
FORESTRY DEVOLUTION REVIEW

INTERDEPARTMENTAL GROUP REPORT

The Review was carried out by officials from:

The Cabinet Office (Chair of the Review Group)

The Forestry Commission

The Department for Environment, Food and Rural Affairs

Scottish Executive Environment and Rural Affairs Department

Welsh Assembly Government Agriculture and Rural Affairs Department

HM Treasury

Northern Ireland Forest Service.

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EXECUTIVE SUMMARY

SECTION 1 - BACKGROUND AND TERMS OF REFERENCE

1. When Forestry Ministers announced the conclusions of the quinquennial review of the Forestry Commission's Forest Enterprise executive agency in May 2001, they also announced their intention to review the administrative arrangements for forestry in the light of continuing experience of the devolved structure. During autumn 2001 Forestry Ministers decided to proceed with the Review and agreed the terms of reference which were:

“To review the current administrative arrangements for delivering sustainable forestry policies in England, Scotland and Wales and the UK's international commitments, including options for further devolution of these arrangements.”

2. This report presents the conclusions and recommendations from the Review carried out by an Interdepartmental Group of officials from the Cabinet Office (Chair of the Review Group), the Forestry Commission, Department for Environment, Food and Rural Affairs; Scottish Executive Environment and Rural Affairs Department; Welsh Assembly Government Agriculture and Rural Affairs Department; HM Treasury and the Northern Ireland Forest Service.

SECTION 2 - CURRENT ADMINISTRATIVE ARRANGEMENTS FOR FORESTRY

3. The UK Government transferred responsibility for forestry to Scottish Ministers and the National Assembly for Wales in 1999 as part of a wider programme of constitutional reform. The UK Government retained responsibility for forestry in England and for international issues. Separate arrangements apply in Northern Ireland, where forestry has been fully devolved since 1922.

4. Prior to devolution, domestic forestry policy statements were usually expressed at a UK or GB level. The most important change in the domestic forestry policy environment in recent years has been the preparation and publication of Forestry Strategies for England, Scotland and Wales. The strategies set out the devolved administrations' priorities and programmes for developing and implementing forestry policy. Forestry policy in Northern Ireland is currently under review.

5. The Forestry Commission together with its executive agencies, Forest Enterprise and Forest Research, is the main government department in Great Britain responsible for advising Ministers on, and for implementing, forestry policy in each of the three countries comprising Great Britain. Following devolution, the Commission now reports separately in England, Scotland and Wales to, respectively, the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government. The Commission is funded separately by Scottish Ministers (covering its activities in respect of Scotland), and by the National Assembly for Wales (covering its activities in respect of Wales). Funding from the UK Parliament covers the Commission's activities in respect of England and those areas, such as plant health, international policy, research, pensions and direct support for the Forestry Commissioners, which are either reserved or, by agreement, carried out on a Great Britain-wide basis. The Forestry Commission, as a Cross Border Public Body, has played a co-ordinating role and worked with the devolved administrations on a number of issues where the devolved administrations have agreed that a collaborative approach would be mutually beneficial. The Department of Agriculture and Rural Development's Forest Service agency is responsible for a similar range of forestry functions in Northern Ireland.

6. The establishment of the Rural Affairs Departments in each country, each with a more integrated policy remit, has been a significant change in the machinery of government. The Rural Affairs Departments operate a range of measures under the different Rural Development Programmes, including a number that are relevant to forestry policy aims, for example the Farm Woodland Premium Scheme.

SECTION 3 - STAKEHOLDER CONSULTATION

7. The Review Group carried out a consultation exercise and invited views from over 600 organisations with an interest in forestry. The consultation document invited views on whether the current administrative arrangements for forestry could be improved upon and if so, how. Eighty-five responses were received in time for inclusion in the analysis of responses. Six broad groupings of comments, relevant to the Review, emerged from the detailed analysis of responses.

(i) *Effectiveness of the current arrangements.* About one quarter of respondents commented that the current arrangements were operating effectively and a number of these suggested ways in which the current arrangements could be enhanced.

(ii) *Co-ordination of policy and common GB/UK handling arrangements.* Many respondents suggested that a high level of co-ordination was needed to ensure consistency of approach. Several of these respondents also commented that it would be important for the devolved administrations to have a strong level of input to the development of the UK's international policies; especially if the devolved administrations were to have responsibilities for the delivery of these policies. Three-quarters of those respondents raising the issue proposed that the Forestry Commission should be the lead government department for this work. In the absence of the Forestry Commission, many respondents proposed that a body similar to the Joint Nature Conservation Committee should replace it. The most frequently cited cross-cutting issue concerned standards and supporting guidelines for sustainable forestry policy. The positive experience of developing the UK Forestry Standard and UK Woodland Assurance Scheme was the most frequently cited example of the benefits of such an approach. In addition a UK or GB-wide approach to forestry plant health and pest control was seen as important.

(iii) *Devolution/integration with Rural Affairs Departments in England, Scotland and Wales.* This was the most frequently raised area of interest with 117 comments received. The majority of respondents saw scope for closer integration of the policy and delivery functions with the Rural Affairs Departments in England, Scotland and Wales. Thirty-five respondents commented that forestry should have a strong and visible champion (the Forestry Commission) within government and were concerned that amalgamation with the Rural Affairs Departments could lead to forestry's profile becoming marginalised. Twenty respondents called for closer integration of forestry delivery programmes and incentives with those of the Rural Affairs Departments.

(iv) *Role and organisation of Forest Enterprise.* Thirty-three comments were received in connection with Forest Enterprise. The most frequently cited issues were the need to strengthen Forest Enterprise's lines of accountability to the three devolved administrations and also the need to strengthen the relationship between Forest Enterprise and the three National Offices.

(v) *Organisation of forestry research.* The majority of respondents raising the issue argued for retaining forestry research as a GB-wide activity of the

Forestry Commission and believed that the existing arrangements should continue. A small number of respondents were concerned that research interests in Wales were not properly recognised given the absence of a Forest Research station in that country. There was a recognition that the arrangements for identifying research priorities and commissioning processes should provide the opportunity for greater influence and input by the devolved administrations, through the Forestry Commission's National Offices.

(vi) *Resources (i.e. funding) available for forestry and the Forestry Commission.* The most frequently expressed view was that the resources currently available to forestry were insufficient which meant that there was under-delivery of policy aims. There were also concerns that the ability to deliver sustainable forestry outputs, especially social and environmental outputs, was illogically constrained by the link to income for timber sold by Forest Enterprise.

SECTION 4 - KEY ISSUES

8. Based on the analysis of the present administrative arrangements and the responses to the stakeholder consultation, the Review Group identified four key issues. These were:

(i) *The balance between country and common GB/UK handling arrangements.* A small number of forestry policy statements, and the UK Forestry Standard, pre-date the devolution of forestry policy. They continue to operate by agreement with the devolved administrations. However, the Review Group noted that:

- Uncertainty existed over the mechanism for involving the devolved administrations.
- It was not clear who took ultimate responsibility for ensuring that individual country interests had been adequately considered when drawing up common UK standards or agreements.

(ii) *Administrative arrangements for managing the forestry estate in the context of devolution.* The Review Group noted a number of issues that are relevant to consideration of administrative arrangements for Forest Enterprise. They include:

- The balance between the economies of scale achieved through the present arrangements and the value of the increased synergies that could be achieved by closer links to the Rural Affairs Departments.

- Concerns about a potential conflict of interest between the Forestry Commission’s responsibility for regulation of the forestry industry and its responsibility for Forest Enterprise as the largest single operator in the marketplace.
- Limitations on Forest Enterprise’s ability to form a wider range of partnerships due to constraints imposed on the Forestry Commissioners by the Forestry Acts.
- In administrative terms, Forest Enterprise’s Territorial Directors are accountable to the agency Chief Executive and their lines of communication and responsibility to Ministers in the devolved administrations are unclear.
- Tensions between Forest Enterprise’s (GB) corporate objectives and the country forestry strategies.

(iii) *Administrative arrangements for managing forestry research in the context of devolution.* The Review Group noted that there is a need to:

- Strengthen the arrangements for the involvement of the devolved administrations in the setting of research priorities and programmes.
- Ensure that research outputs highlight their relevance and potential application in each country.

(iv) *Arrangements for administering the regulatory and incentive frameworks for forestry in the context of devolution.* From our analysis the Group identified the following issues:

- Progress in establishing links between the Forestry Commission and the devolved administrations to support reviews of incentives that are being refined to meet the priorities of the country forestry strategies and to revise and update the Commission’s Woodland Grant Scheme IT systems. Taken together, these are encouraging a more integrated approach to supporting forestry.
- In Scotland and Wales, decisions on budgetary priorities for forestry are now made in a more integrated way. The arrangements in England have not been changed post-devolution. There is, however, even in Scotland and Wales a consensus that integration is hampered or made more bureaucratic by the existence of the Forestry Commission as a separate Cross Border Public Body.

SECTION 5 - CONCLUSIONS AND RECOMMENDATIONS

9. From our analysis, and the views of the majority of respondents to the consultation, we concluded that the current arrangements could be enhanced significantly following devolution and therefore need to be updated now. Central to this is a need to achieve greater integration of forestry with other rural policy work whilst retaining a collaborative approach to common issues such as forestry standards.

10. The crucial question for Ministers is whether there should be full integration of forestry within their wider rural affairs responsibilities or whether a distinctive profile for forestry in government should be retained. If they wish to secure full integration of forestry and rural affairs responsibilities, then legislation is the only way to achieve this. Alternatively, if they wish to retain a distinctive profile for forestry in government, then an administrative approach to greater integration between forestry and rural affairs would provide the best course of action.

Change through Legislative Action

11. This would involve abolishing the Forestry Commission by repealing the Forestry Acts and transferring all of the Commissioners’ functions. These could be transferred in whole, or in part, to the Secretary of State for Environment, Food and Rural Affairs, to the National Assembly for Wales and to Scottish Ministers or to bodies, for example Non Departmental Public Bodies, which might be established to receive some or all of the powers. Forest Enterprise and Forest Research would also be abolished and the devolved administrations would determine the arrangements for supporting their functions. There would be no requirement to have the same arrangements in each of the three countries.

12. There are a number of areas where there is a need to update and modernise forestry legislation. These include constraints on Forest Enterprise’s freedom to form partnerships with other organisations. More fundamentally, the forestry legislation predates the principles of sustainable forestry and the Commissioners’ powers do not reflect modern day forestry policy aims. This is an issue that is outside the scope of this Review and Ministers therefore need to consider whether or not the existing forestry legislation should be modernised.

13. *Given the time needed to complete any legislative process, the possible need to modernise forestry legislation which falls outside the terms of*

this Review and the support for maintaining a distinctive profile for forestry in government, we do not recommend the legislative approach at this time. However, Ministers may wish to keep this option under review. (Recommendation 1, paragraph 5.12.)

Change through Administrative Action

14. Under this option the Forestry Commission would operate as a decentralised organisation. There would be a significant shift of functions away from the centre. The National Offices would be considerably strengthened and would act as forestry departments delivering policy advice and implementation to the administrations in England, Scotland and Wales. A package of measures, which would not hinder the development of legislation in the future, is available to achieve significantly increased integration between the Forestry Commission and the Rural Affairs Departments. They include:

(i) *Ministerial Committee.* The present arrangements do not provide adequate opportunities for involvement of the devolved administrations in the formulation of international policy and collaboration on matters of mutual interest. Experience has demonstrated that there are issues (for example the UK Forestry Standard) where the devolved administrations can collaborate and share experience to their mutual benefit. There are however no formal mechanisms present in place for agreeing what issues should be handled collaboratively and for keeping them under review. *A new Ministerial Committee, bringing together the Forestry Ministers in England, Scotland, Wales and Northern Ireland, should be set up. It should meet regularly to oversee the new arrangements and the handling of international issues (non-devolved powers) and agree any cross-cutting forestry issues where collaboration would be advantageous. The committee would be responsible for monitoring the operation and effectiveness of the administrative arrangements.* (Recommendation 2, paragraph 5.19.)

Membership of the official Whitehall Forestry Group should be expanded to include representation from the Scottish Executive and Welsh Assembly Government. (Recommendation 3, paragraph 5.20.)

(ii) *Closer Integration of Forestry and Rural Affairs.* Good links have been developed between the Forestry Commission and the Rural Affairs Departments following devolution in 1999. However, lines of communication and responsibility are not as clear as they could be and there are perceptions that the lead on many domestic policy issues still comes from the Forestry Commission's Edinburgh headquarters, and not through its National Offices. There is scope to strengthen and formalise these

relationships so as to make it clear that this is no longer the case. *The Review Group recommends integration - as far as is possible without recourse to legislation - of policy development and delivery between the Forestry Commission's National Offices and the Rural Affairs Departments in England, Scotland and Wales. The new arrangements would be underpinned by Concordats between each of the Commission's National Offices and the Rural Affairs Departments. The details of the new working arrangements and the contents of the Concordats would be worked up individually between each Rural Affairs Department and the relevant Forestry Commission National Office.* (Recommendation 4, paragraph 5.23.)

(iii) *Forest Enterprise.* Forest Enterprise currently operates as a GB-wide executive agency of the Commission. The recent quinquennial review of Forest Enterprise assumed that the Forestry Commission would continue to operate on a GB-wide basis. Given the changes proposed to secure greater integration between the Forestry Commission and the Rural Affairs Departments we believe that retention of Forest Enterprise as a GB-wide body, with a Chief Executive in the Commission's headquarters in Edinburgh, would be at odds with this new structure. *We recommend that Forest Enterprise, currently managed as a GB-wide executive agency, should be split into three. Separate Forest Enterprise bodies would be set up in each country, with each accountable through the Commission's National Offices to the administrations in England, Scotland and Wales, instead of to a Chief Executive in Edinburgh.* (Recommendation 5, paragraph 5.25.)

(iv) *Forest Research.* We have confirmed the Forest Research agency quinquennial review's conclusion that there is a need to strengthen the arrangements for the involvement of the devolved administrations in the setting of research priorities and programmes. In addition, although many of the outputs from forestry research are relevant across the UK, there is a need to ensure that these outputs highlight their relevance and potential application in each country. *Forest Research should continue as a GB-wide agency of the Forestry Commission but new arrangements should be set up, with an enhanced role for the devolved administrations through the National Offices in England, Scotland and Wales in determining research priorities and specifying programmes, and through joint approval by Forestry Ministers of the research strategy and annual research programme. This would allow greater integration of the agency's work with related research in each country and co-ordination with work in Northern Ireland. Implementation of this recommendation, including the option of trisecting funding of the*

Forestry Commission’s research budget should be considered during Stage 2 of the Forest Research Quinquennial Review in the light of the other changes recommended in this Report. (Recommendation 6, paragraph 5.27.)

(v) *Board of Forestry Commissioners.* Following devolution, the Forestry Commissioners are now required to exercise their functions separately as regards England, Scotland and Wales. The Commissioners are accountable, and report, separately to Ministers in each country and are also subject to powers of direction separately by UK Ministers, Scottish Ministers and the National Assembly for Wales. The Review Group believes that the representation from each country should be strengthened with the head of each of the Commission’s National Offices in England, Scotland and Wales being appointed to the Board as executive Commissioners. The Group further considers that the arrangements for appointing non-executive Commissioners to represent Scottish and Welsh interests should be strengthened by removing Westminster Ministers from the nomination process. *The Group recommends that following these changes, the executive Commissioners should be the Director General and the Heads of the National Offices. (Recommendation 7, paragraph 5.31.)*

(vi) *Accountability.* Through our recommendations, the Forestry Commission’s National Offices would be accountable to the Westminster Parliament, Scottish Ministers and the Welsh Assembly Government through separate Corporate Plans, Accounts and Annual Reports for each country. These would extend to cover the work of the new Forest Enterprise agency proposed in each country. The chief official in each National Office would be appointed as an Additional Accounting Officer to demonstrate the direct line of accountability to the relevant legislature.

(vii) *Relationship between Forestry Commission National Offices and Edinburgh Headquarters.* The Forestry Commission (operating as a Cross Border Public Body) would provide policy advice and support on international issues (reserved) and on any area where a UK or GB-wide cross-cutting approach was agreed (for example standards of sustainable forestry, forestry research) by the Ministerial Committee. The role of the three National Offices would be enhanced by a transfer of functions from the centre (notably as a result of the trisection of Forest Enterprise, but also through the transfer of financial policy/control and secretariat functions).

(viii) *Cross-Departmental Groups.* DEFRA and the devolved administrations would be members of all cross-departmental forestry groups (for example the Whitehall Forestry Group, Forest Research Co-ordination Committee). The Forestry Commission National Offices would similarly participate in all relevant cross-cutting groups within DEFRA and the devolved administrations.

Timescales for Implementation

15. Implementation of the legislative approach considered at paragraphs 11 to 13 above would depend on the availability of time in the relevant Parliamentary timetables. Implementation of the complete administrative approach could commence almost immediately though in order to reduce transitional costs (for example through staff transfers from the Commission’s Edinburgh Headquarters to the National Offices) it could be phased in over a period of time.

1. INTRODUCTION

Background and Terms of Reference

1.1 When Forestry Ministers announced the conclusions of the quinquennial review of the Forestry Commission's Forest Enterprise executive agency in May 2001,¹ they also announced their intention to review the administrative arrangements for forestry in the light of continuing experience of the devolved structure. During autumn 2001 Forestry Ministers decided to proceed with the Review and agreed the terms of reference which were:

“To review the current administrative arrangements for delivering sustainable forestry policies in England, Scotland and Wales and the UK's international commitments, including options for further devolution of these arrangements.”

1.2 Details of the Review were announced at Westminster and the Scottish Parliament by answers to written Parliamentary Questions. In Wales, the Review was announced by the National Assembly's Minister for Rural Affairs in his report to the Assembly's Agriculture and Rural Development Committee.

1.3 The Review has been carried out by an Interdepartmental Group of officials chaired originally by the Cabinet Office and since 29 May by the Office of the Deputy Prime Minister. Other members of the Review Group were the Forestry Commission, Department for Environment, Food and Rural Affairs; Scottish Executive Environment and Rural Affairs Department; Welsh Assembly Government Agriculture and Rural Affairs Department; and HM Treasury. In addition, the Northern Ireland Department of Agriculture and Rural Development was represented by the Chief Executive of the Northern Ireland Forest

Service. Officials in the Department for Transport, Local Government and the Regions received copies of all Review Group papers. The Forestry Commission provided the Secretariat for the Review.

1.4 This report describes the approach of the Review Group, the issues examined and the Group's conclusions and recommendations.

Approach

1.5 The Review Group met formally six times. Meetings were held in London, Cardiff, Edinburgh and Belfast. The Review Group considered a wide range of issues, including the current policy, legislative and administrative frameworks, relevant to the operation of the current arrangements. The Review Group also carried out a consultation with key stakeholders. The consultation and the responses to it are described below in Section 3.

