

FOREST RESEARCH

CORPORATE PLAN

2002-2005



Forest Research

CORPORATE PLAN 2002-2005



Forest Research



INVESTOR IN PEOPLE

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Front cover Family on a trail in Bolderwood, New Forest; pearl-bordered fritillary butterfly; Scots pine stand; Sitka spruce cone collection in Perthshire; wood anemones.

Back cover Mountain lake walk, Beddgelert Forest; survey laser in use during forest mapping.

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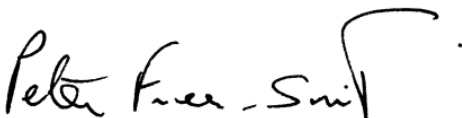
FOREWORD

Forest Research was established as an agency with the following aims: to be the foremost provider of authoritative advice to the UK forest industry; to maintain a reputation for scientific excellence and provide value for money; to respond to changing customer needs; to provide a satisfying and stimulating work environment; and to achieve agreed performance targets. The stage 1 report of our Quinquennial Review has given a resounding endorsement of our achievements over the past five years. It is pleasing to see how highly the work of FR's staff is regarded by stakeholders, partners and customers and I am grateful to my colleagues for all that they have achieved.

We can anticipate continuing change in forestry and science. For instance, this September sees the Rio+10 World Summit on Sustainable Development in Johannesburg. Since the 1992 World Summit, the importance of sustainable forest management has increased worldwide and the need for good supporting science, particularly environmental and social sciences, has remained strong. Public and political concerns over the sustainable use of resources, responsible environmental policies and the desire for community engagement have developed as major influences in UK forestry. At the same time scientific understanding has increased rapidly, particularly for the biological and environmental sciences at the molecular and global scales respectively. One of Forest Research's major functions is to provide an interface between UK forestry practitioners and current scientific knowledge. This interaction is important across the range of our activities: original and applied research, specific UK application of science developed elsewhere, development work in partnership with the forest industry, surveys, monitoring and related scientific services.

The Quinquennial Review of Forest Research has identified three main policy contexts as being: the UK Government's commitment to sustainable forestry, the three Forestry Strategies for England, Scotland and Wales, and the Government's policy on science and research. The second stage of the review will suggest ways of developing our work and improving both interactions with research users and technology transfer. The next five years will require an outward-looking approach, openness to new ideas, innovation and forward thinking. Thus our new Corporate Plan places emphasis on expertise, staff development and partnerships. These factors are critical to achieving top quality science and in taking it forward to influence policy and practice through development and knowledge transfer. We have been working internally on culture change, focusing on science strategy, organisational structure, site infrastructure and identity.

Forest Research is strongly placed to move forward over the next five years. I believe that this Corporate Plan sets out the basis for an exciting period of development; we have learnt a lot from our first five years as an agency and it is with confidence and enthusiasm that we move into the next five.



Peter Freer-Smith

July 2002

INTRODUCTION

Purpose and Mission

Forest Research is an Agency of the Forestry Commission.

The purpose of the Agency is:

- ▶ To provide research and development, surveys and technical services relevant to the forest industry.
- ▶ To provide authoritative advice in support of the development and implementation of the Government's forestry policy.

The mission of the Agency is:

- ▶ To protect Britain's forests and woodlands and increase their contribution to improving quality of life and to wealth creation through research and the application of scientific knowledge.

Objectives

The Agency's core objectives as set out in the Framework Document are:

- ▶ To provide services which satisfy the customers of the Agency in terms of timeliness, value for money and quality.
- ▶ To carry out research of a quality which satisfies the standards current in the scientific community.
- ▶ To use the Agency's resources efficiently.
- ▶ To recover the full economic costs of the Agency from its customers.

Customers

The main funder of the Agency is the Forestry Commission's Policy and Practice Division (PPD) which acts as purchaser for research, development and surveys in support of forestry in Britain, including the particular needs of England, Scotland and Wales. The Division also purchases library and information services. The Forestry Commission Country Services Division buys support for the administration of Plant Health and the Forest Reproductive Material Regulations. Forest Enterprise (FE) is a major purchaser of surveys and crop inventory services as well as a range of advisory and technical services and provides support for some specific research subjects.

