRA, FC Wales submitted a £17m bid over 4.5 years to the Strategic Capital Investment Fund (SCIF). The application was to secure Assembly funding to install biomass (mainly wood) heat or Combined Heat and Power (CHP) into hospital and schools. The bid was for 100% funding and estimated some 15-30 hospitals and 40-50 schools would benefit if funding were secured. The Assembly confirmed which submissions had secured funding. Although the WEBS bid has not secured its own 'pot of money' the announcement made clear that at least six of the named projects are expected to work with FC Wales and the WEBS 2 team, and adopt wood energy where appropriate.
18. This application for wood energy funding for Public Sector schools and hospitals was developed in parallel with applications for European Regional Development Funds Convergence and Competitiveness areas. The gross value of these applications is £17m and £3m respectively. They would be pan Wales, focussing on business and social enterprises, and I am optimistic that these projects will be approved soon. A final project to explore the opportunities to secure funding from the Rural Development Plan has yet to commence. In particular we will explore the funding of capital equipment cost associated with the wood heat supply chain using the Process and Marketing Grant.

CONSTRUCT: Constructing Sustainably with Timber in Europe

19. The CONSTRUCT project proposal is now well advanced. The partnership consisted of organisations from Wales, Thuringia, Sweden, Sardinia, Estonia, Slovenia and Bavaria. Unfortunately, Estonia dropped out and Slovenia and Bavaria were unable to confirm their participation. This weakened the partnership and the submission has been deferred and will now be submitted this summer. The project proposal has been presented to WAG, including DESH, DE&T, Planning Departments and Value Wales. They all see the benefits of their participation in the project, especially in the area of policy improvement, and are keen to be actively involved in inter-regional exchange via working groups and study visits.

Plant! Update – A tree for every child born in Wales

20. There are three Ministerial events planned for the Plant! project in early 2009, two of which will include the launch of new sites that will subsequently provide sufficient planting for the first three years of the project and will therefore fulfil FC Wales' role in accomplishing this One Wales objective for that period.

Welsh Assembly Government and FCW Concordat

21. Following a discussion with our colleagues in the Rural Affairs Business Unit we have agreed to delay the signing of the revised Concordat between Forestry Commission Wales and the Welsh Assembly Government. The main reason for this is the Permanent Secretary's plan to re-structure the Assembly Departments

to create a new Department for Sustainable Futures that will merge Rural Affairs with other Departments under the leadership of a new Director General - Clive Bates. Our colleagues in the Rural Affairs Business Unit have cleared this delay with their Internal Audit Department and Corporate Governance Committee and they are content that the existing agreement can continue until the new document is ready.

FOREST RESEARCH

22. Dr. Hugh Evans has taken up post in Aberystwyth as Head of Forest Research in Wales. His initial tasks are to scope the work of the new Unit and to produce a Business Plan to develop the research and policy interface basis for FR in Wales. An early addition to the staff of the Unit will be a shared post between FCW and FR within the Futureforests project.

PEOPLE ISSUES

Human Resources Workshop

23. My HR Business Partner represented FC Wales at the Heads of Government HR Director's group workshop entitled 'Working together in Wales'. The purpose of the workshop was to share experiences, highlight innovative ideas and to consider how we could work together effectively.

Information Commissioner's Office

24. The Information Commissioners Office is currently looking into a complaint against FCW from an individual regarding wind farms, under the Environmental Information Regulations 2004.

Trefor Owen
Director
22 January 2009