Structure of the Report

1.6 This Report sets out the rationale for the recommendations of the Review Group. The first part of the report (Section 2) deals largely with background factual material which was considered by the Group. Details of the stakeholder consultation and an analysis of the responses received are set out in Section 3. The Review Group's analysis and the responses to the consultation helped to identify a number of key issues that needed to be addressed (Section 4). The last part of the report (Section 5) describes the range of options examined by the Review Group, using a suite of agreed evaluation criteria, to address the key issues, and makes recommendations for change that Forestry Ministers are invited to consider.

¹ Hansard 10 May 2001, Column 301W.

2. REVIEW OF THE CURRENT ADMINISTRATIVE ARRANGEMENTS FOR FORESTRY

Constitutional Background

Introduction

2.1 The UK Government transferred responsibility for forestry to Scottish Ministers and the National Assembly for Wales in 1999 as part of a wider programme of constitutional reform. The UK Government retained responsibility for forestry in England and for international issues. Separate arrangements apply in Northern Ireland, where forestry has been fully devolved since 1922.

Scotland

2.2 The Scottish Parliament and Scottish Executive were created by the Scotland Act 1998. The Parliament has full primary legislative competence in devolved matters, while the Scottish Executive is responsible for those functions formerly exercised by the Secretary of State for Scotland which now fall within devolved competence, together with additional functions conferred by subsequent Scottish or UK legislation. The extent of devolved responsibilities is largely defined by Schedule 5 of the Scotland Act which sets out those “reserved matters” outside devolved competence. The Scotland Act also allows the Scottish Executive to carry out functions on behalf of UK Government Ministers (so-called “executive devolution”). Forestry is a devolved responsibility.

Wales

2.3 The National Assembly for Wales is a corporate body established under the Government of Wales Act 1998. It is responsible for most of the powers formerly exercised by the Secretary of State for Wales. The Assembly does not have primary legislative competence and responsibility for primary legislation affecting Wales remains with Westminster. Its executive functions have been delegated to the First Minister and Assembly Ministers who form the Welsh Assembly Government. The Assembly’s detailed functions are set out in two Transfer of Functions Orders^{2 3} plus further functions conferred by primary legislation since the passage of the Government of Wales Act. These functions include sponsorship of the activities of the Forestry Commission in Wales.

² The National Assembly for Wales (Transfer of Functions) Order 1999. SI No. 672. The Stationery Office.

³ The National Assembly for Wales (Transfer of Functions) Order 2000. SI No. 253 (W.5). The Stationery Office.

Northern Ireland

2.4 Responsibility for forestry policy in Northern Ireland lay with the Government of Northern Ireland from its creation in 1922 until the prorogation of Stormont and the introduction of Direct Rule in 1972. Responsibility then passed to the Secretary of State for Northern Ireland as one of the four UK Forestry Ministers. The Northern Ireland Assembly and Northern Ireland Executive were established under the Northern Ireland Act 1998, following the 1998 Belfast Agreement. The Assembly has primary legislative competence, subject to Schedules 2 and 3 of the 1998 Act which define “excepted matters” (where the Assembly cannot legislate) and “reserved matters” (where the Assembly can legislate only with the consent of the Secretary of State) respectively. The Northern Ireland Executive is responsible for the discharge of those devolved functions which before devolution were largely dealt with by the Northern Ireland departments under the direction of the Secretary of State for Northern Ireland. Forestry is a devolved responsibility.

Relationships with Westminster

2.5 The UK Parliament retains authority to legislate on any issue, whether devolved or not, and it is ultimately for Parliament to decide what use to make of that authority. Nevertheless, the UK Government has stated that it will proceed in accordance with the convention that it will not normally invite the UK Parliament to legislate with regard to devolved matters in Scotland or Northern Ireland, except with the agreement of the relevant devolved legislature⁴ - the so-called “Sewel” convention.

European Union and International Obligations

2.6 In a number of areas, including agriculture and forestry, the exercise of devolved competence is subject to constraints arising out of the UK’s international obligations and membership of the European Union.^{5 6 7} Nevertheless, the UK Government has said that it “will involve the devolved administrations as fully as possible in discussions about the formulation

⁴ Memorandum of Understanding between the UK Government and the Devolved Administrations, Cm 5240, December 2001 (paragraph 13).

⁵ Schedule 5, paragraph 7 of the Scotland Act 1998.

⁶ Schedule 2, paragraph 3 of the Northern Ireland Act 1998.

⁷ Sections 106 and 108 of the Government of Wales Act 1998.

of the UK’s policy position on all EU and international issues which touch on devolved matters”.⁸

2.7 The devolved administrations are responsible for implementing and observing international and European Community obligations which concern devolved matters. UK Government Ministers also retain concurrent powers to deal with such obligations if any of the devolved administrations fails to do so.^{9 10 11}

Legislative Framework for Forestry

2.8 The 1967 Forestry Act (as amended) is the principal piece of forestry legislation in Great Britain and consolidates earlier Forestry Acts dating back to 1919. The Act sets out the duties and powers of the Forestry Commissioners, specifies the constitution and administration of the Commission, and its statutory committees, and enables the Commissioners:

- to manage land placed at their disposal by Ministers;
- to give assistance and advice to woodland owners;
- to collect and publish statistics on forestry;
- to promote and develop forestry training and education;
- to undertake forestry research and surveys;
- to control tree felling in Great Britain.

2.9 The Plant Health Act 1967 makes the Forestry Commissioners the competent authority for the protection of forest trees and timber from attack by pests and diseases, and gives them the power to make orders. The principal order is the Plant Health (Forestry) (Great Britain) Order 1993 which, among other things, prescribes the landing requirements for imports of wood and wood products, and controls movements within Great Britain and the EC. The Order gives effect to timber and forestry elements of the EC plant health regime, in particular Council Directive 2000/29/EC.¹² There are also statutory instruments concerned with controls of the Great Spruce Bark Beetle and empowering local authorities to take action in respect of Dutch Elm Disease and Watermark Disease of Willow. Import inspection and licensing fees are also regulated.

⁸ Memorandum of Understanding between the UK Government and the Devolved Administrations, Cm 5240, December 2001 (paragraph 19).

⁹ Sections 57 & 58 of the Scotland Act 1998.

¹⁰ Sections 106, 108 and Schedule 3, paragraph 5 of the Government of Wales Act 1998.

¹¹ Section 26 of the Northern Ireland Act 1998.

¹² COUNCIL DIRECTIVE 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community (OJ L 169, 10.7.2000).

2.10 Section 1(4) of the 1967 Forestry Act provides Ministers with the power of direction over the Commissioners in respect of their functions under the Forestry Act and the Plant Health Act. It states that the Commissioners should comply with such directions as may be given to them by (a) the Ministers as regards England and Wales; and (b) Scottish Ministers as regards Scotland. By virtue of transfer of functions orders,¹³ the expression “the Ministers” now refers to the Secretary of State as regards England and to the National Assembly for Wales as regards Wales. An amendment to make this explicit in relation to Wales is pending. Section 1(6) states that the Ministers (see above) and Scottish Minister acting jointly shall direct the Commissioners in respect of any function to be carried out at the GB level.

2.11 Other Acts of Parliament impose additional duties on the Commissioners. For example, the Countryside (Scotland) Act 1967 and the Countryside Act 1968 require all public bodies, including the Forestry Commission, to have regard to the desirability of conserving the natural beauty and amenity of the countryside. These two Acts give the Commissioners powers to provide recreational facilities and to plant trees in the interests of amenity. Similarly, the Countryside and Rights of Way Act 2000 establishes the Forestry Commissioners as the “relevant authority” for woodland in England and Wales dedicated under the Act for access. Relevant authorities are required to make decisions (by direction) on closures of access to specific pieces of land for land management, safety and other reasons.

2.12 The Scotland Act 1998 and the Government of Wales Act 1998, and the subsequent statutory instruments, specified the Forestry Commission as a cross-border public authority, and transferred the Ministers’ responsibilities for forestry in Scotland and Wales to the Scottish Ministers and the National Assembly respectively. The two Acts also transferred ownership of land and property managed by the Commission to Scottish Ministers and the National Assembly. Separate legislation applies to Northern Ireland (the Forestry Act (Northern Ireland) 1953 (as amended)). Under the terms of the devolution arrangements, the Scottish Parliament can create its own primary and secondary legislation for forestry in Scotland. In Wales, the National Assembly has powers to create secondary legislation.

¹³ The National Assembly for Wales (Transfer of Functions) Order 1999 (SI 1999/672) and the Ministry of Agriculture, Fisheries and Food (Dissolution) Order 2002 (SI 2002/794).

International Forestry Policy

2.13 Although the Review is not concerned with forestry policy per se, it is relevant to highlight the changes since devolution. Domestic forestry policy, as with agriculture, fisheries and the environment, is strongly influenced, and driven, by internationally agreed statements and agreements. In forestry these usually relate to sustainable forest management. The most important of these have been: the Statement of Forest Principles, adopted at the 1992 Earth Summit in Rio de Janeiro; Guidelines for the Sustainable Management of Forests in Europe, agreed at Helsinki in 1993; and Guidelines for the Protection of Forests in Europe, agreed at Lisbon in 1998. The UK Government was a participant in each of these processes and is also a party to international agreements impacting on domestic forestry policy (for example the Convention on Biological Diversity, Framework Convention on Climate Change, G8 Action Programme on Forests). A succession of United Nations fora under the Commission for Sustainable Development has developed internationally agreed proposals for action and in 2000 a UN Forum on Forests (UNFF) was created to facilitate implementation of these proposals.

2.14 Some of these policy documents, for example the Convention on Climate Change and the Convention on Biodiversity, are binding on the UK Government under international law. Others, such as the UK Sustainable Forestry Programme¹⁴ (currently being revised - see paragraph 2.17 below), set out the UK Government's intentions for implementing broader, aspirational, policy statements, for example the Statement of Forest Principles and the Guidelines for the Sustainable Management of Forests in Europe. In these situations, there is an expectation by the UK Government that the devolved administrations will take account of them in developing and implementing their own policies, for example through the country forestry strategies. They are not however enforceable in law.

2.15 A key outcome of these processes has been the development (by the Forestry Commission in consultation with the Northern Ireland Department of Agriculture and Rural Development) of standards to deliver internationally agreed commitments for sustainable forestry throughout the United Kingdom. The most important of these have been: a UK standard¹⁵ for sustainable forest management; and a

UK standard for independent forest certification¹⁶ and a new framework of regulatory instruments and advice. The UK Woodland Assurance Standard was produced by a partnership of government departments and agencies, the forestry industry and other Non Governmental Organisations.

2.16 Responsibility for international negotiations on forestry matters, including the formulation of UK policy, rests with the UK Government through the Secretary of State for Environment, Food and Rural Affairs, who is advised by the Forestry Commission working in close collaboration with officials in DEFRA and other Whitehall Departments, working through the Whitehall Forestry Group (jointly chaired by the Forestry Commission and the Department for International Development, and with DEFRA, the Foreign and Commonwealth Office and the Department of Trade and Industry as members).

2.17 In the build-up to the 2002 World Summit on Sustainable Development, Forestry Ministers have agreed to the preparation of a new UK National Programme on Forests. This will comprise a new UK Statement on Sustainable Forestry (setting out the UK's international commitments); the UK Forestry Standard; and the Forestry Strategies for England, Scotland, Wales and Northern Ireland. The Forestry Commission is preparing the new Statement, which will involve full consultation and the agreement of the devolved administrations, for publication at the World Summit. This is one part of a wider forestry initiative for the World Summit which is being led by the Forestry Commission working closely with DEFRA, DFID, industry and NGOs.

European Union

2.18 In Great Britain the Forestry Commission is the competent authority for forestry aspects of the EC Environmental Impact Assessment Directive and is responsible for preparing advice on other EC Directives (for example the Habitats, Birds, and Water frameworks) that have significant implications for forestry. Implementation is a devolved matter but close links are maintained with Brussels and between the administrations in the three countries. Similar considerations apply in relation to other EC instruments, such as the CAP and CFP Rural Development Regulation, structural funds measures and LIFE and LEADER programmes - all of which provide an important source of funds. Different structures and methods of ensuring that co-operation exists have been adopted in each of these areas.

¹⁴ Sustainable Forestry The UK Programme. Cm2429. The Stationery Office, 1994.

¹⁵ The UK Forestry Standard; The Government's Approach to Sustainable Forestry. Forestry Commission and the Department of Agriculture for Northern Ireland, 1998.

¹⁶ Introduction to the UK Woodland Assurance Scheme. UKWAS Support Unit c/o Forestry Commission, Edinburgh, 2000.

Domestic Forestry Policy

2.19 Prior to devolution, domestic forestry policy statements were usually expressed at a UK or GB level. The most important change in the domestic forestry policy environment in recent years has been the preparation and publication of Forestry Strategies for England, Scotland and Wales. The Forestry Commission took the lead in preparing the three country Forestry Strategies which reflect the devolved responsibilities for forestry. The England Forestry Strategy¹⁷ was published in December 1998, the Scottish Forestry Strategy¹⁸ was published by the Scottish Executive in November 2000 and the Welsh Forestry Strategy¹⁹ was published by the National Assembly in July 2001. The strategies set out the devolved administrations' priorities and programmes for developing and implementing forestry policy. They are set out within the international policy context summarised above in accordance with the practices for sustainable forestry set out in the UK Forestry Standard. The Strategies were based on extensive public consultation and reflect the distinctive circumstances, needs and aspirations of each country. Forestry policy in Northern Ireland is currently under review.

Administrative Arrangements for Forestry

Introduction

2.20 The Forestry Commission is the main government department responsible for advising Ministers on, and for implementing, forestry policy in each of the three countries comprising Great Britain. Under the devolution legislation the Commission has been designated as a Cross Border Public Body. Following devolution, the Commission now reports separately in England, Scotland and Wales to, respectively, the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government. The Commission is funded separately by Scottish Ministers (covering its activities in respect of Scotland), and by the National Assembly for Wales (covering its activities in respect of Wales). Funding from the UK Parliament covers the Commission's activities in respect of England and those areas, such as plant health, international policy, research, pensions and direct support for the Forestry Commissioners, which are either reserved or, by agreement, carried out on a Great Britain-wide basis. Ownership of the assets which the Commission uses for carrying out its activities in Scotland and Wales, such as land, has been transferred to Scottish Ministers and the National Assembly respectively.

¹⁷ A New Focus for England's Woodlands: Strategic Priorities and Programmes. Forestry Commission, Cambridge. 1998.

¹⁸ Forests for Scotland. Scottish Executive, Edinburgh. 2000.

¹⁹ Woodlands for Wales. National Assembly for Wales, Cardiff. 2001.

2.21 The Commission adapted its structures and practices at the time of devolution. This included strengthening its three National Offices so that they became the principal contact for Commission business, with responsibility in each country for servicing the needs of Ministers, drawing up plans as to what the Commission as a whole intends to deliver, integrating these plans with the country's other policy initiatives and preparing annual reports to the UK and Scottish Parliaments and the National Assembly for Wales as to what has been delivered. The National Offices also have responsibility for liaison with other government departments and agencies on policy issues. The remainder of this section reviews the administrative arrangements in England, Scotland, Wales and Northern Ireland and for supporting international forestry policy.

2.22 The Commission has two executive agencies, Forest Enterprise and Forest Research. Forest Enterprise was established in 1996. It is the largest land manager in England, Scotland and Wales and this presents opportunities to help deliver a range of ministerial policies directly. The organisation and work of Forest Enterprise are summarised in the sections on England, Scotland and Wales below. Details of the agency's free-standing business units, which operate across Great Britain, are summarised in Appendix A.

2.23 The work of Forest Enterprise was examined through a quinquennial review which was completed (Stage 2) in 2001. Forestry Ministers in the UK Government, the Scottish Executive and the National Assembly decided that Forest Enterprise should retain its status as an executive agency of the Forestry Commission. The Stage 2 Report made over 30 recommendations (see Appendix B), all of which were accepted by Forestry Ministers. Several of the recommendations were intended to increase the emphasis on the agency's work to deliver the distinct policy aims of the three country forestry strategies and to improve its accountability to the devolved administrations. The Framework document, which sets out Forest Enterprise's constitution, has not been published, in case Ministers decide that changes are needed as a result of the Forestry Devolution Review.

2.24 Forest Research was established as an Executive Agency of the Forestry Commission in 1997. The agency is subject to an ongoing Quinquennial Review and the Stage 1 Report was submitted in January 2002. Forestry Ministers noted the recommendations of the report (see Appendix C), and the link to the Forestry Devolution Review, at their meeting in March 2002. Completion of Stage 2 of the Quinquennial Review has been deferred pending the conclusion of the Forestry Devolution Review.

England

2.25 In England, the Forestry Commission, through its National Office in Cambridge, works with other Whitehall Departments that have forestry-related programmes and interests. The National Office is headed by a Chief Conservator who is responsible for leading the development and delivery of the Commission's work in England. The Chief Conservator has support staff covering professional, technical and administrative areas of expertise. They are organised around three functional groups: Policy Development and Secretariat; Delivery and Implementation; Support Services (including finance and personnel functions).

2.26 Through an annual corporate planning process the Chief Conservator establishes the strategic direction for the Commission's work, including Forest Enterprise, in England.

2.27 The National Office is supported by eight Conservancies (regional offices) in England. The Conservancies lead on the development and delivery of regional and local policy within the national context set by the forestry strategy. They are responsible for the delivery of operational programmes in accordance with agreed spending plans and using established delivery instruments (partnerships, incentives, regulation and advice). They include staff with both professional (forestry) and administrative backgrounds. The boundaries of the eight Conservancies in England were realigned in 2001 to coincide with the boundaries of the Government Offices for the Regions. From 1 April 2002 a senior member of staff has been dedicated to oversee the Commission's work in the London region. In discharging these responsibilities, the National Office is able to draw on the resources available to it from other parts of the Commission.

2.28 Through the Commission's Forest Enterprise agency, the Government is able to implement its policies directly. The estate managed by Forest Enterprise in England extends to over 260,000 hectares. The estate is owned by the Secretary of State for Environment, Food and Rural Affairs and placed at the disposal of the Forestry Commissioners to manage in accordance with their powers under the Forestry Act 1967 (as amended).

2.29 In England, Forest Enterprise is headed by a territorial director, based in Bristol, who reports to the agency Chief Executive. The Territory operates as a business centre with performance targets agreed with the Chief Executive. Its functions include setting Forest District (local area) targets, agreeing business plans and monitoring performance, and providing a range of estate management services.

2.30 There are eleven Forest Districts, each headed by a Forest District Manager. They are responsible for implementing agreed plans as efficiently and cost-effectively as possible, maximising revenue opportunities and making the best use of assets in line with overall policy objectives. Specific tasks include long-term forest planning, management of forest operations, contract control and customer care. They also represent Forest Enterprise's work locally, liaising with local communities and bodies.