Additional customers include the European Union, other government departments and agencies and, to a modest extent, commercial organisations, charities and private individuals. Work is occasionally done overseas on behalf of aid agencies or overseas governments, making use of the specialist skills and expertise of staff. All our customers are free to purchase from other suppliers.

While there are many benefits from the customer–contractor relationship it is important that staff of the Agency have the opportunity to follow up promising lines of enquiry or investigate evidence which may conflict with current thinking or current policies. Such work may not immediately find a customer. Rather than have this treated as an overhead the Chief Executive will have the discretion to allocate up to £100k on research which is considered worth while but which does not yet have a customer. The cost of this will be met by the FC.

Resources

The Agency has a permanent staff of 240 (full-time equivalents) and a total staff including fixed term appointments, casuals and sandwich students of 270–280 depending on the season. There are 80 research scientists and staff engaged in technical development, 120 staff provide technical support and surveys and the balance provide administrative support and other specialist services such as library, graphics and photography, and information.

The Agency has two main research stations, Alice Holt Lodge in Hampshire and the Northern Research Station at Bush outside Edinburgh. There is also a network of ten field stations and the Technical Development Branch (TDB) has three offices located in Dumfriesshire, the Midlands and Wales. The total value of the physical assets, buildings and equipment in the control of the Agency is £8.4 million.

Activities

The Agency's activities include research, development, knowledge transfer, surveys, crop inventory, advice and technical services. The work has the common characteristic of being tree related. The species covered include all the main native species as well as the commercially important introduced conifer species. The activities cover the life cycle of trees starting with the genetic material through seed, nursery techniques, establishment and stand management to harvesting but does not generally extend to the processing of forest products beyond the forest gate. Approximately 85% of total income is for research and development, 10% for surveys, crop inventory and monitoring, and the rest is for a range of technical and other services.

Organisation

The specialist staff required to carry out these activities cover:

- ▶ **Crop Inventory**
- ▶ **Entomology**
- ▶ **Environmental Science**
- ▶ **Forest Hydrology**
- ▶ **Forest Operations**
- ▶ **Genetics and Tree Improvement**
- ▶ **Mensuration**
- ▶ **Pathology**
- ▶ **Silviculture**
- ▶ **Social Science**
- ▶ **Soil Science**
- ▶ **Tree Physiology**
- ▶ **Tree Seed**
- ▶ **Woodland Ecology**

Researchers also need to be able to call on staff with skills in laying down field experiments, data collection, mathematical modelling, statistics, computing and method study. Some of the work is carried out by multidisciplinary teams created for a specific purpose and with a finite life. Such teams do not necessarily require the full-time participation of all members and some, such as statisticians, may contribute to several research projects. There is benefit in having a more stable structure for staff management and reporting purposes and most Branches are therefore organised by discipline. There are currently eight Research Branches reporting to the Chief Research Officer with the Branches providing other services reporting directly to the Chief Executive.



A Research Management Board comprising the Chief Executive, Chief Research Officer, Head of Administration and Personnel and Head of Finance meets monthly. Overall responsibility for achieving the objectives and targets set for the Agency rests with the Chief Executive.

Links with Other Organisations

While the Agency is the main provider of tree related research in the UK, the effectiveness of the organisation is enhanced by maintaining links with other organisations both in the UK and internationally. These links are developed through membership of the International Union of Forest Research Organisations (IUFRO), the European Forest Institute (EFI), the Edinburgh Centre for Tropical Forests (ECTF), the Edinburgh Centre for Rural Research (ECRR) and the Committee of Heads of Agricultural and Biological Organisations Scotland (CHABOS). Individual researchers and research teams are members of 18 groups involved in work funded by the European Union. Collaborative work is also undertaken with 12 university departments and three members of staff have personal university chairs.

Financial Framework

Forest Research operates within the Financial Framework set by the Forestry Commission. The Agency is required by its Framework Document to achieve full cost recovery from selling services to customers, including a 6% return on capital employed. The Agency manages its finances and prepares its annual accounts on the accruals basis (see Annexe, Table 1). Total capital employed in the Agency is over £8.9 million of which £8.4 million is fixed assets and the balance net current assets (see Annexe, Table 2).

To encourage inter-Branch co-operation while maintaining financial discipline, Forest Research operates a system of internal cross-charging with each Branch required to pay for services received and make a net contribution to the Agency's overall financial target. Monthly reports are provided of income and expenditure to date. Forecasts of income and expenditure are updated regularly and corrective action taken where necessary.

For the Forestry Commission's cash management purposes it is necessary to calculate the net cash surplus or requirement (see Annexe, Table 3). The Agency's cash is managed centrally and reporting procedures are in place to facilitate control.

ACHIEVING THE CORE OBJECTIVES

Meeting Customers' Needs

Customers seek outputs from the Agency which meet their needs with respect to quality, timeliness and cost. Charges are agreed in advance of work being undertaken and the nature and timing of outputs are specified while recognising the inherent uncertainty of much research. FC customers for research projects and services are asked to assess their satisfaction with the quality and timeliness of delivered outputs. Sample surveys are conducted for other services.

To meet customers' needs we will:

- ▶ Encourage and assist customers, particularly PPD and FE, to identify their research needs and forecast future requirements and funding.
- ▶ Alert funders to new research opportunities.
- ▶ Maintain and develop competence in areas of importance to the FC.
- ▶ Ensure that our research capability and capacity reflect the trends made known by customers.
- ▶ Respond to changing demands by retraining specialists, redeploying staff within the Agency and the Forestry Commission and making sure that support services are delivered in a flexible manner.
- ▶ Monitor customer satisfaction with the quality and timeliness of our outputs.

The performance measure for this goal is the level of customer satisfaction. Due to difficulties in getting consistent responses from non-FC customers (e.g. the EU will not provide such information) the target has only been set for FC customers.

Key Target 2002/03

To achieve a satisfaction rating for FC customers of at least 97%.

Satisfying Current Standards for the Quality of Research

Recipients of advice derived from research must be satisfied that the research meets recognised quality standards with respect to the design, conduct and analyses of experiments. Experiments should be designed to test hypotheses which are innovative and give new insights which enhance the quality of our advice.

To satisfy current standards for the quality of research we will:

- ▶ Appoint well-qualified staff and provide appropriate training and development.
- ▶ Provide good quality facilities and support services.
- ▶ Provide an intellectually stimulating environment and encourage collaboration with specialists in other institutes including overseas.
- ▶ Publish peer-reviewed scientific papers in quality scientific journals.
- ▶ Review the quality of research using external experts.
- ▶ Adopt a recognised Quality Assurance scheme.

The performance measure selected for this goal is the number of peer-reviewed papers published in quality journals. All of the research programmes have been reviewed in the past five years and while it is envisaged that there will be a continuing programme in future years no Visiting Groups are planned for 2002/03.

Key Target 2002/03

To maintain the output of peer-reviewed scientific papers submitted and subsequently accepted for publication at 2001/02 levels.

Increasing Competitiveness, Efficiency and Value for Money

In an increasingly competitive business environment we must be able to demonstrate that we are efficient and provide value for money.

We will:

- ▶ Ensure that there is a good fit between the Agency's capability and capacity and customers' requirements and funding by maintaining close links with customers.
- ▶ Develop staff through training in accordance with 'Investors in People'.
- ▶ Invest in facilities and equipment wherever this represents value for money.
- ▶ Improve management information systems and streamline internal administration.
- ▶ Develop an integrated, Agency-wide, quality-assured approach to data management and set standards for model development.
- ▶ Develop the Internet and the FC Intranet to communicate research findings.

The normal performance measures for improving efficiency are reductions in unit costs. But most outputs of the Agency are unique and it is not possible to calculate a unit cost of outputs and compare between years. Given that the Agency is increasingly having to compete for funds it is felt that this gives sufficient pressure to increase value for money.

Recovering the Full Economic Cost

The Agency is required to recover the full economic costs of its activities through charges for its services while maintaining competence in areas of importance to the Forestry Commission.