2.31 The Commission's work in England reflects the four priorities and programmes of the England Forestry Strategy:

- ***Forestry for Rural Development*** covers forestry's role in the wider countryside, including its contribution to the rural economy and timber and marketing opportunities. There is a focus both on the role of new woodlands and on how existing woodlands can be managed to deliver more benefits to local economies, by creating jobs both upstream and downstream of the forest industry.
- ***Forestry for Economic Regeneration*** outlines opportunities for woodlands to play a positive role in strategic land-use planning. These include restoring former industrial land and creating a green setting for future urban and urban fringe development.
- ***Forestry for Recreation, Access and Tourism*** describes what can be done to promote more and better-quality public access to woodlands. The programme also includes opportunities for ensuring that woods and forests continue to be used for a wide range of recreational pursuits as well as complementing and supporting the tourist industry.
- ***Forestry for the Environment and Conservation*** embraces the role that woodlands can play in conserving and enhancing the character of our environment, our cultural heritage, and in delivering the Government's nature conservation, biodiversity and climate change objectives. It also considers the impact that woodland creation and management may have on other environmental resources and other land-uses.

2.32 The Department for Environment, Food and Rural Affairs (DEFRA) has lead responsibility for environmental and countryside matters in England. It is responsible for many policy areas and undertakes a wide range of programmes that have direct or indirect impacts on forestry. These include policies on the protection of habitats and species through Biodiversity Action Plans, implementation of EC and international obligations for environmental protection and climate

change policy. It also leads on the development of the England Biodiversity Strategy with assistance from the Forestry Commission which is co-ordinating the forestry workstream of the strategy. DEFRA also sponsors forestry research, normally related to the creation and management of farm woodlands.

2.33 The Forestry Commission's National Office for England manages the process of environmental impact assessments²⁰ for forestry projects and appeals against decisions of the Commission are the responsibility of the Secretary of State for Environment, Food and Rural Affairs. DEFRA's Legal Department is the primary source of legal advice to the Forestry Commission in England and to the Commission's head office (except in relation to Scottish issues and Scottish law - see paragraph 2.52 below).

2.34 The England Rural Development Programme (ERDP) describes how the Government is implementing the European Union's Rural Development Regulation, in England. DEFRA has overall responsibility for the Programme and its negotiation with the European Union. DEFRA is responsible for operating all the measures under the ERDP except the Woodland Grant Scheme (WGS) which the Forestry Commission implements. There are four main schemes within ERDP operated by DEFRA that are relevant to forestry policy aims.

- ***Farm Woodland Premium Scheme (FWPS).*** Linked to the WGS operated by Forestry Commission, FWPS provides an annual premium per hectare to cover loss of income resulting from afforestation of agricultural land. Funding £9 million in 2001/2.
- ***Energy Crops Scheme (Short Rotation Coppice).*** Contributes towards the establishment of SRC on agricultural land and development of SRC Producer Groups.
- ***Vocational Training Scheme.*** Aims to broaden the skill base of the agricultural and forestry workforce and thus contribute to the new demands of the rural economy.
- ***Countryside Stewardship Scheme.*** Encourages environmentally friendly farming. Scheme will contribute towards works to sustain existing woodlands less than 1 hectare in size.

2.35 DEFRA, through the Rural Payments Agency, is the Paying Agency in England for all the ERDP measures except those funded through the Forestry

Commission's Woodland Grant Scheme for which the Forestry Commission is the Paying Agency.

2.36 DEFRA takes the lead responsibility on co-ordinating the UK position for EU negotiations on the Structural Funds Regulations and their implementation thereunder. DEFRA is also responsible for drawing up the Objective 1 Special Programming Documents. These are part funded through the European Agricultural Guidance and Guarantee Fund, DEFRA and public funders. Under these, the Forestry Commission is responsible for funding any grants for any forestry measures on non-agricultural land in Objective 1 areas in England. All other forestry measures, including those on agricultural land in Objective 1 areas, are covered by the ERDP.

2.37 DEFRA is involved in partnerships with the Countryside Agency and the Regional Development Agencies to deliver a range of forestry projects. Through the Countryside Agency, DEFRA together with the Forestry Commission sponsors the programme of 12 Community Forests. Under the 2002 Spending Review discussions are under way with a view to transferring sole responsibility for the Community Forest programme to the Forestry Commission with effect from 2005/6. DEFRA also sponsors the National Forest Company, a Non Departmental Public Body (NDPB) which is also a company limited by guarantee with the Secretary of State being the sole member of the Company. A quinquennial review was completed in 2002 when it was concluded²¹ that the Company should remain as an NDPB sponsored by DEFRA. DEFRA works with the Forestry Commission on the implementation of access provisions in the Countryside and Rights of Way Act 2000.

2.38 Other Whitehall Departments have an interest in forestry issues. The Department for Transport, Local Government and the Regions²² (DTLR) is increasingly using trees and woodlands to support the delivery of its economic, environmental and social policy objectives. DTLR is responsible for Tree Preservation Order (TPO) legislation and works with the Forestry Commission to ensure a smooth boundary between the TPO procedures and the felling licence regulations administered by the Commission. DTLR sponsors a range of arboricultural and woodland-related research. The Department for International Development and the Foreign and Commonwealth Office have interests relating to international forestry policy (see paragraphs 2.73 to 2.76 below).

²¹ Hansard 21 March 2002, Column 505W.

²² Many of DTLR's functions were transferred to the Office of the Deputy Prime Minister which was established as a central department in its own right in May 2002.

²⁰ The Environmental Impact (Forestry) (England and Wales) Regulations 1999 SI 1999 No 2228. The Stationery Office.

Scotland

2.39 The Environment and Rural Affairs Department in Scotland is one of a number of Departments that make up the administration of the Scottish Executive, all reporting to Scottish Ministers and answerable to the Scottish Parliament. The Forestry Commission, in Scotland, while a Cross Border Public Body, is directly responsible to Scottish Ministers and thus while not formally a part of the administration is, in principle, treated as part of the Scottish Executive in the formation and implementation of policy across the range of Scottish Executive responsibilities.

2.40 The Forestry Commission's National Office, located in Edinburgh, is headed by a Chief Conservator who is responsible for leading the development and delivery of the Commission's work in Scotland. The Chief Conservator has support staff covering professional, technical and administrative areas of expertise. They are organised around three functional groups: policy, operations, and administration and finance.

2.41 Through an annual corporate planning process the Chief Conservator establishes key actions for the coming year, in line with the strategic directions set out in the Scottish Executive's Forestry Strategy, for the Commission, including Forest Enterprise, in Scotland. These are formally agreed by Scottish Ministers. In practice, the Commission's National Office for Scotland is treated as a Division within the Executive having direct access to Scottish Ministers on any forestry policy issues in Scotland and being involved in broader policy formulation. The National Office participates in the Executive's Annual Budget Planning Round process, agreeing forward budgets for itself and Forest Enterprise with Scottish Executive Finance (Scottish Treasury); in undertaking this work the National Office works closely with the Commission's own finance staff. National Office staff also prepare submissions direct to Scottish Ministers, and handle Ministerial and official correspondence in respect of forestry activities in Scotland, agreeing and clearing proposals with other relevant interests in the Scottish Executive as any other Division of the Executive would do.

2.42 The National Office is supported by six Conservancies (regional offices) in Scotland. The Conservancies lead on the development and delivery of regional and local policy within the national context set by the forestry strategy. They are responsible for the delivery of operational programmes in accordance with agreed spending plans and using established delivery instruments (partnerships, incentives, regulation and advice). They include staff with

both professional (forestry) and administrative backgrounds. Conservancy boundaries follow local authority boundaries.

2.43 In discharging these responsibilities, the National Office is able to draw on the resources provided by other parts of the Commission or other Departments and agencies of the Scottish Executive (legal services, Scottish Natural Heritage and the Deer Commission for Scotland) thus benefiting from facilities that it would be unable to provide on its own.

2.44 The estate managed by Forest Enterprise in Scotland extends to over 650,000 hectares. The estate is owned by Scottish Ministers and placed at the disposal of the Forestry Commissioners to manage in accordance with their powers under the Forestry Act 1967 (as amended).

2.45 There are two Territorial Offices, in Inverness and Dumfries, each headed by a Director who reports to the agency Chief Executive. The Territories operate as business centres with performance targets agreed with the Chief Executive. Their functions include setting Forest District (local area) targets, agreeing business plans and monitoring performance, and providing a range of estate management services.

2.46 There are 15 Forest Districts, each headed by a Forest District Manager. They are responsible for implementing agreed plans as efficiently and cost-effectively as possible, maximising revenue opportunities and making the best use of assets in line with overall policy objectives. Specific tasks include long-term forest planning, management of forest operations, contract control and customer care. They also represent Forest Enterprise's work locally, liaising with local communities and bodies.

2.47 The Scottish Forestry Strategy identified five strategic directions and a suite of priority actions. The Forestry Commission takes the lead in ensuring that progress is made in implementing the Strategy. The five strategic directions are:

- maximising the value to the Scottish economy of the wood resource;
- creating a diverse forest resource for the future;
- ensuring that forestry makes a positive contribution to the environment;
- creating opportunities for more people to enjoy trees, woods and forests;
- helping communities benefit from woods and forests.

2.48 The Scottish Executive Environment and Rural Affairs Department (SEERAD) is the lead Department in Scotland for all matters relating to

rural and environmental policy. This includes implementing all EC requirements for Common Agricultural Policy Reform, site protection and wildlife and habitats. SEERAD is also responsible for co-ordinating the Executive's rural policy across all policy areas, most of which have a direct or indirect impact upon forestry. SEERAD also has considerable experience from well before devolution in working with DEFRA to establish the UK position on agricultural and environmental policy and influencing policy negotiations at European and international level. The Scottish Executive has similar experience working with other Whitehall Departments to influence other European and international policy. The Scottish Executive maintains an office in Brussels to promote Scottish interests which is available to, and used by, the Forestry Commission.

2.49 SEERAD is responsible for operating all of the measures under the Rural Development Plan for Scotland (RDP) except forestry measures under the Woodland Grant Scheme which the Forestry Commission National Office for Scotland manages. RDP Schemes operated by SEERAD that are relevant to forestry policy aims include:

- ***Farm Woodland Premium Scheme (FWPS)***. Linked to Forestry Commission's WGS, FWPS provides an annual premium per hectare to cover loss of income resulting from afforestation of agricultural land. Funding £5 million in 2001/2.
- ***Rural Stewardship Scheme***. One of the suite of Agri-environment Schemes and includes measures involving woodlands.

2.50 SEERAD is the Paying Agency in Scotland for all RDP measures except the Forestry Commission's Woodland Grant Scheme. In addition to these schemes, SEERAD supports Local Rural Partnerships and funds community-led rural development projects, some of which have forestry elements, through the 3 elements of the Scottish Rural Partnership Fund: the Rural Challenge Fund; the Local Capital Grants Scheme; and the Rural Strategic Support Funds. SEERAD also sponsors, through Scottish Natural Heritage, the Central Scotland Countryside Trust, a company limited by guarantee which promotes the establishment of the Central Scotland Forest (a Scottish Executive policy initiative) through local and public authorities. SEERAD also commissions a significant level of land-based research through established free-standing organisations (for example the Macaulay Land Use Research Institute) and independent research bodies. Responsibility for Tree Preservation Order legislation rests with SEERAD.

2.51 SEERAD leads on most of the Land Reform agenda in Scotland and the Forestry Commission, as with other parts of the Executive, has been party to discussions on access to the countryside including participation in the Access Forum. SEERAD and Scottish Natural Heritage also sponsor sales of public woodlands in Scotland to community groups where they are interested in taking ownership of land that is being sold by the Forestry Commission as part of the remnant disposals policy; the Commission is party to and works to facilitate such sales.

2.52 The Commission's National Office for Scotland manages the Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999,²³ and formal appeals against decisions by the Commission are managed by SEERAD to meet the requirements of the European Convention on Human Rights. Scottish Executive Solicitors are the primary source of legal advice to the Commission in Scotland on public law matters, with a private firm of solicitors being used for other legal matters.

Wales

2.53 In Wales, forestry is a devolved matter and responsibility for forestry policy in Wales and the implementation of the regulatory, advisory and grant-giving functions of the Forestry Commission in Wales rests with the Welsh Assembly Government. Since devolution, the Assembly has taken on the formal powers in relation to forestry in Wales previously exercised by the Secretary of State for Wales. These include the power of direction over the Forestry Commission and financial responsibility for its activities in Wales.

2.54 The Forestry Commission's National Office, located in Aberystwyth, is headed by a Chief Conservator who is responsible for leading the development and delivery of the Commission's work in Wales. The Chief Conservator has support staff covering professional, technical and administrative areas of expertise. They are organised in two functional services: policy and communications, and implementation.

2.55 The Policy and Communications team is responsible for co-ordinating all policy secretariat work including liaison with Ministers and other Assembly officials. The team is also responsible for all communications work, including liaison with the media and outside bodies. The Implementation team is responsible for the regulatory and grant-aid work of the Commission in Wales, for monitoring the implementation of the Wales Woodland Strategy and for

²³ Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999. Scottish SI 1999, No. 43. The Stationery Office.

the development of policy on, and delivering of, sustainable woodland management. The team is also responsible for external funding, and the management of the Objective 1 partnership.

2.56 Through an annual corporate planning process the Chief Conservator establishes the strategic direction for the Commission's work, including Forest Enterprise, in Wales. In practice, the Commission's National Office in Aberystwyth operates in a similar manner to Divisions of the Welsh Assembly Government, having direct access to Ministers on any forestry-related issues in Wales. The Commission participates in the Assembly's annual Budget Planning Round process, agreeing forward budgets for itself and Forest Enterprise with the Rural Affairs and Finance Ministers. Forestry Commission staff also draft submissions that are sent directly to Ministers, handle Ministerial correspondence and deal with official correspondence and Assembly Questions in respect of forestry activities in Wales, just as a Division of the Welsh Assembly Government would do. The Commission's Chief Conservator for Wales also sits on the Minister's Agriculture and Rural Development Progress Group. Forest Enterprise woodlands in Wales are managed on behalf of the National Assembly which is the legal owner.

2.57 In contrast to England and Scotland, there is no Conservancy structure in Wales. The administration of the policy and operational functions within the Forestry Commission is managed at a country level to facilitate communication with the Welsh Assembly Government and the other agencies in the public and private sectors with whom the Forestry Commission in Wales works in partnership. This structure was established in 1999 to free up staff resources to respond to devolution. In discharging these responsibilities, the National Office is able to draw on the resources available to it from other parts of the Commission.

2.58 The Commission chaired the inter-Departmental working group on behalf of the National Assembly that developed *Woodlands for Wales*, the Assembly's Strategy for trees and woodlands in Wales, published in July 2001. The Minister for Rural Affairs now chairs the Welsh Assembly Government's Woodland Forum, which was set up to monitor progress on the implementation of the Strategy, and will report back from time to time on progress made to the Assembly's Agriculture and Rural Development Committee.

2.59 Since devolution, the Forestry Commission has been able to develop strong links with other Departments and Agencies within Wales, working in partnership to share resources and ensure a joined-up approach to the delivery of Welsh Assembly

Government policies and programmes. Direct funding has also enabled the Forestry Commission to respond to policy demands from the Welsh Assembly Government. A good example has been the work in response to the Assembly's *Communities First* initiative, through Objective 1 programmes (such as *Cydcoed* and *Shelterwoods*) and the Forest Enterprise's Valleys Forest Management Plan.

2.60 The estate managed by Forest Enterprise in Wales extends to nearly 130,000 hectares. The estate is owned by the National Assembly and placed at the disposal of the Forestry Commissioners to manage in accordance with their powers under the Forestry Act 1967 (as amended).

2.61 In Wales, Forest Enterprise is headed by a territorial director, based in Aberystwyth, who reports to the agency Chief Executive. The Territory operates as a business centre with performance targets agreed with the Chief Executive. Its functions include setting Forest District (local area) targets, agreeing business plans and monitoring performance, and providing certain estate management services.

2.62 There are four Forest Districts headed by a Forest District Manager. They are responsible for implementing agreed plans as efficiently and cost-effectively as possible, maximising revenue opportunities and making the best use of assets in line with overall policy objectives. Specific tasks include long-term forest planning, management of forest operations, contract control and customer care. They also represent Forest Enterprise's work locally, liaising with local communities and bodies, through 22 local areas based on local authority boundaries. Local Area Managers liaise directly with local communities and organisations.

2.63 The Commission's work in Wales supports the Welsh Assembly Government's Forestry Strategy. The work is organised around the strategy's five Programmes for Action and includes activities in the Assembly's own woodlands, managed by Forest Enterprise, as well as work in other public, private and voluntary sector woodlands and through partnerships with other bodies. The Programmes for Action are:

- ***Woodlands for People***: includes education, community engagement and social programmes.
- ***A new emphasis on woodland management***: covers the management of Assembly woodland, regulation and grant-aid for private woodlands and the dissemination of best practice.
- ***Wales as a location for world-class forest industries***: includes support for farm woodlands and the

wider rural economy as well as supplying and supporting timber-processing industries and the development of renewable energy based on wood.

- ***A diverse and healthy environment:*** includes action to enhance the biodiversity of woodlands, to conserve the landscape and to integrate woodlands with other countryside management.
- ***Tourism, recreation and health:*** includes the use of woodlands to support the tourism industry and to promote public health. Also the provision of recreation facilities and the encouragement of public access and the responsibility for managing statutory public access under the Countryside and Rights of Way Act 2000.

2.64 The Welsh Assembly Government's Agriculture and Rural Affairs Department (ARAD) is responsible for all issues relating to agriculture and the co-ordination of rural policy in Wales. ARAD is responsible for the implementation of the Rural Development Plan for Wales, and operates all the measures under the Plan except for Tir Gofal (see below) and forestry measures, which are managed respectively by the Countryside Council for Wales (CCW) and the Forestry Commission National Office for Wales. Three main schemes within the Plan, operated by ARAD and CCW, have direct impacts on forestry:

- * ***The Farm Woodland Premium Scheme***, linked to the Woodland Grant Scheme, which provides an annual premium per hectare to cover loss of income resulting from afforestation of agricultural land.
- * ***Tir Gofal***, the all-Wales whole-farm agri-environmental scheme, which includes measures involving woodlands.
- * ***Farming Connect***, including a suite of business advisory and training services and the Timber Processing Grant.

2.65 ARAD is the Paying Agency in Wales for all measures under the Rural Development Plan except for forestry measures (Forestry Commission) and Tir Gofal (Countryside Council for Wales). ARAD also co-ordinates rural policy initiatives in Wales and is responsible for managing the implementation of the Rural Recovery Plan for Wales, which has provided additional funding for woodland development and biomass projects. The Office of the Counsel-General in the National Assembly for Wales is the primary source of legal advice to the Forestry Commission's National Office for Wales.

Northern Ireland

2.66 With the return of devolved government to Northern Ireland in 1999, responsibility for forestry policy remained with the Department of Agriculture and Rural Development (DARD), of which the Forest Service is an executive agency. Day-to-day responsibility for forest policy and practice is under the direction and control of the Northern Ireland Executive Minister heading the Department.

2.67 The shared forestry interests between the Forestry Commission and the Forest Service cover all the policy and administrative issues flowing from membership of the European Union that are directly relevant to forestry and forest products. Examples are Directives and Regulations on Plant Health, Rural Development, Environmental Impact, and Seeds and Propagating Materials. They also cover other practical matters relevant to good forestry practice such as safety, the environment, and research.

2.68 The Service directly manages 60,000 hectares of forests in three forest districts, and administers forestry regulations and grant schemes in relation to 20,000 hectares of private sector woodlands.

2.69 The Service maintains close and harmonious relationships with the Forest Service and Coillte Teorantra (The Irish Forestry Board) in the Republic of Ireland. Agriculture is an area specifically identified in the Good Friday Agreement (which led directly to the restoration of devolution in Northern Ireland) as an area where existing co-operation between the two parts of Ireland might be enhanced. Whilst forestry issues have yet to be included formally in the work of the North-South Ministerial Council, under whose auspices such co-operation is taken forward, these may feature in future agendas. Such a development poses no threat to the maintenance of equally close and constructive relationships with the rest of the United Kingdom.

Forestry Research

2.70 The main forestry research institution in Great Britain is the Commission's Forest Research agency. A summary of the organisation and functions of Forest Research is at Appendix D. As noted in paragraph 2.24 above, Forest Research is currently the subject of a quinquennial review. In England, other departments including DEFRA and DTLR sponsor forestry and tree-related research, as do the Scottish Executive and Welsh Assembly Government. The Northern Ireland Forest Service is responsible for forestry research and maintains close working relationships with the Commission's Forest Research agency.

2.71 The main funders of forestry research in the UK are represented on the Forestry Research Co-ordination Committee (FRCC). The Committee aims to increase benefits from forestry research in Britain by encouraging opportunities for collaboration among funders, by avoiding duplication and by disseminating information on forestry and tree-related research. Its objectives are:

- a. To facilitate exchange of information concerning forward plans, budgets and other relevant programme material among research sponsors.
- b. To identify gaps or overlaps and encourage the co-ordination of research programmes in forestry.
- c. To publish a summary of forestry and tree-related research by programmes and projects.
- d. From time to time to provide a forum for encouraging the wider debate of particular issues in forestry research.

2.72 The FRCC pre-dates devolution and, while the Scottish and Northern Ireland Executives are represented on the Committee, there is no official representative from the National Assembly for Wales.

International Issues and GB/UK Common Handling Arrangements

2.73 International policy staff, based in the Commission's Policy and Practice Division in Edinburgh, work with other Departments and as part of the Whitehall Forestry Group. They provide policy advice to Forestry Ministers in all three GB administrations to help develop UK policy in international and EU negotiations, formulate the UK National Forest Programme, advise on implementation of international and European obligations, and provide the Secretariat for the Commonwealth Standing Committee on Forestry. Staff handle international forestry liaison through inward visits and consultancies. The main fora for international forestry activities are the UN Forum on Forests, the EU Standing Forestry Committee, the G8 action programme on forests, the Pan European Forest Process, the UN Food and Agriculture Organisation Committee on Forestry, and the Commonwealth Standing Committee on Forestry.

2.74 The Department for International Development (DFID) is responsible for promoting development and the reduction of poverty. It formulates policy and implements programmes of bilateral and multilateral aid. DFID's work on forests helps to realise the potential of forests and trees on farms to reduce poverty and to maintain and, where possible, increase the national and global public goods provided

by forests. The full potential of forests to reduce poverty is not realised in poor countries so national and global public goods are threatened, mainly as a result of poor governance and policy and market failures. Limited knowledge and institutional capacity are contributory factors.

2.75 DFID works in collaboration with others in pursuit of its forestry objectives. For example in relation to illegal logging, the Whitehall Forestry Group of officials (see paragraph 2.76 below) guides domestic and international policy within the mandate provided by international forest policy processes (G8 and United Nations Forum on Forests). DFID supports measures by timber-exporting countries to introduce policy and institutional reforms that will improve law enforcement. In doing so it draws on examples of good forest management practice, such as that of the Forestry Commission in establishing a national standard for sustainable forestry and a system of independent forest certification. DEFRA takes forward a policy to ensure that government timber supplies are procured only from legal and sustainable sources. DEFRA also leads on the Convention on Biological Diversity, the UN Commission on Sustainable Development, the UN Framework on Climate Change and the implementation of the Kyoto Protocol.

2.76 The Whitehall Forestry Group of officials was established some 15 years ago. Membership of the Group, which has not changed since devolution, includes the Forestry Commission, DFID, DEFRA, the Foreign and Commonwealth Office and the Department of Trade and Industry. Officials from DARD also attend from time to time, depending on the agenda. The Group promotes consensus building and co-ordination on issues of inter-departmental interest in the area of international forest policy and ensures consistency between international and domestic objectives and commitments. These issues include international strategy and objectives; sustainable forest management; climate change (especially forests as carbon sinks); biodiversity (including bushmeat); trade and environment; certification and labelling; development co-operation policy; gathering and disseminating information/lobbying. The Group has developed and obtained Forestry Ministers' agreement to a statement of the UK's international position on forestry. This has been circulated to embassies, and is used as background for preparations on international negotiations. The Whitehall Forestry Group also works with Customs and Excise on enforcement measures to exclude illegal sources of timber and forest products.

Conclusions

2.77 The foregoing analysis of the current administrative arrangements for forestry shows that there is a wide range of departments that have forestry interests. These interests arise either through a recognised policy lead in government or because of the role woodlands and forests have in delivering the wider policy aims of other Whitehall departments and the devolved administrations.

2.78 Domestic forestry policy is fully devolved and, following publication of the three country forestry strategies, different policies are being developed and

implemented to reflect the distinctive needs and priorities in each country. As a Cross Border Public Body, the Forestry Commission has played a co-ordinating role on a number of issues where the devolved administrations have agreed that a collaborative approach would be mutually beneficial. Some of the institutional frameworks, for example the Forestry Research Co-ordination Committee and the Whitehall Forestry Group, pre-date devolution and their membership is not always consistent in terms of representation by the devolved administrations. The establishment of the Rural Affairs Departments in each country, each with a more integrated policy remit, has been a significant change in the machinery of government.

3. STAKEHOLDER CONSULTATION

Introduction

3.1 When Forestry Ministers announced the Review they said that the views of interested parties would be sought. The Review Group carried out a consultation exercise and invited views from over 600 organisations with an interest in forestry. The invitation took the form of a letter supported by a background note summarising the issues and areas that the Review was examining. The letter and background note were issued in February 2002. Parallel documents were issued in England, Scotland and Wales and were also made available through the Forestry Commission, Scottish Executive and National Assembly Government Internet websites. A copy of the consultation document is at Appendix E.

3.2 The consultation document invited views on whether the current administrative arrangements for forestry could be improved upon and, if so, how. In order to help guide consultees, two key questions were suggested:

- What in your view are the strengths and weaknesses of the present administrative arrangements?

- Do you see any scope for improving these arrangements (for example by further decentralisation or closer relationships with the three Rural Affairs Departments)?

Responses Received

3.3 The closing date for comments on the consultation was 17 April 2002. Many responses continued to be received after this date and a cut-off date of 3 May was taken for the purpose of analysis. By this date 85 responses had been received and these form the basis of the analysis set out below. Responses received after this date are held by the Review Secretariat but have not been included in the analysis. A list of organisations and individuals that responded by the cut-off date is at Appendix F.

3.4 To help provide an overview of the range of interests covered by respondents each respondent has been assigned to a category and respondents have been assigned to the country to which they sent their response. The breakdown of responses is shown in Table 3.1 below.

Table 3.1 Breakdown of Responses Received

Category/Organisation Type	England	Scotland	Wales	Totals
Agriculture/land management	1	1	3	5
Forestry	12	6	1	19
Government (national)	5	4	1	10
Individual (private)	1	6	2	9
Local/regional government	10	11	2	23
NGO (environmental, social)	6	4	1	11
Professional body	3	1	–	4
University or research institution	–	2	2	4
Totals	38	35	12	85

3.5 The detailed comments made by each respondent were reviewed and the key issues raised were highlighted. The highlighted issues were then grouped together where they discussed a common issue. These are considered further in paragraphs 3.6 to 3.22 below. Many respondents raised issues concerning the development and/or delivery of forestry policy. In some cases, these comments were made to illustrate how policy or delivery could be developed in different ways if different institutional frameworks were available.

Issues Raised by Respondents

3.6 Seven broad groupings of comments emerged from the detailed analysis of responses. The groupings of issues identified were as follows:

- Effectiveness of the current arrangements.
- Co-ordination of international policy and common GB/UK handling arrangements.
- Devolution/integration with Rural Affairs Departments in England, Scotland and Wales.
- Role and organisation of Forest Enterprise.
- Organisation of forestry research.
- Resources (i.e. funding) available for forestry and the Forestry Commission.
- Other comments (i.e. individual issues cited infrequently).

Effectiveness of the Current Arrangements

3.7 Twenty-one respondents commented that the current arrangements were operating effectively. Several of these respondents also suggested ways in which the current arrangements could be enhanced without radical change. The nature of this enhancement was described as “..... *evolutionary, not revolutionary*.....” by one respondent. Comments about these enhancements are included in the analysis of the relevant issues below.

Co-ordination of International Policy and Common GB/UK Handling Arrangements

3.8 This was the second most frequently raised issue by respondents, with 73 comments made. Many respondents expressed the opinion that forestry was different from agriculture because of the strong level of expression of policy at the international, especially global, levels. They suggested that the UK Government therefore needed to maintain a high level of co-ordination to ensure consistency of approach. Several respondents commented that it would be important for the devolved administrations to have a strong level of input to the development of the UK’s international policies; especially if the devolved admin-

istrations were to have responsibilities for the delivery of these policies. About 75 per cent of respondents who raised the issue proposed that the Forestry Commission should be the lead government department for this work. In the absence of the Forestry Commission, many respondents proposed that a body similar to the Joint Nature Conservation Committee should replace it. A number of respondents commented that the Forestry Commission had a GB-wide remit and that Northern Ireland also contributed directly to international policy development. Several of these suggested that the relationship between Great Britain (through the Forestry Commission) and the Northern Ireland administration could be strengthened.

3.9 The most frequently cited cross-cutting issue concerned standards and supporting guidelines for sustainable forestry policy. Many respondents commented on the positive experience of developing the UK Forestry Standard and UK Woodland Assurance Scheme which they believed had been possible because they had been developed on a UK-wide basis. A number of respondents, particularly those representing nature conservation and biodiversity interests, commented that forest ecosystems were not related to national (administrative) boundaries and therefore the principles and standards for sustainable forest management should be common across administrative boundaries. These respondents also emphasised the need to have flexibility of interpretation and application of the standards to meet the distinctive policy aims in each of the countries of the UK.

3.10 Seventeen respondents commented that it was important to have a UK or GB-wide approach to forestry plant health and pest control. Of these, 16 respondents suggested that this should remain the responsibility of the Forestry Commission, because of the linkages to forest and woodland management. One respondent proposed that the Commission’s plant health functions should be merged with those of DEFRA and that a UK-wide plant health service should be created.

3.11 Eleven respondents commented that it would be important to retain a GB-wide focus to ensure a co-ordinated approach to the promotion and marketing of domestically produced timber in competition with imported timber and timber products. Two respondents proposed that UK-wide promotion was unnecessary as major investment occurred only infrequently and the devolved administrations should be able to rely on informal liaison when such opportunities arose.

Devolution and Integration

3.12 This was the most frequently raised area of interest with 117 comments received. Ninety-three of these comments favoured continued or increased administrative devolution and integration (with the Rural Affairs Departments) and 21 argued against it, with three neutral comments. The majority of respondents saw scope for closer integration of the policy and delivery functions with the Rural Affairs Departments in England, Scotland and Wales. Three argued for the Forestry Commission to be abolished and its functions subsumed into the Rural Affairs Departments. Conversely, 45 respondents argued for the retention of the Forestry Commission, but with more integrated working relationships with the Rural Affairs Departments. Thirty-five respondents commented that forestry should have a strong and visible champion (the Forestry Commission) within government and were concerned that amalgamation with the Rural Affairs Departments could lead to forestry's profile becoming marginalised.

3.13 Twenty respondents called for closer integration of forestry delivery programmes and incentives with those of the Rural Affairs Departments. In particular, potential benefits from further integrating, or combining the Woodland Grant Scheme and Farm Woodland Premium Scheme, were cited. Several of these respondents commented on the benefits of having a one-stop shop, as distinct from a first-stop shop.

3.14 Thirty-five respondents argued for increased devolution to the regions and one argued against. Some respondents from England argued for the continued development of links between the Forestry Commission's regional structures (Conservancies) and the Government Offices for the Regions, Regional Development Agencies and other regional stakeholders. (It should be noted that the deadline for responses to the consultation occurred shortly before the White Paper on Regional Government in England²⁴ was published.) Although raised less frequently by respondents in Scotland and Wales, opportunities for strengthening links at the regional level were also seen as very relevant.

Forest Enterprise

3.15 Thirty-three responses were made in connection with Forest Enterprise. The most frequently cited issues were the need to strengthen Forest Enterprise's lines of accountability to the three devolved administrations (10 respondents) and also

the need to strengthen the relationship between Forest Enterprise and the three National Offices (10 respondents).

Forestry Research

3.16 Forty-five respondents commented on forestry research. The majority argued for retaining forestry research as a GB-wide activity and three-quarters of these believed that the existing arrangements for the Commission's Forest Research agency were satisfactory. Six respondents argued that forestry research should be devolved. There was concern that research interests in Wales were not properly recognised given the absence of a Forest Research station in that country and these respondents proposed the establishment of a new facility as a partnership between the University of Wales and Forest Research.

3.17 Although there was general acceptance that the current structures for supporting forestry research were effective, there was recognition that the arrangements for identifying research priorities and procurement processes should provide the opportunity for greater influence and input by the devolved administrations. The majority of respondents raising this issue proposed that the lead should come through the Forestry Commission's National Offices, who would also liaise with country-based non-governmental stakeholders and interest groups.

Resources

3.18 Although the issue of resources was raised explicitly in only five responses it was an underlying theme in about one quarter of all responses. The most frequently expressed view was that the resources currently available to forestry and the Forestry Commission were insufficient which meant that there was under-delivery of policy aims. Apart from calls for more government funding for forestry, there were also concerns that the ability to deliver sustainable forestry outputs, especially social and environmental outputs, was illogically constrained by the link to income for timber sold by Forest Enterprise.

Other Comments

3.19 There were a number of other issues raised by respondents but often by only one respondent. These included comments about the relevance of current forestry policies (as expressed in the country strategies and elsewhere); the need to develop (specific) new incentives; and opportunities for (Forestry Commission) professional staff development in the event of further devolution. In addition a number of respondents sought an opportunity for further comment in the light of ministerial decisions about the

²⁴ Your Region, Your Choice: Revitalising the English Regions. Cm 5511 .The Stationery Office. 2002.

Review Group’s report and recommendations, although only two respondents referred to this expectation explicitly.

Views of Forestry Commission Staff

3.20 The Trade Unions representing Forestry Commission staff were invited to respond to the consultation and their response is included in the analysis of the public consultation above. In addition to the public consultation, Forestry Commission staff were also invited to respond, through a letter from the Commission’s Director General. Thirty-one responses were received (nine from staff based in England; 18 from staff based in Scotland, including the Edinburgh Headquarters office; and four from staff based in Wales).

3.21 The issue of devolution was raised in many of the responses from Forestry Commission staff. The majority of those based in the Commission’s National and regional Conservancy Offices favoured increased devolution by developing more integrated working relationships with the Rural Affairs Departments.

Responses from staff based in the Commission’s Headquarters and working in central service business units such as engineering favoured a GB-wide approach, reflecting economies of scale and overall business effectiveness. They also suggested that there would be benefits with the Commission continuing to provide co-ordination and support for common issues, such as sustainable forestry standards and forestry research.

3.22 Seven of the respondents argued for a stronger relationship between the Commission and Forest Enterprise and three further respondents explicitly proposed that Forest Enterprise should remain as an agency of the Forestry Commission. Two respondents argued for total devolution, by legislation, of Forest Enterprise to the three national administrations and three argued for retaining the existing, centrally based arrangements. Those respondents who commented on the arrangements for forestry research argued for the retention of the agency operating across Great Britain, but with clearer opportunities for the devolved administrations to feed in their needs to the research strategy and commissioning processes.

4. KEY ISSUES TO BE ADDRESSED

Introduction

4.1 Based on the analysis of the present administrative arrangements and the responses to the stakeholder consultation, the Review Group identified four key issues. These were:

- (a) the balance between country and common GB/UK handling arrangements;
- (b) administrative arrangements for managing the forestry estate in the context of devolution;
- (c) administrative arrangements for managing forestry research in the context of devolution;
- (d) arrangements for administering the regulatory and incentive frameworks for forestry in the context of devolution.

4.2 In looking at these issues the Review Group also considered the arrangements for forestry with other parallel activities such as agriculture and fisheries.

Balance between Country and Common GB/UK Handling Arrangements

4.3 Prior to devolution, forestry policy - both international and domestic - was determined on a GB or UK-wide basis. The Forestry Commission had lead responsibility for developing policy advice in Great Britain, liaising with other Government Departments as appropriate. The Northern Ireland Forest Service had a similar role and worked closely with the Commission over the development of UK-wide policy.

4.4 Following devolution the Secretary of State for Environment, Food and Rural Affairs has overall responsibility for international negotiations on forestry matters, including the formulation of UK policy. In essence, Forestry Ministers in the UK Government, the Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive co-ordinate and agree lines on international policy issues. A draft Concordat (Appendix G) formally describing these arrangements for handling forestry issues has been prepared by the UK Government and the devolved administrations but has not been finally agreed, pending the outcome of the devolution review.

4.5 At official level, the Forestry Commission works with other Departments and as part of the Whitehall Forestry Group to develop the UK policy

for international and EU negotiations and provide policy advice to Forestry Ministers in the UK Government and the devolved administrations. These arrangements pre-date devolution and, while Northern Ireland is represented on the Group, the Scottish Executive and the National Assembly for Wales are not.

4.6 Since 1999, responsibility for domestic forestry policy has been fully devolved. The UK Government remains responsible for international policy and policy in England. The most significant development of domestic forestry policy has been the publication of the country forestry strategies. The links between the international policy framework and the domestic forestry policies are set out in the country forestry strategies.

4.7 The UK Government has taken a leading role in the development of standards for sustainable forestry and the implementation of sustainable forestry practices across the forestry sector, within the framework of the various international commitments. The Review Group noted the benefits of a collaborative approach which provided a common foundation from which the devolved administrations were able to develop distinctive policies and priorities to meet needs in each of their countries. Many of the respondents to the consultation expressed similar views.

4.8 Outcomes of this approach have included:

- Development of a government national standard for sustainable forestry (the UK Forestry Standard, published in 1998).
- Development of a national standard and system of independent forest certification for auditing the management of forests (the UK Woodland Assurance Standard, published in 2000). This is not a government standard and the UK is unique in having a standard prepared jointly by industry, environmental organisations and government.
- Development and publication of guidance for practitioners on sustainable forestry practices. Examples include Guidelines on Forest Nature Conservation, Forests and Water, Forests and Soil Conservation and Forest Landscape Design.
- More recently, development of criteria and indicators of sustainable forestry (applicable in each country and across the UK).
- An ongoing programme of monitoring the standards of achievement of sustainable forestry.