We will:

- ▶ Use accounting systems which readily identify costs and allow accurate costing to be done in advance of work being undertaken.
- ▶ Charge clients the full economic cost in line with Treasury guidelines.
- ▶ Ensure that service support costs are fully charged to those consuming the service.
- ▶ Widen the customer base by encouraging collaboration and co-funding by customers.
- ▶ Reduce resources and costs when the existing capacity is not required and there is no likelihood of new customers being found.

Profit maximisation is not an objective of the Agency but the performance measure is to achieve full cost recovery including a 6% return on the capital employed in the business.

Key Target 2002/03

To achieve 100% cost recovery including a return on capital employed of 6% in real terms.

ACHIEVING THE R&D OBJECTIVES

In the past the focus of much FC Research & Development (R&D) was on establishing trees on upland sites using exotic conifer species, protecting them from damage and increasing volume production. For a period there was little work on broadleaved species and the only native species considered to have any significance was Scots pine. There is now less emphasis on forestry expansion in the uplands and greater emphasis on the management of the forests and woodlands which have been created in the past 80 years to provide a range of social, environmental and economic benefits.

The Forestry Commission has published its own R&D Strategy for the three years 2001–2004. This can be viewed on the FC website at www.forestry.gov.uk/forestresearch. The Strategy provides information on the FC's planned spend on R&D, the proportion expected to be placed with Forest Research and other suppliers and the rationale for changes in priorities.

Key features of the FC R&D Strategy are:

- ▶ Total spending remaining broadly constant in money terms, implying a reduction of 2–2.5% per annum in real terms.
- ▶ A reduction in the proportion being spent with Forest Research suppliers from 94% in 2000/01 to 90% in 2001/02 and subsequent years.
- ▶ An increase (+40% in real terms over the period of the strategy) in spending on forests and society.
- ▶ A modest reduction (–2%) in spending on forests and biodiversity.
- ▶ A reduction (–6%) in spending on operations and the environment.
- ▶ A reduction (–11%) in spending on resources and industry.
- ▶ A reduction (–14%) in spending on protection.

The Agency needs to respond to the changing demands of the FC and other customers while ensuring that the research activities do not become so diverse that we have no opportunity for synergy and for exploiting existing knowledge and datasets.

To avoid these problems the Agency will focus its research and development activities on three broad objectives.

These are:

- ▶ To protect Britain's forests and woodlands from pests and diseases and other threats.
- ▶ To increase the contribution of trees and woodlands to improving the environment and quality of life. This will include research into forests and society, forests and biodiversity, and forestry operations and the environment.
- ▶ To increase the competitiveness of British-grown forest products and their contribution to wealth creation.

Of the total R&D expenditure approximately 25% is currently on protection, 40% on environment and quality of life and 35% on competitiveness and wealth creation. The trend of recent years for increased expenditure on environment and quality of life is likely to continue during 2002/03 with research on forestry and society (social forestry) increasing in particular.

The planned outputs for the Agency are agreed with clients and are revised and modified in the light of changing demands. In this respect they differ from the key targets but are the basis for achieving the target on customer satisfaction. The planned actions to meet the needs of customers are grouped under the three R&D objectives.

Protecting Britain's Forests and Woodlands

To help protect Britain's forests and woodlands from pests, diseases and other threats we will:

- ▶ Monitor the health of the nation's trees by annual crown assessment of 360 forest plots, by detailed measurement of environmental data and tree condition in EU Level II plots and by obtaining quantitative data on the health of non-woodland trees in England.
- ▶ Identify all potential insect pests discovered during port inspections and carry out Pest Risk Analyses on potential new pests.
- ▶ Develop improved methods of Pest Risk Analysis using GIS and ecoclimatic modelling to increase the accuracy of prediction.
- ▶ Survey EU Protected Zones in Britain to verify the absence of *Dendroctonus micans*, *Ips typographus*, *Ips amitimus* and *Ips duplicatus*.

- ▶ Complete investigations of alternatives to methyl bromide for preservative and remedial treatment against quarantine pests during 2002/3.
- ▶ Investigate the impact of the green spruce aphid, *Elatobium abietinum*, on Sitka spruce.
- ▶ Develop the concepts of integrated forest management for sustainable management of forest pests with emphasis on using improved knowledge of the population dynamics of *Hylobius abietis* to determine options, especially targeted use of insect pathogenic nematodes for biological control and test Decision Support Systems in forest-scale trials.
- ▶ Diagnose the causes of tree diseases and provide advice on approximately 500 enquiries annually about tree health problems.
- ▶ Investigate the causes of dieback in oak and alder and develop methods to control and manage the disorders.
- ▶ Identify new threats arising through introduction or rapid evolutionary change in existing forest pathogens and prepare risk assessments.
- ▶ Investigate non-chemical methods for the management and control of forest pathogens.
- ▶ Identify factors which affect the severity of impact of deer in woodlands and provide advice on deer control to Deer Initiatives and Deer Management Groups in England, Scotland and Wales.
- ▶ Contribute to a research programme on developing humane methods for limiting damage by grey squirrels.
- ▶ Promote and support best practice in grey squirrel management to reduce impacts on forest management and biodiversity.
- ▶ Provide training and support for the windthrow risk model (ForestGALES) and provide a spatial (GIS) version for evaluation by forest managers.
- ▶ Assess the impact of predicted climate change on UK forestry.
- ▶ Carry out a review of the potential use of remote sensing in monitoring British forests.

Improving the Environment and Quality of Life

To increase the contribution of trees and woodlands to improving the environment and quality of life we will:

- ▶ Provide scientific underpinning for the development and implementation of the UK forestry standard.
- ▶ Develop and test methods for evaluating contaminated land for woodland establishment; and investigate and advise on cost-effective means of establishing woodland on disturbed and derelict land.
- ▶ Assess the effectiveness of best management practices for protecting the freshwater environment and provide advice on the impact of specific forestry activities.
- ▶ Investigate the impact of lowland woodland on water quality and groundwater recharge and develop an improved dynamic model for predicting woodland water use at the plot and landscape scale.
- ▶ Provide improved guidance on the management of important cultural heritage sites within the woodland environment.
- ▶ Investigate the impact of forestry operations on the soil resource.
- ▶ Improve estimates of water use by trees in the light of climate change predictions.
- ▶ Quantify long-term carbon fluxes in mixed broadleaved woodlands.
- ▶ Conduct research into the effects of forest management on biodiversity within forested landscapes, and incorporate findings into guidance for forest design planning.
- ▶ Undertake research to support the implementation of species and habitat action plans.
- ▶ Establish the biodiversity value of retained stands in upland forests and develop management practices which enhance the biodiversity of forest habitats.
- ▶ Study genetic variation in populations of native species and advise on the benefit of using locally adapted seed sources.
- ▶ Advise on the establishment, restoration and management of native woodlands.
- ▶ Investigate the benefits of continuous cover forestry and advise on cost-effective means of achieving these benefits.
- ▶ Advise on appropriate designs of shelterbelts to reduce wind exposure on upland farms.
- ▶ Investigate options for reducing the use of chemicals in UK forests.
- ▶ Identify means of increasing the efficiency of small woodland operations and adding value to small woodland products in order to encourage the management of small woodlands.

- ▶ Investigate the contribution of institutions to the delivery of forestry policy.
- ▶ Develop guidelines for woodland design to enhance social value and explore the values which society places on woodland.
- ▶ Develop methods which give managers the techniques for integrating social concerns into forest management practices.