4.9 Ministers in the devolved administrations have agreed to the preparation of a UK Statement on Sustainable Forestry which will set out the UK's international commitments on forestry and, taken together with the UK Forestry Standard and the country forestry strategies, will comprise the UK National Programme on Forests. Preparation of the Statement will involve full consultation with the devolved administrations.

4.10 Most of the programme was initiated before devolution. A small number of forestry policy statements and protocols, and the UK Forestry Standard, pre-date the devolution of forestry policy and, with the agreement of the respective administrations, are still operative. While this ongoing work has been achieved with the active co-operation of the devolved administrations and their agencies, the Review Group noted that uncertainty existed over the mechanism for involving the devolved administrations in these processes. In particular it was not transparent who took ultimate responsibility for ensuring that individual country interests had been adequately considered when drawing up UK common standards or agreements.

Administrative Arrangements for Managing the Forestry Estate

4.11 Following devolution, ownership of the national forest estate in Scotland was transferred to Scottish Ministers. In Wales, ownership of the estate was transferred to the National Assembly for Wales. In England, the Secretary of State for Environment, Food and Rural Affairs is the owner. The estate is managed on behalf of the three GB Forestry Ministers by Forest Enterprise, within the framework of the Forestry Commissioners' powers and duties under the Forestry Acts and other relevant legislation. The activities of Forest Enterprise are, through the Forestry Commissioners, subject to direction by Ministers.

4.12 Forest Enterprise has recently been subject to a quinquennial review, with Stage 1 of the review being completed in February 2001 and Stage 2 in July 2001. Stage 1 of the review concluded that Forest Enterprise should retain its status as an executive agency of the Forestry Commission. While accepting that conclusion, Ministers also decided to look at the wider administrative arrangements for forestry through the Forestry Devolution Review.

4.13 During the course of the devolution review the Review Group noted a number of issues that are relevant to the consideration of administrative arrangements for Forest Enterprise. Many of the respondents to the consultation also identified these issues. The issues include:

- The balance between the economies of scale achieved through the present arrangements and the value of the increased synergies that could be achieved by closer links to the Rural Affairs Departments.
- Concerns expressed by the Treasury about a potential conflict of interest between the Forestry Commission's responsibility for regulation of the forestry industry and its responsibility for Forest Enterprise as the largest single operator in the marketplace.
- Limitations on Forest Enterprise's ability to form a wider range of partnerships due to constraints imposed on the Forestry Commissioners by the Forestry Acts.
- In administrative terms, Forest Enterprise's Territorial Directors are accountable to the agency Chief Executive and their lines of communication and responsibility to Ministers in the devolved administrations are unclear.
- Tensions between Forest Enterprise's (GB) corporate objectives and the country forestry strategies.

Administrative Arrangements for Managing Forestry Research

4.14 Forestry and related research is funded principally by the Forestry Commission but also by the devolved administrations, and by a range of Whitehall departments. The Forestry Research Co-ordination Committee, which was originally established in 1982, provides a co-ordinating function between the various research funders, including some outside government. The Forestry Commission's Forest Research agency's work accounts for over half of the total UK expenditure on domestic forestry research. Although forestry is fully devolved (including research), it was agreed in 1998 that the Forestry Commission's research funding should continue to be provided centrally by the UK Parliament.

4.15 Forest Research is currently undergoing a quinquennial review. Stage 1 of the review was completed in January 2002. It recommended, subject to the conclusion of the Forestry Devolution Review, that:

- Forest Research's executive agency status should be confirmed for the next five years.
- Stage 2 of the Review should examine in more detail how to improve the involvement of stakeholders in setting its research priorities, how to

improve the arrangements for technology transfer, and the scope for the Forestry Commission to source more work on the open market.

- Stage 2 of the Review should consider how to improve other aspects of Forest Research’s performance wherever practicable.

4.16 These conclusions were agreed by the members of the Steering Group which oversaw the review - except for Treasury, which considered that the research funding should be trisected and that Forest Research should be converted into a not-for-profit body in the private sector. Forestry Ministers have, pending the outcome of the Forestry Devolution Review, noted the conclusions and agreed that Stage 2 of the quinquennial review should be deferred until the results of the Forestry Devolution Review are known.

4.17 Through our work, we have confirmed the quinquennial review’s conclusion that there is a need to strengthen the arrangements for input by the devolved administrations into the setting of research priorities and programmes. Although many of the outputs from forestry research are relevant across the UK, there is a need to ensure that these outputs highlight their relevance and potential application in each country. This was a view held by many of the respondents to the consultation who asserted that the needs of the devolved administrations should be channelled through the Forestry Commission’s National Offices.

Administrative Arrangements for the Forestry Regulatory and Incentive Frameworks

4.18 There are four main regulatory frameworks relevant to forestry: controls over tree felling; environmental impact assessment; plant health; and forest reproductive materials. Legislative competence for all four areas is devolved in Scotland. The Environmental Impact Assessment, Forest Reproductive Material and Plant Health Regulations largely implement European legislation. Separate, but similar, Environmental Impact Assessment Regulations cover England/Wales and Scotland whereas the Plant Health Regulations, and the Forest Reproductive Material Regulations, which are being revised, currently apply across Great Britain. The felling regulations do not flow from European legislation and are based on timber control measures introduced during the Second World War. The felling regulations in Northern Ireland were repealed in 1984. Under the 1967 Forestry and Plant Health Acts, the power to make felling and plant health regulations is vested in the Forestry Commissioners. Similar regulations covering environmental impact assessments, plant health and repro-

ductive materials are administered by DEFRA and the devolved administrations in respect of agriculture.

4.19 The main incentive mechanism for forestry is the Commission’s Woodland Grant Scheme (WGS). Much of the WGS is co-financed under the Rural Development Programmes of the devolved administrations, although some elements are treated as state-aids. The Forestry Commission is the Paying Agency for the WGS. The Rural Affairs Departments operate a number of schemes relevant to forestry. These include the Farm Woodland Premium Schemes which are closely linked to the WGS. Following publication of the country forestry strategies, the WGS is being developed and extended to more closely deliver the distinctive and separate policy priorities of each of the devolved administrations. Administrative support for the WGS is currently being adapted to meet wider e-commerce policy objectives and the Forestry Commission has received additional funding through the Treasury’s Invest to Save Budget for this work. A key intended outcome of the changes will be achieving full interoperability with the systems operated by the Rural Affairs Departments.

4.20 The advent of the rural development programmes has meant that there is now a much closer synergy between the WGS operated by the Forestry Commission and the agri-environment and farm woodland premium schemes administered by the Rural Affairs Departments. Recent and current reviews of the different incentives available through the WGS have involved input by the Forestry Commission and the Rural Affairs Departments, through membership of the relevant review steering groups. In Scotland the external stakeholders group was jointly chaired by the Commission and SEERAD. The rural development programmes also allow Ministers to take a view on the right balance between forestry and other EU co-financed incentives in rural areas.

4.21 In terms of administration of the regulatory framework for forestry, the Review Group noted that the majority of consultees who commented on the issue asserted the value of a consistent approach across Great Britain and especially in relation to plant health. A number of consultees made the case for closer integration of the WGS and the Farm Woodland Premium Schemes and to continue developing and tailoring the WGS to better reflect the policy priorities of the country forestry strategies. However, in Scotland a recent review of the WGS and FWPS recommended that there was no need for the two schemes to merge provided the service to applicants was simple and seamless. In addition many respondents commented on opportunities to continue to develop and tailor the WGS to better reflect the policy priorities of the country forestry strategies.

4.22 In Scotland and Wales, forestry is part of the rural affairs spending block, so decisions on Spending Review and annual budgetary priorities between forestry and other rural affairs spending are taken in an integrated way. In England, arrangements are less integrated. Although the Forestry Commission and DEFRA have the same Secretary of State, spending decisions on the balance between forestry and other rural expenditure are negotiated separately with Treasury by each department. In all three countries, within the total expenditure devoted to forestry, Ministers take decisions on priorities on the basis of advice from the Forestry Commission relating to the allocation of funds to incentives and other delivery mechanisms (for example Forest Enterprise) reflecting the policy priorities of the forestry strategies.

4.23 From our analysis we have identified the following issues:

- A potential conflict of interest between the Forestry Commission's responsibility for regulation of forestry and its responsibility for Forest Enterprise as the largest single operator in the marketplace (as noted in paragraph 4.13 above).
- Links have been established between the Forestry Commission and the devolved administrations to support reviews of incentives that are being refined to meet the priorities of the country forestry strategies. Similarly, the work to revise and update the Commission's Woodland Grant Scheme IT systems is involving the devolved administrations with the aim of achieving systems interoperability in the future. Taken together, these are encouraging a more integrated approach to supporting forestry.
- In Scotland and Wales, decisions on budgetary priorities for forestry are now made in a more integrated way. The arrangements in England have not been changed post-devolution. There is however even in Scotland and Wales a consensus that the integration is hampered or made more bureaucratic by the existence of the Forestry Commission as a separate Cross Border Public Body.

Comparison with the Arrangements for Agriculture and Fisheries

4.24 We considered the administrative arrangements developed for agriculture and fisheries following devolution. In particular, we took account of a report commissioned by the Permanent Secretary at MAFF in autumn 2000. This looked at experience, and lessons learnt over the first 12 months following devolution.

4.25 Agriculture and fisheries are devolved matters. However, policy in these areas is substantially driven by EC law and, in the case of agriculture, EU funding. International relations, including relations with the European Communities and their institutions, are not devolved. The Common Agricultural and Fisheries Policies involve intervention measures often requiring common rules applying throughout the member state, although there is scope for different parts of the UK to act independently of each other in some areas. This requires close collaboration between DEFRA and the devolved administrations.

4.26 Prior to devolution, MAFF and the territorial Agriculture and Fisheries Departments had developed close working relations at all levels. Shortly before devolution two new mechanisms were put in place to ensure effective co-ordination and resolution of differences. These were:

- Regular meetings of the four Territorial Agriculture Ministers, now chaired by the Secretary of State for Environment, Food and Rural Affairs, with similar arrangements for fisheries.
- Regular meetings of the Rural Affairs Departments at senior official level chaired by a senior DEFRA official responsible for agriculture policy, animal health/food safety policy and fisheries policy as appropriate. Other UK Government Departments and UK Rep, Brussels, are invited to these meetings where appropriate.

4.27 Since devolution, issues have arisen, which could not have been anticipated by the devolution legislation, and the new mechanisms established have provided a framework for managing them. The key to success has been mutual trust and understanding, leading to effective communication.

5. CONCLUSIONS AND RECOMMENDATIONS

Introduction

5.1 This section of the Report examines a range of options considered by the Review Group and makes recommendations for changes that would enhance the arrangements for supporting forestry in Great Britain and the United Kingdom. The options have been developed taking account of the Group's analysis of the current arrangements (Section 2 of the Report), views expressed by respondents to the consultation (Section 3) and taking account of the key issues identified by the Group (Section 4). Three options have been considered: retention of the current arrangements; increasing decentralisation through new primary legislation; and increasing decentralisation by administrative action. A comparative analysis of each of the options against the key issues we identified in Section 4 of the Report is set out in Table 5.1. An evaluation of the three options is set out in Appendix H.

Retain Current Arrangements

5.2 The current arrangements have been described in detail in Section 2 of this Report. They involve retaining the Forestry Commission as a Non-Ministerial Department and Cross Border Public Body. The Commission's Forest Enterprise and Forest Research agencies would be retained as GB-wide agencies of the Forestry Commission. The present distribution of policy, regulatory and delivery functions, divided between the Commission's Headquarters, its three National Offices and its two agencies would be retained.

5.3 These arrangements build in part on those in place prior to devolution. They involve the Forestry Commission leading on international policy issues which are reserved by Whitehall and also providing a co-ordinating role where the devolved administrations have agreed that a common approach to cross-cutting issues would be beneficial. The arrangements have evolved incrementally, often through collaborative work on specific policy and delivery issues.

5.4 Following devolution of responsibility for forestry, publication of the country forestry strategies has been a major step forward in articulating the policy priorities of each of the devolved administrations. Establishment of the Rural Affairs Departments, each having broader remits than their predecessor agriculture and/or environment departments has also been a significant change.

5.5 From our analysis, and the views of the majority of respondents to the consultation, **we concluded that the current arrangements could be enhanced significantly following devolution and therefore need to be updated now.** Central to this is a need to achieve greater integration of forestry with other rural policy work whilst retaining a collaborative approach to common issues such as forestry standards. We consider below how this might be achieved.

5.6 We noted both from our own deliberations and from the views of consultees, that Ministers in each of the administrations have a range of choices with, at one extreme, full integration of forestry within their wider rural affairs responsibilities or, at the other, retaining a distinctive profile for forestry in government. We concluded that, if Ministers wish to secure full integration of forestry and rural affairs responsibilities, then legislation is the only way to achieve this. If Ministers wish to retain a distinctive profile for forestry in government, then an administrative approach to greater integration between forestry and rural affairs would provide the best course of action. The need for a distinctive profile for forestry was argued for by many consultees who were concerned that amalgamation with the Rural Affairs Departments could lead to forestry's profile becoming marginalised.

5.7 These two options are set out below. However, they are not mutually exclusive because, if Ministers wish to achieve integration, it would take some time to complete the legislative procedures and, given the views of the majority of respondents to the consultation exercise, further consultation would be needed if Ministers were minded to abolish the Forestry Commission. In these circumstances, administrative changes recommended in this Report could serve either as an end in themselves or as an interim step pending legislation.

Change through Legislative Action

5.8 If Ministers wish to secure full integration of forestry and rural affairs responsibilities then legislation is ultimately the only way to achieve this. This would involve abolishing the Forestry Commission (by repealing, at least in part, the Forestry Acts) and transferring all of the Commissioners' functions (i.e. powers and duties). These powers could be transferred in whole, or in part, to the Secretary of State for Environment, Food and Rural Affairs, to the National Assembly for Wales and to Scottish Ministers or to

bodies, for example Non Departmental Public Bodies, which might be established to receive some or all of the powers. Forest Enterprise and Forest Research would also be abolished and the devolved administrations would determine the arrangements for supporting their functions.

5.9 The devolved administrations would determine what administrative structures would best meet their needs - there would be no requirement to have the same structure in each of the three countries. Parallel legislation would be needed in England and Wales, and Scotland unless Members of the Scottish Parliament agreed to legislation at Westminster under the Sewel Convention.

5.10 In the course of our work we became aware of a number of areas where there is a need to update and modernise forestry legislation. Examples of these include constraints on Forest Enterprise's freedom to form partnerships with other organisations through joint ventures and the formation of companies for the development and expansion of activities such as Forest Holidays and other recreational developments such as Visitor Centres. More fundamentally, the forestry legislation pre-dates the principles of sustainable forestry and the Commissioners' powers do not reflect modern-day forestry policy aims. For example, the legislation to regulate tree felling was originally introduced to control timber supplies during the Second World War but is now used as an instrument to deliver sustainable forest management objectives.

5.11 This is an issue that is outside the scope of this Review. Ministers therefore need to consider whether or not the existing forestry legislation should be modernised. Should Ministers decide to pursue legislation, then in the light of this there would also be an opportunity to develop administrative arrangements that flow directly from the new legislative framework for the delivery of forestry policy across the UK and by the devolved administrations.

5.12 *Recommendation 1. Given the time needed to complete any legislative process, the possible need to modernise forestry legislation which falls outside the terms of this Review and the support for maintaining a distinctive profile for forestry in government, we do not recommend the legislative approach at this time. However, Ministers may wish to keep this option under review.*

Change through Administrative Action

5.13 If Ministers wish to retain a distinctive profile for forestry in government, then an administrative approach to greater integration between forestry and rural affairs would provide the best course of action.

In our view this would not hinder the development of legislation in the future.

5.14 The Review Group considered a number of approaches by which the necessary changes could be introduced by administrative means. The most radical of these foresaw the absorption of the National Offices within DEFRA and the devolved administrations, with the National Offices operating as fully integrated Divisions within the Rural Affairs Departments. This would have the advantage of fully clarifying lines of responsibility and accountability in a manner which is not possible through any other administrative route. Under this approach Forest Enterprise would be trisected into three executive agencies reporting directly to DEFRA, the Scottish Executive and the National Assembly for Wales.

5.15 However, it appears that this approach is not fully realisable without legislative change, and given that partial implementation would not achieve significant improvements, the Group concluded that it would not be appropriate to explore this approach further, at least until the less radical option described below (which still delivers significant change) has been implemented and evaluated.

5.16 Under this option the Forestry Commission would operate as a decentralised organisation. There would be a significant shift of functions away from the centre and the National Offices would be considerably strengthened. They would act as forestry departments delivering policy advice and implementation to the administrations in England, Scotland and Wales. The key changes are set out below and illustrated in Figure 1 (Current Arrangements) and Figure 2 (Proposed Arrangements).

Ministerial Committee

5.17 The present arrangements do not, in our view, provide adequate opportunities for the involvement of the devolved administrations in the formulation of international policy and collaboration on matters of mutual interest. We believe that it is important that the devolved administrations have the opportunity to contribute to the development of the UK-wide position on international policy issues. This should be provided at both ministerial and official levels. The arrangements for agriculture and fisheries provide a helpful parallel. We have also considered the arrangements, which pre-date devolution, that currently apply at official level through the Whitehall Forestry Group. This Group does not presently include representation from Scotland and Wales.

5.18 Responsibility for the domestic aspects of forestry is fully devolved. Experience has demonstrated that there are issues where the devolved administrations can collaborate and share experience to their mutual benefit. The development of the UK Forestry Standard is a good example of where the UK Government's international commitments to sustainable forestry have been translated into a consistent approach across the UK, informing the policy context set by the devolved administrations through their forestry strategies. There are however no formal mechanisms at present in place for agreeing what issues should be handled collaboratively and for keeping them under review.

5.19 Recommendation 2. A new Ministerial Committee, bringing together the Forestry Ministers in England, Scotland, Wales and Northern Ireland, should be set up. It should meet regularly to oversee the new arrangements and the handling of international issues (non-devolved powers) and agree any cross-cutting forestry issues where collaboration would be advantageous. The committee would be responsible for monitoring the operation and effectiveness of the administrative arrangements.

5.20 Recommendation 3. Membership of the official Whitehall Forestry Group should be expanded to include representation from the Scottish Executive and Welsh Assembly Government. The Group should also be renamed as the UK Forestry Co-ordination Group or similar.

5.21 If the legislative approach considered above were to be developed a mechanism would still be required to handle international and cross-cutting issues. The need for the committee of Forestry Ministers recommended at paragraph 5.19 above would still be relevant.

Closer Integration of Forestry and Rural Affairs

5.22 The Review Group has looked closely at the relationship between the Rural Affairs Departments and the Forestry Commission. This has shown that good links have been developed between them following devolution in 1999. However, lines of communication and responsibility are not as clear as they could be and there are perceptions that the lead on many domestic policy issues still comes from the Commission's Edinburgh headquarters, and not through its National Offices. There is scope to strengthen and formalise these relationships so as to make it clear that this is no longer the case. The National Offices could, in practice, act in a manner analogous to divisions of the devolved administrations, whilst retaining the legal integrity of the Forestry Commission.

5.23 Recommendation 4. Accordingly, the Review Group recommends integration - as far as is possible without recourse to legislation - of policy development and delivery between the Forestry Commission's National Offices and the Rural Affairs Departments in England, Scotland and Wales. The new arrangements would be underpinned by Concordats between each of the Commission's National Offices and the Rural Affairs Departments. The details of the new working arrangements and the contents of the Concordats would be worked up individually between each Rural Affairs Department and the relevant Forestry Commission National Office.

Forest Enterprise

5.24 Forest Enterprise currently operates as a GB-wide executive agency of the Commission. The recent quinquennial review of Forest Enterprise concluded that it should continue to operate as a GB-wide body. This conclusion assumed that the Forestry Commission would also continue to operate on a GB-wide basis. The recommendation at paragraph 5.23 above will establish a much more devolved structure for the Commission. We believe that retention of Forest Enterprise as a GB-wide body, with a Chief Executive in the Commission's headquarters in Edinburgh, would be at odds with this new structure. We believe that the new arrangements would be significantly enhanced by linking Forest Enterprise more closely to this devolved structure by creating separate bodies in each country.

5.25 Recommendation 5. We recommend that Forest Enterprise, currently managed as a GB-wide executive agency, should be split into three. Separate Forest Enterprise bodies would be set up in each country, with each accountable through the Commission's National Offices to the administrations in England, Scotland and Wales, instead of to a Chief Executive in Edinburgh.

Forest Research

5.26 Our work has confirmed the Forest Research agency quinquennial review's conclusion that there is a need to strengthen the arrangements for the involvement of the devolved administrations in the setting of research priorities and programmes. Although many of the outputs from forestry research are relevant across the UK, there is a need to ensure that these outputs highlight their relevance and potential application in each of the four countries. Funding for research commissioned by the Forestry Commission is currently provided by the UK Parliament and is not recharged to the devolved administrations. Research in Northern Ireland is

funded by the devolved administration, but there is co-ordination through work of the Forestry Research Co-ordination Committee. This reflects the UK-wide relevance of many of the research programmes and also the relatively small size of the total research budget. Most of this research is contracted to Forest Research, an Executive Agency of the Forestry Commission.

5.27 Recommendation 6. Forest Research should continue as a GB-wide agency of the Forestry Commission but new arrangements should be set up, with an enhanced role for the devolved administrations through the National Offices in England, Scotland and Wales in determining research priorities and specifying programmes, and through joint approval by Forestry Ministers of the research strategy and annual research programme. This would allow greater integration of the agency's work with related research in each country and co-ordination with work in Northern Ireland. Implementation of this recommendation, including the option of trisecting funding of the Forestry Commission's research budget, should be considered during Stage 2 of the Forest Research Quinquennial Review in the light of the other changes recommended in this Report.

Board of Forestry Commissioners

5.28 Changes to the Forestry Act following devolution have had the effect of requiring the Forestry Commissioners to exercise their functions separately as regards England, Scotland and Wales. The Commissioners are accountable, and report, separately to Ministers in each country. They are also subject to powers of direction separately by UK Ministers, Scottish Ministers and the National Assembly for Wales.

5.29 The Board currently comprises a Chairman and a mix of three executive and seven non-executive Commissioners. Under the Devolution Settlement, it was agreed that Scottish Ministers and the National Assembly for Wales would each nominate non-executive Commissioners to the Board. The executive Commissioners are currently the Director General, the Chief Executive of Forest Enterprise and the Head of Corporate Services, all of whom are based at the Commission's headquarters in Edinburgh. The Review Group believes that the representation from each country should be strengthened with the head of each of the Commission's National Offices in England, Scotland and Wales being appointed to the Board as executive Commissioners (the post of Chief Executive of Forest Enterprise would disappear as a result of the trisection of the agency).

5.30 The Group further considers that the arrangements for appointing non-executive Commissioners to represent Scottish and Welsh interests should also be strengthened by removing Westminster Ministers from the nomination process and by following the procedures applying to public appointments in Scotland and Wales rather than the Cabinet Office procedures.

5.31 Recommendation 7. The Group recommends that following these changes, the executive Commissioners should be the Director General and the Heads of the National Offices.

Accountability

5.32 Through our recommendations, the Forestry Commission's National Offices would be accountable to UK Ministers, Scottish Ministers and the Welsh Assembly Government through separate Corporate Plans, Accounts and Annual Reports for each country. These would extend to cover the work of the new Forest Enterprise agency proposed in each country. Corporate Plans and Annual Reports would be discussed with and finalised in agreement with relevant Departments within the UK Government, Scottish Executive and Welsh Assembly Government. The chief official in each National Office would be appointed as an Additional Accounting Officer to demonstrate the direct line of accountability to the relevant legislature.

Relationship between Forestry Commission National Offices and Edinburgh Headquarters

5.33 The Forestry Commission (operating as a Cross Border Public Body) would provide policy advice and support on international issues (reserved) and on any area where a UK or GB-wide cross-cutting approach was agreed (for example standards of sustainable forestry, forestry research) by the Ministerial Committee.

5.34 The role of the three National Offices would be enhanced by a transfer of functions from the centre (notably as a result of the trisection of Forest Enterprise, but also through the transfer of financial policy/control and secretariat functions).

5.35 Following the transfer of functions, a slimmed-down Forestry Commission centre in Edinburgh would continue to provide central services (for example personnel, information technology, financial systems, audit, and training), where it was cost-effective or there were sound policy or practical reasons for doing so, under Service Level Agreements to each Country National Office. The trisection of Forest Enterprise might result in some technical services still being managed centrally (such as

nurseries, mechanical engineering), where it was cost-effective to do so, again provided under Service Level Agreements to each country. (Note that this requires further work, beyond the timetable of the Review, to identify functions best carried out locally.)

Cross-Departmental Groups

5.36 DEFRA and the devolved administrations would be members of all cross-departmental forestry groups (for example the Whitehall Forestry Group, Forest Research Co-ordination Committee). The Forestry Commission National Offices would similarly participate in all relevant cross-cutting groups within DEFRA and the devolved administrations.

Figure 1

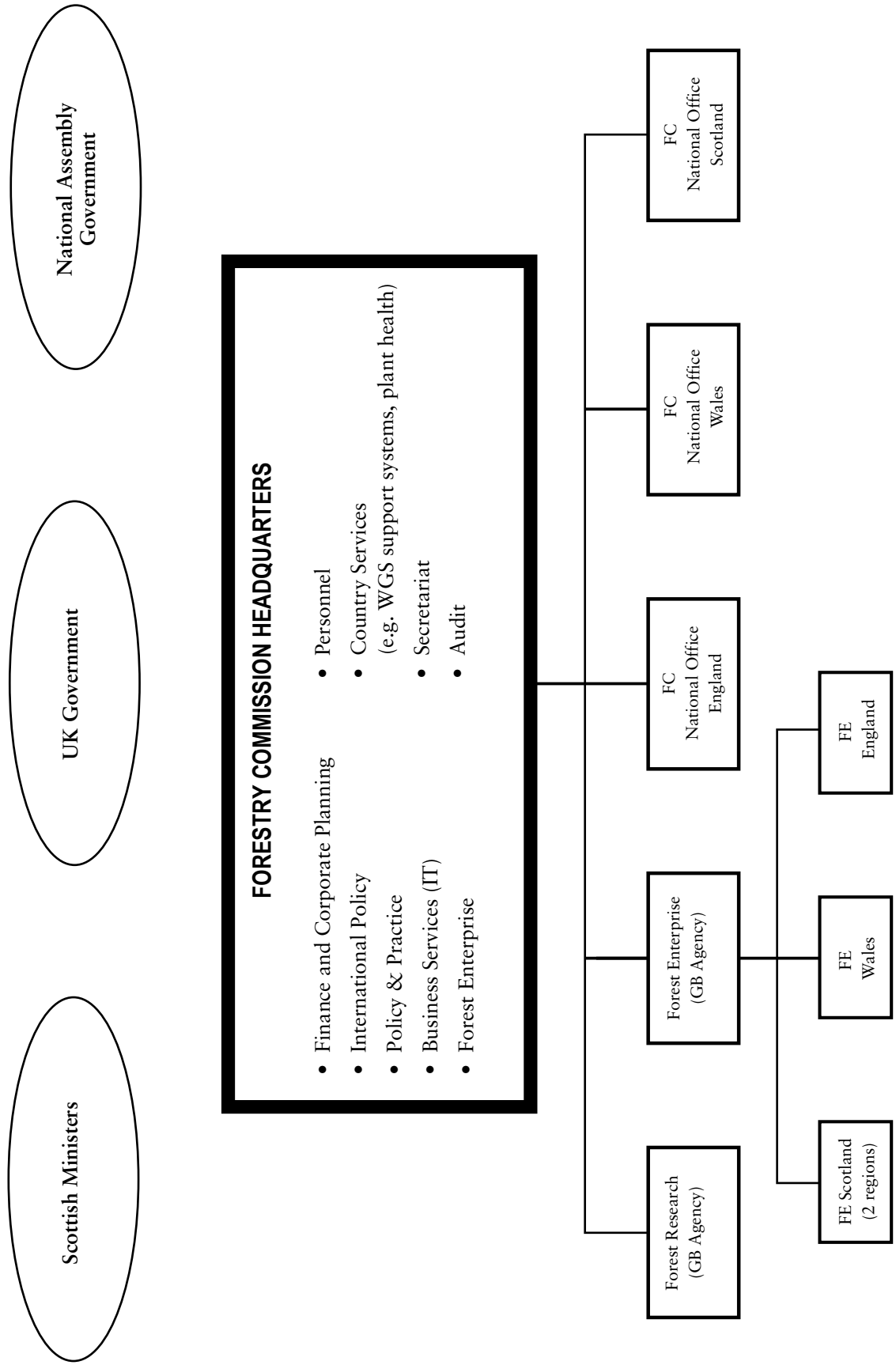
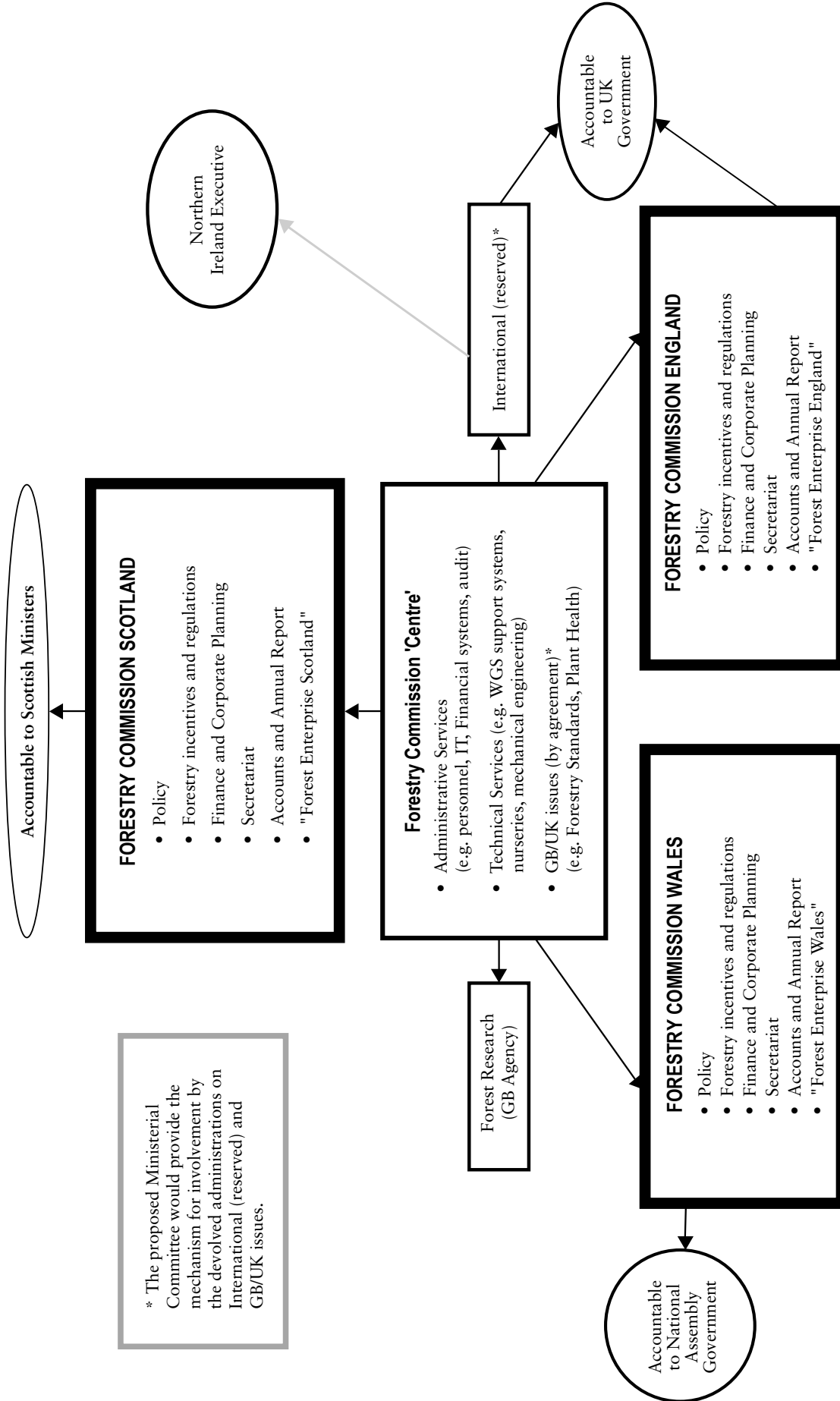


Figure 2



* The proposed Ministerial Committee would provide the mechanism for involvements by the devolved administrations on International (reserved) and GB/UK issues.

Table 5.1 Comparative Analysis by Key Issue

Key Issue	Current Arrangements	Administrative Approach	Legislative Approach
<p>Balance between country and UK-wide cross-cutting international responsibilities.</p>	<p>FC provides policy advice and support on international issues (reserved); advice and joint handling on cross-cutting issues (e.g. research purchasing); and all central services (e.g. personnel, IT, audit, finance, plant health, training).</p>	<p>FC as Cross Border Public Body provides policy advice and support on international issues (reserved); advice and joint handling on cross-cutting issues (e.g. standards of sustainable forestry, research purchasing); and central services where cost-effective (e.g. personnel, IT, audit, finance, plant health, training).</p> <p>Closer integration of policy development and delivery in England, Scotland and Wales and Northern Ireland through a more formal approach to advice and handling of cross-cutting issues.</p>	<p>Whitehall department DEFRA provides policy advice on international issues and leads on cross-cutting issues (e.g. research purchasing, forestry standards) agreed with devolved administrations.</p>
<p>Administrative arrangements for managing the forestry estate in the context of devolution.</p>	<p>GB Forest Enterprise agency with Head Office (Chief Executive and central services) supported by territorial offices working to common Corporate Plan and country forestry strategies. Service support provided by the Head Office.</p>	<p>Existing GB Forest Enterprise agency trisected to create England, Scotland and Wales agencies working through Forestry Commission National Offices to devolved administrations. Central services provided where cost-effective (e.g. nurseries, civil and mechanical engineering).</p> <p>Arrangements in Northern Ireland unchanged.</p>	<p>GB Forest Enterprise agency trisected to whatever institutional structure preferred by the devolved administrations (NDPB, or Executive Agency). Each of the devolved administrations is responsible for providing the necessary central services, either through the parent department or through the new institution.</p>

<p>Administrative arrangements for managing forestry research in the context of devolution.</p>	<p>GB Forest Research Agency with research priorities and programmes determined through GB-wide processes with research strategy 'signed off' by Forestry Commissioners.</p>	<p>Forest Research continues as GB agency, accountable to Ministers in England, Scotland and Wales, who 'sign off' research strategy and programmes and approve commissioning arrangements.</p> <p>Forest Research Co-ordination Committee would be strengthened to include representation from Scotland and Wales as well as Northern Ireland.</p>	<p>Forest Research agency:</p> <p>(a) becomes a UK-wide agency; or</p> <p>(b) continues as a GB agency, managed by the lead department DEFRA with input [and funding] by the devolved administrations; or</p> <p>(c) is trisected between the devolved administrations and [possibly] integrated with other existing research institutions in one or more countries.</p>
<p>Arrangements for administering the regulatory and incentive framework for forestry in the context of devolution.</p>	<p>National Offices for England, Scotland and Wales manage FC regulations and incentives working with Rural Affairs Departments to ensure close integration of forestry with rural affairs interests and reflecting priorities of country forestry strategy. Collaboration with Rural Affairs Departments on an informal basis.</p>	<p>National Offices for England, Scotland and Wales manage FC regulations and incentives working with Rural Affairs Departments to ensure close integration of forestry with rural affairs interests and reflecting priorities of country forestry strategy. Collaboration and integration specified through Memoranda of Understanding.</p> <p>Arrangements in Northern Ireland unchanged.</p>	<p>Regulatory and incentive functions operated directly by the Rural Affairs Departments or through their own agencies.</p>
<p>Comparison of the arrangements for forestry with other parallel activities (e.g. agriculture and fisheries).</p>	<p>No formal parallels.</p>	<p>Formation of new Ministerial Committee would mirror present arrangements for agriculture and fisheries.</p>	<p>Formation of new Ministerial Committee would mirror present arrangements for agriculture and fisheries.</p>

APPENDIX A

FOREST ENTERPRISE BUSINESS UNITS

This Appendix summarises details of Forest Enterprise’s free-standing business units which operate across Great Britain. They either provide dedicated services to the whole agency (and also the Commission where appropriate) or else deliver discrete business activities.

- Forest Holidays manages 166 cabins located at four sites (three in England and one in Scotland) together with 25 touring caravan and camping sites, located at sites throughout Great Britain.
- Mechanical Engineering Services, based at Stirling, provides a self-financing machine and vehicle and communication and electronic service to the agency and the Commission (and also to the private sector where resources permit). The service operates through workshops situated throughout Great Britain.
- Forestry Civil Engineering, based at Peebles, manages the construction and maintenance of forest roads and bridges and provides an advisory service to FC on all aspects of civil engineering. The business unit operates through area offices situated throughout Great Britain.
- Plant and Seed Supply provides most of Forest Enterprise’s trees for planting, trades stock with the private sector to match demand and organises seed collection and extraction for use by the agency and sale to the private sector. There are two nurseries in England and one in Scotland, together with a seed extraction unit situated at Farnham in Surrey.
- Design and Interpretative Services, situated in Edinburgh, provides in-house and outsourced service and support on all aspects of corporate, interpretative and information design for the Commission and Forest Enterprise and provides planning and production services for agency publications, signs, structures and displays.

APPENDIX B

FOREST ENTERPRISE (FE) QUINQUENNIAL REVIEW STAGE 2 REPORT²⁵ - SUMMARY OF RECOMMENDATIONS

(Note: the recommendations highlighted below in italics are those that are relevant to the Forestry Devolution Review.)

Section 2: Aims and objectives

- The new aims at paragraph 2.5 (which explicitly refer to the country forestry strategies) and the GB version of the objectives at paragraph 2.9, should be adopted for FE's work.
- These aims and objectives should be formally reviewed in autumn 2003 and adjusted if necessary from April 2004.