Increasing Competitiveness and Wealth Creation

To increase the competitiveness of British-grown forest products and their contribution to wealth creation we will:

- ▶ Continue with the Sitka spruce breeding programme and develop marker-aided selection as a means of shortening the time taken to deliver benefits.
- ▶ Continue with the genetic improvement of broadleaved species through provenance testing and mass selection for ash, oak, birch, beech and sycamore.
- ▶ Conduct research and provide advice on nursery techniques aimed at improving plant quality and reducing costs of establishment.
- ▶ Provide advice on the effects of different treatments on establishment success and their cost-effectiveness.
- ▶ Conduct research and development and provide advice on ways of improving the health and safety, efficiency and cost-effectiveness of forestry operations.
- ▶ Conduct surveys of log straightness in conifers and apply the results to forecasts of future timber production.
- ▶ Investigate cost-effective methods of improving timber quality.
- ▶ Continue research into short rotation coppice of poplar and willows for energy.
- ▶ Provide national timber production forecasts and improve underpinning yield models and assortment forecast reference data.
- ▶ Provide advice to maintain national standards of tree and timber measurement.
- ▶ Support the maintenance and development of improved tariff checking software.
- ▶ Develop methods for updating the National Inventory of Woodland and Trees.
- ▶ Manage the national database and network of permanent growth and yield monitoring plots, and extend them to meet the demands of multi-purpose forestry and alternative management systems.
- ▶ Develop Ecological Site Classification (ESC) to work within a Geographical Information System (GIS).

Knowledge Transfer

The effectiveness of research and development is only as good as the uptake by users. To ensure users have every opportunity to apply the results of research and development we will:

- ▶ Encourage research funders to include provision for publishing information and guidance notes, publishing articles in the trade press and conducting seminars and training events.
- ▶ Ensure findings are presented in a form which facilitates understanding and ease of use.
- ▶ Support the development of an FC website providing the latest research findings and advice.
- ▶ Hold regular research update seminars at a variety of locations to give good geographical coverage of England, Scotland and Wales.
- ▶ Collaborate with Forestry Training Services in updating and conducting training programmes.
- ▶ Encourage visits to the Research Stations by university staff and students, professional bodies and trade associations.
- ▶ Provide advisory and consultancy services to forest owners and managers.

DEVELOPING THE AGENCY

The Agency enters the 2002–2005 planning cycle with an established programme of operational objectives to meet the changing needs of the Forestry Commission as our customer and owner. This change-orientated approach has been reinforced by the information emerging for stage 1 of the Agency's Quinquennial Review, and by the drive for cultural change brought about by the Commission's Staff Survey and consequential Leadership Group Events. These factors combine to present the Agency with a stimulating and challenging agenda for the next three years and beyond.

We will address the issues set out below with enthusiasm while remaining aware of the negative impact of initiative overloads and the major resource implications that such a programme of change can generate. Most importantly, we recognise the continuing need to achieve the key targets and maintain our high reputation for the quality of the work we do for all our customers.

Our operational needs are:

- ▶ To deliver the projected financial performance for achieving at least full cost recovery during the plan period.
- ▶ Through engendering full support from our Commission customers and colleagues to be able to adapt successfully to, and participate fully in, the new European Commission regime of funding research through Centres of Excellence.
- ▶ To improve the quality of our communications and knowledge transfer capability and performance – this has emerged from the Quinquennial Review as a clear area for attention. Our activities will include developing our website resource into a primary marketing and communication tool for the future.
- ▶ To improve the quality of the working environment and provide access to modern technology.
- ▶ To ensure that we achieve value for money from our overhead and fixed expenditure, seeking wherever practicable to eliminate non-essential cost.
- ▶ To improve the quality and management of our data and information technology resources.
- ▶ To establish a flourishing basis for communication and delivery of the specific research needs of our research users in England, Scotland and Wales.
- ▶ To develop an organisational structure which facilitates the use of multi-disciplinary teams.
- ▶ To adopt a recognised form of quality assurance.

The Quinquennial Review

In addition, we need to respond positively to the outcome of stage 1 of the Quinquennial Review. This identifies a policy background within which, over the next five years, we will need to take account of:

- ▶ the UK's commitment to sustainable forestry
- ▶ the three Forestry Strategies for England, Scotland and Wales
- ▶ the Government's policy on science and research
- ▶ the research priorities derived from these requirements, which are identified in the Commission's Research Strategy.

We acknowledge the need to:

- ▶ Involve staff more closely in the development of research programmes.
- ▶ Develop long-term research strategies.
- ▶ Develop more autonomy within the Commission.
- ▶ Make organisational change.
- ▶ Diversify our research portfolio, including more speculative research, and disseminate our results more widely.
- ▶ Improve academic collaboration.