Section 3: Performance targets

- FE should work with FC to develop means to measure all the performance indicators in the table following Section 3.
- FE should continue its work to measure the jobs supported by its forests and, if an accurate measure can be found, should develop a performance indicator.
- The key performance indicators listed in paragraph 3.7 should be used as the basis for the new performance targets which will be set annually for the work of FE.
- The information systems underlying all the new performance targets, and the values of the data they produce, should be validated by a body external to FE.

Section 4: Governance and reporting

- *The Framework Document should be changed to reflect the fact that Scottish and Welsh Ministers now account to the Scottish Parliament and National Assembly for FE's work in Scotland and Wales.*
- *The role of the Forestry Commissioners as described in the Framework Document needs to be changed slightly to reflect the fact that the Commissioners report to the devolved administrations as well as to the UK Government.*
- *The Framework Document's description of the responsibilities of FE's Chief Executive should be adjusted to reflect the creation of the devolved administrations, and the fact that FE contributes a statement of its work, in pursuit of the country forestry strategies, to the devolved FC corporate plans for each country.*
- The coverage of FE's business plan should be reduced to 3 years, in line with the corporate plan.
- *The new annual reporting arrangements, involving a separate report and accounts for each country as well as a GB-wide report, should be reflected in the Framework Document.*
- *The links between Chief Conservator and the FE's Territorial Directors should be put on a more formal basis, to ensure that FE's actions dovetail with strategy formation and implementation without eroding FE's responsibility for managing the estate.*

²⁵ Available from Marion Keay, Forestry Commission, 231 Corstorphine Road, Edinburgh EH12 7AT

- The Framework Document should spell out the requirement on FE to seek FC approval for felling and planting, in the same circumstances as other woodland owners need that approval.
- Subject to more detailed work, the agency should be renamed “Forestry Commission Woodlands”.

Section 5: Financial systems

- The Forestry Commission should, subject to the availability of funding, commission further research on the valuation of economic benefits - in particular, a multi-attribute analysis which gives an aggregate value for all non-market benefits.
- FE should develop in more detail the environmental and social decision framework outlined above, to ensure that future forest planning decisions take account of the costs of environmental and social outputs in a transparent way.
- FE should identify more transparently the costs, for its entire estates in England, Scotland and Wales, of delivering its environmental outputs and link these costs to a description of the benefits achieved by these outputs. These costs should be explicitly approved by the Forestry Commission, should be funded separately from Forest Enterprise’s timber production activities and should be the subject of a separate section in Forest Enterprise’s annual reports.
- A more flexible financial regime (described in paragraph 5.35 of the Report) should be adopted for FE.

Section 6: Responsiveness

- The Timber Customers Charter should explain in more detail why Forest Enterprise pursues its timber sales policy.
- Forest Enterprise should improve its communications with timber customers and address the criticism that its customer service is patchy.
- An annual meeting should be held with the Timber Growers Association as well as with the Forest Industries Development Council, the UK Forest Products Association and the Forestry Contracting Association, as part of a programme to improve communication with stakeholders.
- FE should review the relevance and scope of its Charter Statements and seek ways of making further improvements in its services.
- FE’s management should act to tackle geographical unevenness of standards - perhaps by training, or sharing best practice - without reducing deliberate diversity of policies and without undue constraints on the delegated authority of managers in the field.

Section 7: Partnerships

- A suitable vehicle should be found for minor legislative change to the Forestry Act 1967, in order to make it easier to form partnerships.

Section 8: Joined-up government

- No general action should be taken to bring the boundaries of Forest Districts into line with those of local authorities - though, when boundaries are being changed for other reasons, the opportunity should be taken to bring them into line with those of local authorities whenever possible.

Section 9: Freedoms and flexibilities

- The Chief Executive’s delegated authority to authorise all write-offs should be limited to those which do not exceed £500,000.
- The Chief Executive should have delegated authority to sell up to 150,000 cubic metres of timber annually without competitive tender.
- The Framework Document should be amended to reflect the effective withdrawal of delegated authority to determine terms and conditions of service for industrial grades and to reflect changes in nomenclature since 1996.
- FE should continue its existing commercial activities, and be prepared to take on other activities of a similar kind, without seeking greatly to expand this type of work.
- FE should in particular be willing to manage woodlands in non-commercial ownership - such as those of the National Forest, Community Forests and Central Scotland Countryside Trust, as well as local authorities - where that will strengthen the implementation of the country forestry strategies and as long as the necessary funding can be provided and good value for taxpayers’ money is achieved.
- FE should bring forward proposals to Forestry Commissioners and Ministers to set up a rolling land acquisitions fund, financed by the sale of parts of the estate which have relatively low public benefits, in order to raise the social and environmental value of its estate.

APPENDIX C

FOREST RESEARCH QUINQUENNIAL REVIEW STAGE 1 REPORT²⁶ - EXECUTIVE SUMMARY

1. This is the report of Stage 1 of the Quinquennial Review of Forest Research (FR). The Review was carried out by a small Forestry Commission (FC) team, overseen by a Steering Group including interested government departments, academic interests and a representative of the forestry industries.
2. FR was established in 1997 as an Executive Agency of the Forestry Commission, responsible for carrying out forestry research and allied work and providing authoritative advice to support the development and implementation of forestry policy.

Setting the context

3. FR's aims and objectives are set out in paragraph 2.7.
4. FR is responsible to the Forestry Commissioners (an unusual statutory board overseeing the work of a government department) and, through the Commissioners, to the Forestry Ministers in England, Scotland and Wales. Although forestry is a devolved subject, FR continues for convenience to be funded from Westminster.
5. FR's staffing and organisation is described in paragraphs 2.14 to 2.24. It includes experts in the scientific disciplines needed to research multi-benefit forestry topics. Its staffing has been reduced from 298 in April 1997 to 262 in April 2001. Total capital employed is £8.7 million; income in 2000-01 was £12.4 million and expenditure £11.8 million.
6. About 90% of FR's income comes from the FC, which buys **research** in accordance with a published Research Strategy and **specific services** including surveys of the FC's forests and assessment of the effectiveness of forest machinery. (The FC commissions most of its research work from FR but spends about 10% of its research budget with other providers.) FR draws the remaining 10% of its income mainly from the EU and from government departments and agencies other than the FC. It also does a small amount of work for private-sector forestry interests, non-governmental organisations, universities and research councils. FR dominates forestry research in the UK, accounting for a little less than half of the total domestic expenditure.
7. FR has close policy links with the FC. It is increasingly working in partnership with other research bodies (75% of its current projects have involved such collaboration). Since 1997, the balance of its research programme has changed - with less work being carried out on economic forestry topics, and more work on environmental and/or social aspects of forestry.
8. Research results are disseminated through publications (in printed form and on the website), peer-reviewed papers in scientific journals and publicity in the media - as well as a wide range of seminars, workshops, conferences and advisory work. Commercialisation of research results is generally used as a vehicle for getting technical developments into widespread use in the forestry industry, rather than as a source of income.

Past performance

9. Section 3 of the Report reviews FR's past performance.
10. FR has been set annual targets for customer satisfaction; financial performance; quality of science; and efficiency - a total of 6 targets per annum. It has met or bettered every target and has actively sought to improve performance by refining the performance measures and by agreeing to higher targets wherever practicable.

²⁶ Available from Marion Keay, Forestry Commission, 231 Corstorphine Road, Edinburgh EH12 7AT

11. There has been a range of other achievements. For example, 2 members of staff have been appointed to personal Chairs while 4 members of staff have been appointed OBE and 2 MBE. Paragraph 3.16 gives examples of particularly successful research results, including a computer model which calculates the wind-damage risk during the life of a forest, a computerised system for selecting the best tree species for different sites, work on the implications of climate change for forestry in Great Britain and ways of reducing the use of chemicals for the control of weevils and root and butt rot.
12. During the life of FR, there has been a clearer distinction between the researcher and the client who commissions the research work, a deeper but narrower relationship between researcher and end-user, different methods of technology transfer, changing research priorities, an improved business ethos, a down-sizing of the organisation, increased use of IT and improvement in personnel systems (including achievement of Investors in People status).

Views of stakeholders

13. Section 4 reports on the views of people and organisations who have an interest in the future of forestry research. Most of the views were obtained specifically for the Review; others were collected as part of regular monitoring of customers' opinions.
14. As a key part of the Review, over 80 stakeholders of FR, including government departments, non-departmental public bodies, universities, research establishments, forestry interests and other customers were consulted. Almost 60 responses were received. Their tenor was:
 - A universal recognition of the high quality of FR's research, and of its published outputs;
 - Desire for improvement on 4 points:-
 - More input into research priorities;
 - More emphasis on environmental and (especially) social aspects of forestry;
 - More speculative research;
 - Better dissemination of research results;
 - General support for retaining FR as an executive agency of FC, and general opposition to privatisation.
15. Forest Enterprise, the FC executive agency responsible for managing the substantial government-owned forestry estate, was also consulted. It buys some services and research direct from FR - and, in these cases, finds FR responsive, producing high-quality work which is good value for money. It is less happy with the arrangements for FR's general research work (despite the fact that, as Britain's largest forest manager, it is a major potential user of that work). On that aspect, it made similar comments to those from other consultees.
16. The staff of FR and their trade unions were also consulted. In summary, their main comments were:
 - Better communication is needed between researchers and users;
 - Researchers should be more involved in drawing up the research strategy and commissioning individual research programmes;
 - More attention is needed to balance the strategic medium-term research, specific near-market projects and short-term research needs;
 - The system to charge full project costs needs to be simplified and the criteria for full cost recovery relaxed slightly;
 - Organisational change is unlikely to be the best way of tackling the main problems identified by stakeholders;
 - FR should continue as an executive agency, with detailed changes to aspects of its relationship with the parent department (for instance on HR issues).
17. The Review took into account the results of a feedback survey of customers carried out as part of FR's performance management system. In general, there was a very high level of customer satisfaction, with most programmes being rated at 100% and all over 90%.

The policy background

18. Section 5 notes that forestry research work over the next 5 years will need to take account of:

- The UK’s international commitments to sustainable forestry;
- The three Forestry Strategies applying to England, Scotland and Wales;
- The Government’s policy on science and research, in England, Scotland and Wales;

and the research priorities derived from these requirements, which are identified in the FC’s Research Strategy.

19. Any government organisation carrying out forestry research in the next 5 years needs to take account of:

- the requirements of the “Modernising Government” White Paper and “Civil Service Reform”, including joined-up policy-making, focus on user needs, stronger organisational leadership and business planning, sharper performance management and more diversity in staff, as well as better use of information technology;
- the needs of the regions in England and the devolved administrations in Scotland and Wales, including applying the results of a current review of the post-devolution arrangements for forestry;
- a Cabinet Office review of government policy on executive agencies.

20. The follow-up to the World Summit on Sustainable Development at Johannesburg in September 2002, and an increasing emphasis on research into forests and society and on the environmental aspects of forestry, will be an important focus. The next 5 years are likely to be a fast-changing environment for forestry research.

Strengths, weaknesses and future needs

21. Paragraph 6.2 analyses the strengths of FR, which has:

- Achieved all its targets;
- An excellent reputation for quality research of direct relevance to the diverse forestry industry;
- Great expertise in almost all sustainable forest management disciplines;
- Strong formal links with the FC, particularly on policy matters;
- Good links with its other “customers” and a good record in winning EU funding;
- A large resource-base of information and experimental results for long-term research;
- A strongly motivated workforce, with good relationships between researchers and field staff;
- A more diversified research portfolio than when it was established, reflecting changes in sustainable forest management policy.

22. Paragraph 6.3 explores the weaknesses of FR (and of the forestry research system of which it forms part):

- Many users feel distant from the process of setting FR’s research direction;
- Its research is not disseminated widely enough;
- It has been slow to diversify its research portfolio;
- It is a little isolated in academic terms and could further improve its collaboration;

- It carries out little speculative research;
- It is very reliant on income from the FC;
- Post-devolution, it needs to attune its GB-wide remit more closely to the needs of all 3 administrations;
- It has contracted by about 10% since it was set up, at a time when science has been getting larger and more complex.

23. Against that background, this stage of the Review seeks an organisational structure which:

- Does not prejudice the quality of the research work and outputs (and strengthens them if possible);
- Encourages stakeholders (including end-users) to be more involved in drawing up the content and priorities of the research programme;
- Improves the dissemination of research results to users;
- Retains the strong support provided for FC's policy development and implementation;
- Exploits to the full the multi-disciplinary approach to research, which is necessary for the diverse requirements of sustainable forest management;
- Strengthens the capacity for long-term research.

24. Paragraph 6.5 identifies issues which the next stage of the Review would seek to tackle.

Finding the best organisation

25. Section 7 of the Report examines 9 options for the future organisation of forestry research.

26. The Government could **cease funding forestry research and abolish FR** (paragraphs 7.4-7.5). A withdrawal of government funding would have a disastrous effect on the ability to develop and deliver government policy through forestry, and on all sectors of the forestry industry and its stakeholders.

27. The FC could **outsource** more of its research programme, 10% of which is presently outsourced (paragraphs 7.6-7.10). An increase would give a useful comparison of the cost and quality of FR versus other contractors. While wholesale change would be very harmful to the integrated approach which the FC requires and which FR provides, more projects could be put to open tender. Extra commissioning costs might be recouped by lower prices. Research quality should not diminish overall; the responsiveness to users is likely to diminish (but not to a serious extent); and efficiency is likely to rise. The remaining options would be compatible with increased outsourcing. For example, executive agency status could be retained, but with a target for the FC to place a progressively higher amount of its work following competitive tender.

28. It would obviously be possible to **retain executive agency status** (paragraphs 7.11-7.13). Amended arrangements could improve the link with users on the future direction of research and dissemination of research results. This would be a low-risk option giving a guarantee of continued high-quality research, a solid platform on which to build improved links with users with a capability to achieve further efficiency improvement.

29. FR could be **converted to a non-departmental public body** or “quango” (paragraphs 7.14-7.17). Other government research establishments work satisfactorily on this model. The FR would still be valued by, and draw a great deal of work from, the FC - while at the same time it might be able to take on more external work. The quality of its research is unlikely to alter, but its research outputs would be seen as more independent. Responsiveness is unlikely to be affected. Efficiency is likely to decline - there would be no scope for savings, and overheads would probably rise. There would be a less clear focus on research which the Government wanted. In short, the change is unlikely to harm forestry research, but it would achieve no significant benefit over executive agency status.

30. FR could be **converted to a private-sector trading body** (paragraphs 7.18-7.22). This option has attractions in terms of independence, commercial orientation and administrative simplicity. But it would be less focused on the priorities of forestry stakeholders (especially the FC). This is the highest-risk option, and the risks of making such a radical change to a high-performing research establishment may be disproportionate to the theoretical efficiency gains.
31. In theory, FR could **amalgamate with another research institution** with a similar environmental/land-use portfolio (paragraph 7.23). In practice, however, common research interests are limited and there would be little gain in synergy or in running costs. Closer co-operation with universities and other research institutions is much more likely to be fruitful than amalgamation.
32. FR could be **reintegrated with FC**, ending its executive agency status (paragraphs 7.24-7.27). This would not be a radical change because the FR is (as executive agencies go) close to its parent department. But, on balance, the change would be disadvantageous, blurring the customer/contractor distinction which has been a major gain from FR's executive agency status.
33. It would be possible to **split the FC's research funding among the 3 administrations** instead of funding it solely from Westminster (paragraphs 7.28-7.31). Alternatively, a part of the budget could be allocated to Scotland and Wales, to meet their distinctive needs. It would be feasible to do so and, though there would be administrative disadvantages, they would not be large. This option would better accord with the principles of devolution. The risk of under-recovering research costs could be met by a devolution concordat limiting the speed of change to what could be managed. But the fragmented research commissioning arrangements would inevitably be less purposeful, because the 3 countries have stronger **common** research interests than **distinct** research interests. So research quality would probably fall and efficiency would be reduced. Responsiveness to the needs of the 3 countries would probably improve - but better consultation on the research priorities would be an easier way of achieving that goal.
34. It would be possible to **split FR into three** (paragraphs 7.32-7.35). Again, this would accord with the principles of devolution. But fragmentation of FR would seriously limit the ability of any of the 3 components to carry out a research programme which met the needs of their individual countries. Economies of scale and shared overheads would be lost. Cross-border co-operation would be much more difficult. This option appears unattractive from the perspective of forestry **research**. The Forestry Devolution Review will be able to take a decision from a wider perspective.

Conclusions and recommendations

35. The conclusions of this stage of the Review are:
- FR has achieved a lot in its first 5 years, meeting all its performance targets, achieving a high reputation for quality, with a greatly improved financial focus and a much clearer arrangement for the FC to commission research;
 - The present arrangements have shortcomings: there is too little involvement of users (including the devolved administrations) in deciding FR's research priorities, and technology transfer needs to be improved;
 - Executive agency status works, and should not lightly be discarded; if retained, it would be straightforward to tackle the weaknesses identified by the Review;
 - The outsourcing of the whole FR research programme would risk fragmenting the already small integrated research organisation capable of looking holistically at research into multi-benefit forestry - but there is a case for testing the market for a greater proportion of FC's research work;
 - A private-sector trading body has some attractions in terms of independence, greater commercial freedom and administrative simplicity. But the change would carry big risks, in an industry such as forestry where, for reasons of market failure, the Government plays a large role. It does not seem right to prejudice the generally satisfactory present arrangement in the hope of betterment;

- The fact that FR’s research is rarely applicable to only one country (or, indeed, carried out in only one country) makes its trisection into English, Scottish and Welsh components more theoretical than real. Trisection of the research budget is a feasible option - but would complicate commissioning, thereby increasing costs and prejudicing quality. There are easier ways of achieving the same end, by ensuring that the Rural Affairs Departments in all 3 countries have a voice in deciding FR’s research priorities.

36. Subject to the conclusion of the Forestry Devolution Review, this Review therefore recommends that:

- FR’s executive agency status should be confirmed for the next 5 years;
- Stage 2 of this Review should examine in more detail how to improve the involvement of stakeholders in setting its research priorities, and how to improve the arrangements for technology transfer;
- Stage 2 of the Review should consider whether a greater proportion of FC’s research work should be commissioned on the open market, rather than directly with FR, and recommend how much extra work should be outsourced and how it should be done;
- Stage 2 of the Review should consider how to improve other aspects of FR’s performance wherever practicable.

APPENDIX D

FOREST RESEARCH STRUCTURE AND FUNCTIONS

1. Forest Research was established as an Executive Agency of the Forestry Commission in 1997. In recent years the emphasis on research has switched from increasing yield and reducing the costs of tree establishment and timber production to a much greater emphasis on environmental and social objectives. The Forestry Commission's specific requirements for research and its forward look at research needs are published in the Forestry Commission Research Strategy.
2. The agency has two main research stations - at Alice Holt (in Hampshire) and Roslin (near Edinburgh). In general, the division of work between the research stations reflects the different silvicultural conditions in upland and lowland Britain. There are also 12 research field stations throughout Britain (including a station at Alice Holt and at Roslin) and a Technical Development Branch with three teams (in Scotland, England and Wales).
3. There are eight Research Branches, each of which is responsible for the development and delivery of research programmes in a defined scientific and/or technical specialism. Examples include Silviculture and Seed, Woodland Ecology, Environmental Research, and Entomology. There is regular interchange of expertise between individual branches to address cross-cutting research needs. There are also eight specialist and support units which provide services to the Research Branches. These include Woodland Surveys, Technical Development, Statistics and Computing, Finance, Communications and Administration and Personnel.