Culture and Organisation

In order to engineer a cultural change of the magnitude envisaged through the Commission's Staff Survey process we have undertaken a similar exercise for the Agency.

We have identified important areas where change is needed and put in place working groups to deliver, by November 2002, proposals for action in the following areas:

- ▶ Science Strategy
- ▶ Organisational Structure
- ▶ Site Infrastructure
- ▶ Agency Identity.

FOREST RESEARCH PEOPLE

Forest Research currently employs 293 people including 38 who work part time. All staff are employees of the Forestry Commission and the Agency has common personnel management systems and policies with the rest of the FC. We are the employer of choice for many who want to work in forestry or tree related research. In our search for greater efficiency, and in response to changing demands from our parent department, staff numbers have declined (see Annexe, Table 4). Based on current forecasts of income further reductions will be necessary over the period of this plan but we aim to achieve this through normal staff turnover.

Our main staff management task in the last year has been to improve our training and development practices and to consolidate the unification of the industrial and non-industrial staff groups which took place on 1 July 2000.

We were recognised as an Investor in People in December 2000 and are currently preparing for the first review of our IIP status in May 2003.

Our main task for the future is to implement Civil Service Reform with a greater focus on:

- ▶ Strong leadership with a clear sense of purpose.
- ▶ Sharper performance management.
- ▶ A more open culture which brings on talent.
- ▶ Greater diversity, better matching the society we serve.
- ▶ A better deal for staff which ensures we attract and retain people with the qualities we need.

We place strong emphasis on the development of safe working practices and the welfare of staff. We have our own Health and Safety Adviser and make use of the Forestry Commission Health and Safety Officer. Staff welfare is provided for by a network of Forestry Commission Regional Welfare Officers. We comply with all relevant safety legislation and act as a responsible employer.

Reportable accidents have averaged around 2 per hundred employees per year in recent years. The level of absence in the Agency currently averages 9 days per employee per year with over 75% of staff absent for 5 days or less per year. A staff survey across the whole of the FC has identified a number of issues and FR staff had particular concerns over performance management, strategic direction and managing diversity. Another staff survey will be conducted in Autumn 2002.

To ensure that we are able to recruit and retain staff with the qualities we seek, that they have the skills and expertise required to carry out the work expected of them, that they are motivated to deliver the outputs expected of the Agency and that they are treated fairly we will:

- ▶ Provide leadership training for all management and supervisory staff in the Agency.
- ▶ Contribute to the development of common Forestry Commission personnel systems and policies including pay and grading, terms and conditions of service, recruitment by fair and open competition on merit, equal opportunities and performance management procedures.
- ▶ Identify and implement steps to encourage a greater diversity of applicants for jobs in Forest Research aimed at increasing the number of women, disabled people and people from ethnic minorities at all levels within the Agency but avoiding unfair discrimination.
- ▶ Continue to implement 'family friendly' policies including flexible working patterns and part-time employment.
- ▶ Ensure that all staff have training and development plans which are reviewed on a regular basis.
- ▶ Monitor health and safety procedures, take action to reduce the number of workplace accidents and investigate measures to reduce avoidable absence due to accidents or ill health.
- ▶ Provide staff welfare services via the network of FC Welfare Officers.
- ▶ Provide opportunities for career development for researchers by a system of 'fluid grading' and individual merit promotion.
- ▶ Introduce 360° feedback, initially for our most senior staff.
- ▶ Introduce a mentoring scheme for new entrant and newly promoted staff.
- ▶ Examine ways of reducing information overload.
- ▶ Expect staff to behave towards each other in a way which is helpful, respectful and considerate.
- ▶ Facilitate and encourage the movement of staff between different parts of the FC and other organisations.
- ▶ Provide practical paid experience for up to eight sandwich students and provide industrial partnerships for up to 12 Research Council CASE PhD studentships.

ANNEXE

Table 1 ► Income and Expenditure 1997–2005

	97/98 £97/98 Actual	98/99 £98/99 Actual	99/00 £99/00 Actual	00/01 £00/01 Actual	01/02 £01/02 Provisional	02/03 £02/03 Planned	03/04 £03/04 Planned	04/05 £04/05 Planned
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
PPD	10,000	9,800	9,985	9,812	9,480	9,445	9,445	9,445
Other FC	100	169	26	100	422	400	400	400
FE	937	1,046	1,242	1,342	1,332	1,030	1,034	1,056
Non-FC	1,266	1,347	1,334	1,116	1,386	1,400	1,500	1,600
Total Income	12,303	12,362	12,587	12,370	12,620	12,275	12,379	12,501
Expenditure								
Staff Costs *	6,807	6,857	7,205	7,177	7,360	7,275	7,329	7,394
Depreciation	515	344	400	396	390	380	440	500
Other Costs	4,332	4,283	4,436	4,217	4,280	4,100	4,080	4,067
Total Expenditure	11,654	11,484	12,041	11,790	12,030	11,755	11,849	11,961
Operating Surplus	649	878	546	580	590	520	530	540
Cost of Capital	459	496	520	519	520	520	530	540
Net Surplus/(-)Deficit	190	382	26	61	70	0	0	0

*Includes salaries, ENI and Superannuation.

Table 2 ► Balance Sheets at 31 March

	97/98 £97/98 Actual	98/99 £98/99 Actual	99/00 £99/00 Actual	00/01 £00/01 Actual	01/02 £01/02 Provisional	02/03 £02/03 Planned	03/04 £03/04 Planned	04/05 £04/05 Planned
Fixed Assets	£000	£000	£000	£000	£000	£000	£000	£000
Buildings	5,782	7,131	7,198	7,174	7,241	7,489	7,734	7,978
OME	1,116	1,044	984	1,219	1,206	1,105	987	853
Total Fixed Assets	6,898	8,175	8,182	8,393	8,447	8,594	8,722	8,832
Current Assets	1,035	907	600	636	735	735	735	735
Current Liabilities	199	248	252	261	260	260	260	260
Net Current Assets	836	659	348	375	475	475	475	475
Total Assets less current liabilities	7,734	8,834	8,530	8,768	8,922	9,069	9,197	9,307
Taxpayers Equity								
General Fund	7,252	6,393	5,941	6,160	6,227	6,284	6,321	6,337
Revaluation Reserve	482	2,441	2,589	2,608	2,696	2,785	2,876	2,969
Total	7,734	8,834	8,530	8,768	8,922	9,069	9,197	9,307

Table 3 ► Cash Flow 1997-2005

	97/98 £97/98 Actual	98/99 £98/99 Actual	99/00 £99/00 Actual	00/01 £00/01 Actual	01/02 £01/02 Provisional	02/03 £02/03 Planned	03/04 £03/04 Planned	04/05 £04/05 Planned
	£000	£000	£000	£000	£000	£000	£000	£000
Operating Surplus	649	878	546	580	590	520	530	540
Depreciation	515	344	400	396	390	380	440	500
Changes in working capital	-224	201	311	-27	-100	0	0	0
Total Cash Flow Generated	940	1,423	1,257	949	880	900	970	1,040
less: Capital Expenditure	-285	-161	-258	-587	-350	-500	-500	-500
Net Cash Surplus	655	1,262	999	362	530	400	470	540

Table 4 ► Trends in Staff Numbers (full-time equivalents)

	£97/98 Actual	£98/99 Actual	£99/00 Actual	£00/01 Actual	£01/02 Actual	£02/03 Planned	£03/04 Planned	£04/05 Planned
Permanent Staff	271	257	256	246	240	235	230	230
Other Staff	20	33	34	31	35	30	30	30
Total	291	290	290	277	275	265	260	260

Table 5 ► Summary of Key Targets 2002/03

To achieve a satisfaction rating for FC customers of at least 97%.

To maintain the output of peer-reviewed scientific papers submitted and subsequently accepted for publication at 2001/02 levels.

To achieve 100% cost recovery including a return on capital employed of 6% in real terms.