APPENDIX E

CONSULTATION DOCUMENT

Dear Sir or Madam

FORESTRY DEVOLUTION REVIEW

I am writing to invite you to give your views by Wednesday 17 April 2002 on whether improvements can be made in the administrative arrangements for forestry in England, Scotland and Wales and for the UK's international forestry commitments - including further devolution of these arrangements. Your views will help inform a review which is currently being carried out by the UK Government and the devolved administrations in Scotland and Wales.

I should stress that this is not a review of forestry policy or incentives. Nor is it re-examining whether it is right that forestry is a devolved subject. It is simply looking for the best administrative arrangements to deliver forestry policy internationally and domestically.

Background

Forestry is a subject which is devolved to the administrations in Scotland and Wales. Unusually, the lead role in advising Ministers on drawing up and delivering their devolved policies is played by a single GB-wide department - the Forestry Commission. In preparation for devolution, the Forestry Commission adapted its working practices, increasing the role of its National Offices for England, Scotland and Wales. This has enabled the National Offices to act as the forestry department of the Scottish Executive and the National Assembly for Wales, as well as of the UK Government. With the help of the other interested bodies in the 3 countries, it drew up separate forestry strategies for England, Scotland and Wales, to meet their different needs, and is now leading the implementation of these strategies.

At the same time, the Forestry Commission remains responsible across Great Britain for international forestry policy; action to prevent the introduction of tree pests and diseases in consultation with the Department of Agriculture and Rural Development in Northern Ireland; and research and development work in Great Britain. Certain elements of the management of the State Forests, such as policies for sustainable forest management, and technical issues such as engineering and accounting are also managed across Great Britain as a whole.

The Forestry Commission works closely with the rural affairs departments in the three countries. These are: in England the Department for Environment, Food and Rural Affairs; in Scotland the Scottish Executive Environment and Rural Affairs Department; and in Wales the National Assembly's Agriculture Department.

More details of these administrative arrangements are given in the background note enclosed with this letter.

The need for the review arises partly from the formation of the Department for Environment, Food and Rural Affairs in England, and the earlier establishment of departments in the devolved administrations with similar responsibilities. Among other issues, the review will need to address:

- the balance between country and UK-wide/international responsibilities for forestry;
- management of the Forestry Commission's Forest Enterprise agency and its relationship to the devolved administrations;

- the balance between the GB-wide and country interests for the Forestry Commission’s Forest Research agency; and
- the long-term sustainability of the present administrative arrangements, taking account of experience in other sectors.

Request for views

I would welcome your views on whether the current arrangements could be improved upon, and if so, how. Changes might be achieved through administrative actions, or new legislation may be required. These options will be considered during the Review. You are welcome to reply as broadly as you wish. If it would be helpful to you to have a structure for your response, I would suggest:

What in your view are the strengths and weaknesses of the present administrative arrangements?

Do you see any scope for improving these arrangements (for example by further decentralisation or closer relationships with the three Rural Affairs Departments)?

Mechanics

Please send your responses to me by post or e-mail (secretary.fdr@forestry.gsi.gov.uk) by Wednesday 17 April 2002. I will be happy to answer any questions you may have in the meantime.

We would like to be able to make individual responses available to anyone who asks for them. If you would prefer your views to be kept confidential, please say so when you reply. Responses that are submitted on a confidential basis will, nevertheless, be included in any numerical analysis of responses. I enclose a list of those who have been asked for views: please let me know if you spot any omissions.

Yours faithfully

ADMINISTRATIVE ARRANGEMENTS FOR FORESTRY BACKGROUND INFORMATION

Introduction

1. The Government transferred responsibility for forestry to Scottish Ministers and the National Assembly for Wales in 1999 as part of a wider programme of constitutional reform. Westminster retained responsibility for forestry in England and for overarching UK-wide and international issues. Separate arrangements apply in Northern Ireland, where forestry has been fully devolved since 1922.
2. The UK Government, Scottish Ministers and the Government of the National Assembly for Wales now wish to consider if further improvements can be made to the administrative arrangements for supporting delivery of their forestry policies. They have asked an Interdepartmental Group of officials to consider the current administrative arrangements for delivering sustainable forestry policies in England, Scotland and Wales and, together with officials from Northern Ireland, the UK's international forestry commitments, including options for further devolution of these arrangements.

Current Administrative Arrangements

The Forestry Commission

3. The Forestry Commission is the government department responsible for advising Ministers on and implementing forestry policy in Great Britain. Under the legislative arrangements for devolution, the Commission has been designated as a Cross Border Public Body. The Commission now reports separately in England, Scotland and Wales to, respectively, the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Government of the National Assembly for Wales. The Commission is also now funded separately by Scottish Ministers (covering its activities in respect of Scotland), and by the National Assembly for Wales (covering its activities in respect of Wales). Westminster funding covers the Commission's activities in respect of England and those areas, such as plant health, international policy, research, pensions and direct support for the Forestry Commissioners, which are carried out on a Great Britain-wide basis. Ownership of the assets which the Commission uses for carrying out its activities in Scotland and Wales, such as land, has been transferred to Scottish Ministers and the National Assembly respectively.
4. The Commission has adapted its structures and practices to reflect the differing needs of the devolved administrations and for England. This has included strengthening significantly its National Offices in Cambridge, Aberystwyth and Edinburgh so that they are the principal contact for Commission business, with responsibility in each country for servicing the needs of Ministers, drawing up plans as to what the Commission as a whole intends to deliver, integrating these plans with the country's other policy initiatives and preparing annual reports to the UK and Scotland Parliaments and the National Assembly for Wales as to what has been delivered. The National Offices also have responsibility for liaison with other government departments and agencies on policy issues.

England

5. In England, the Forestry Commission works closely with other Whitehall Departments that have forestry-related programmes. The Department for Environment, Food and Rural Affairs (DEFRA) is responsible for the Farm Woodland Premium Scheme which operates alongside the Commission's Woodland Grant Scheme. DEFRA also operates an Energy Crops Scheme which encourages the establishment of Short Rotation Coppice (SRC) on agricultural land and the development of SRC Producer Groups. DEFRA sponsors the National Forest Company which is a Non-Departmental Public Body responsible for the creation of a new multi-purpose forest in the English Midlands. Similarly, through the Countryside Agency, DEFRA, together with the Forestry Commission, sponsors the 12 Community Forests. The Commission also works with the Department of Transport, Local Government and the Regions (DTLR) where forestry has a role to play in supporting the delivery of the Government's economic, environmental and social regeneration policies and programmes.

Scotland

6. The Environment and Rural Affairs Department in Scotland is one of a number of Departments that make up the administration of the Scottish Executive, all reporting to Scottish Ministers and answerable to the Scottish Parliament. The Forestry Commission, in Scotland, while a Cross Border Public Body, is directly responsible to Scottish Ministers and thus while not formally a part of the administration is treated as an arm of the Scottish Executive in the formation and implementation of policy across the range of Scottish Executive responsibilities. The Scottish Forestry Strategy, *Forests for Scotland*, is a Scottish Executive publication. In practice, the Commission's National Office for Scotland is treated as a Division within the Executive having direct access to Ministers on any forestry policy issues in Scotland and being involved in broader policy formulation. Forest Enterprise woodlands in Scotland are managed on behalf of Scottish Ministers who are the legal owners.

Wales

7. In Wales, forestry is also a devolved matter and responsibility for forestry policy in Wales and the implementation of the regulatory, advisory and grant-giving functions of the Forestry Commission in Wales rests with the National Assembly. Since devolution, the National Assembly has taken on the formal powers in relation to forestry in Wales previously exercised by the Secretary of State for Wales. These include the power of direction over the Forestry Commission and financial responsibility for its activities in Wales. *Woodlands for Wales*, the Welsh Forestry Strategy, is a National Assembly publication. In practice, the Commission's National Office in Aberystwyth operates in a similar manner to Divisions of the National Assembly, having direct access to Ministers on any forestry-related issues in Wales. Forest Enterprise woodlands in Wales are managed on behalf of the National Assembly who are the legal owners.

The Forestry Policy Background

Policy Priorities and Programmes for England, Scotland and Wales

8. Prior to devolution, forestry policy statements were expressed at a UK or GB level. On the direction of the Ministers in the respective administrations, the Forestry Commission took the lead in preparing the three country forestry strategies. The England Forestry Strategy was published in December 1998, the Scottish Forestry Strategy, in November 2000 and *Woodlands for Wales* in July 2001. The strategies set out the priorities and programmes for developing and implementing forestry policy in each of the three countries. These sit within the international policy context summarised above, and are implemented in accordance with the practices for sustainable forestry set out in the UK Forestry Standard. The strategies were based on extensive public consultation and reflect the distinctive circumstances, needs and aspirations of each country. A forestry policy statement for Northern Ireland is currently being prepared.

UK-wide and International Policy

9. There is a wide range of policy statements, protocols and obligations at the international, UK-wide and country levels. Some pre-date the devolution of forestry policy but, with the agreement of the respective administrations, are still operative; others, notably the Forestry Strategies for England, Scotland and Wales, have been prepared as a direct result of the devolution of forestry policy. The UK has been a pioneer in promoting sustainable forestry domestically, in achieving a national forest standard (the UK Forestry Standard), and in developing a system of forest certification for auditing the management of forests. Later this year the UK Government, after full consultation with the devolved administrations, will publish a Statement on Sustainable Forestry which will set out the international commitments to sustainable forest management and make the links between the UK commitments, the UK Forestry Standard, and the forestry programmes set out in the country forestry strategies.

10. Responsibility for the international aspects of forestry policy rests with the UK Government. Forestry Ministers from Whitehall, the Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive co-ordinate and agree lines on policy issues of mutual interest. This applies generally, but is particularly relevant where responsibility for implementing agreed policy rests with the devolved administrations. For plant health, for example, DEFRA is the lead department for international work (and is nominated as the single central authority under the EC plant health regime) but develops policy in conjunction with the agriculture and rural affairs departments in Scotland, Wales and Northern Ireland and with the Forestry Commission. The Forestry Commission administers the forestry aspects of the EC regime throughout Great Britain.

Incentives

11. The Forestry Commission’s Woodland Grant Scheme (WGS) is the major incentive mechanism for delivering forestry policy aims. It provides a mixture of fixed-rate and discretionary grants to encourage the creation of new woodlands and the management of existing woodlands. Following publication of the three country strategies, the WGS is being developed to reflect the differing needs and circumstances of England, Scotland and Wales. This is enabling grants to be targeted towards different priority areas and actions in the three countries. In addition, the Farm Woodland Premium Scheme, operated by the Department for Environment, Food and Rural Affairs, the Scottish Executive and the National Assembly for Wales, provides additional annual payments to cover the loss of income resulting from creating woodlands on agricultural land. Responsibility for operating and reviewing the various incentive mechanisms is a matter for the devolved administrations and is outwith the scope of the Forestry Devolution Review.

Research

12. The Forestry Commission’s Forest Research agency is the main government organisation in Great Britain responsible for forestry research. In line with the normal arrangements for agencies the work of Forest Research is currently being examined through a planned five-year review. The conclusions from the first stage of the Quinquennial Review will inform the Forestry Devolution Review, while the second stage of the Quinquennial Review will be set within the context of the conclusions of the Forestry Devolution Review.

Management of the State Forests

13. The Forestry Commission’s Forest Enterprise executive agency manages the State Forests and is the largest landowner in each of the three countries of Great Britain. In line with the normal arrangements for agencies the work of Forest Enterprise is reviewed every five years. The last quinquennial review was completed in 2001 and Ministers in the UK Government, the Scottish Executive and the National Assembly for Wales decided that it should retain its status as an executive agency of the Forestry Commission. As part of the quinquennial review, Forest Enterprise’s aims and objectives have been revised to place increased emphasis on its work to deliver the distinct policy aims of the three country forestry strategies and to improve the accountability of Forest Enterprise to the devolved administrations.

14. The present administrative arrangements are based around four territorial offices (one in England, two in Scotland and one in Wales) which have overall responsibility for the work of Forest Enterprise in accordance with the priorities of the country forestry strategies. The territorial offices are supported by the agency’s head office which is responsible for a range of corporate functions, including developing operating strategy and policy, performance monitoring and providing corporate services such as timber marketing services, estate management policy, accountancy and personnel support.

List of Organisations in England, Scotland and Wales sent copies of the Consultation Document

Local authorities in England, Scotland and Wales

A Bronwin & Co Ltd
 A W Jenkinson Forest Products
 Action With Communities In Rural England
 ADAS
 Advantage West Midlands
 Alba Trees plc
 Anglia Woodnet
 Arboricultural Association
 Argyll & the Islands Enterprise
 Argyll Timber Transport Group
 Association of Independent Forest Managers
 Association of Landscape Management
 Association of Larger Local Councils
 Association of Local Government Archaeological Officers
 Association of National Park Authorities
 Association of National Parks Officers
 Association of Regional & Island Archaeologists
 Association of Scottish Salmon Fishery Board
 Association of Timber Growers & Forestry Professionals
 Association of West Coast Fisheries Trust
 ATB Landscape
 Auto Cycle Union
 Ayrshire Joint Structure Plan Committee
 Bidwells
 Black Country Urban Development Corporation
 Black Environment Network
 Borders Community Woodland
 Brecon Beacons National Park
 British Association for Shooting and Conservation
 British Association of Landscape Industries
 British Association of Leisure Parks and Piers
 British Biogen
 British Deer Society
 British Ecological Society
 British Field Sports Society
 British Horse Society
 British Mountaineering Council
 British Naturalists Association
 British Orienteering Federation
 British Property Federation
 British Railways Board
 British Tourist Authority
 British Trust for Conservation Volunteers
 British Trust for Ornithology
 British Urban Regeneration Association
 British Waterways
 Broads Authority
 BSW Timber plc
 Buckinghamshire Woodland Forum
 Building Research Establishment

Business in Sport and Leisure
 Business in the Community
 Butterfly Conservation
 CADW (Welsh Historic Monuments Executive Agency)
 Caithness and Sutherland Enterprise
 Cambusmore Estate
 Campaign for the Protection of Rural Wales
 Caravan Club
 Central Council for Physical Recreation
 Central Scotland Countryside Trust
 Centre for Agricultural Strategy
 Centre for Ecology & Hydrology
 Centre for Environmental Interpretation
 Chiltern Woodlands Project
 Clyde Valley Woodlands Initiative
 Commission for Racial Equality in Scotland
 Community Forest Secretariat
 Consortium of Rural TECs
 Coppice Association
 CoSLA
 Council for British Archaeology
 Council for Environmental Education
 Council for National Parks
 Council for Scottish Archaeology
 Council for the Protection of Rural England
 Country Land and Business Association
 Countryside Agency
 Countryside Council for Wales
 Countryside Movement
 Countryside Recreation Network
 County Surveyors' Society
 Crofters Commission
 Cumbria Broadleaves
 Dartmoor National Park
 Dava Enterprises Ltd
 Dee (Kirkcudbright) District Salmon Fishery Board
 Deer Commission for Scotland
 Deer Initiative
 Disability Rights Commission
 District Planning Officers' Society
 Donald McPhillimy Associates
 Dormont Estate
 Dumfries and Galloway Enterprise
 Dunbartonshire Enterprise
 East Ayrshire Woodlands
 East Midlands Regional Development Agency
 East of England Development Agency
 Egger (UK) Ltd
 English Heritage
 English Nature
 English Partnerships
 English Tourist Board
 Enterprise Ayrshire

Environment Agency
 Environment Trust
 Environmental Council
 Equal Opportunities Commission
 Esso UK plc
 Euroforest Ltd
 Exmoor National Park Authority
 Farmers' Union of Wales
 Farming & Wildlife Advisory Group
 Federation of Small Businesses
 Field Studies Council
 Fife Enterprise
 Fleet Fishery Board
 Flintshire Woodlands
 Forest Design Services
 Forest Education Initiative
 Forest Industries Development Council
 Forest of Avon
 Forest of Bradford
 Forest of Burnley
 Forest of Marston Vale
 Forest of Mercia
 Forest Tree Seed Consultancy
 Forestry & Arboriculture Safety and Training Council
 Forestry and Timber Association of Great Britain
 Forestry Commission
 Forestry Contracting Association
 Forestry for People Panel
 Forestry Investment Management
 Forth Valley Enterprise
 Fountain Forestry
 Freightliner Scotland Ltd
 Freshwater Fisheries Laboratory
 Freuchie Community Council
 Friends of the Earth
 Friends of the Lake District
 Game Conservancy
 Game Conservancy Trust
 Garden History Society
 Gittins Woodland Management
 Glasgow Development Agency
 Gordon Woodlands Ltd
 Government Office for London
 Government Office for the East Midlands
 Government Office for the Eastern Region
 Government Office for the North East
 Government Office for the North West
 Government Office for the South East
 Government Office for the South West
 Government Office for the West Midlands
 Government Office for Yorkshire & The Humber
 Grampian Enterprise Ltd
 Grampian Woodland Project
 Great North Forest
 Great Western Community Forest
 Greening for Growth
 Greenwood Community Forest
 Groundwork
 Groundwork Trust Wales
 Groundwork Wales
 Heritage Lottery Fund
 Highland Birchwoods
 Highlands and Islands Enterprise
 Hill Farming Initiative
 Historic Scotland
 Horticultural Trade Association
 Hugh Weeldon & Co
 I M Forestry
 Iggesund Forestry (UK) Ltd
 Institute of Biology
 Institute of Chartered Foresters
 Institute of Horticulture
 Institute of Leisure and Amenity Management
 Institute of Terrestrial Ecology
 Institution of Environmental Sciences
 International Tree Foundation
 Inverness and Nairn Enterprise
 James Jones & Sons Ltd
 John Clegg & Co
 John Gordon and Son Ltd
 Joint Nature Conservation Committee
 Laid Grazings Committee
 Lake District National Park
 Lanarkshire Development Agency
 Landlife
 Landscape Institute
 Lantra
 Learning Through Landscapes
 Linking Environment and Farming
 Llysfasi College of Agriculture
 Local Government Association
 Loch Lomond & the Trossachs Interim Committee
 Lochaber Limited
 London Ecology Unit
 London Tree Officers Forum
 Lonsdale Forestry Ltd
 Lothian and Edinburgh Enterprise Ltd
 Macaulay Land Use Institute
 Marches Woodland Initiative
 McNeill Estates
 Mersey Forest
 Metropolitan Planning Officers' Society
 Millennium Commission
 Moray, Badenoch & Strathspey Enterprise
 Mountaineering Council of Scotland
 National Association for AONBs
 National Association of Local Councils
 National Association of Tree Officers
 National Caravan Council
 National Council for Voluntary Organisations
 National Farm Attractions Network
 National Farmers Union
 National Farmers Union of Scotland
 National Forest Company
 National Heritage Memorial Fund
 National Housing and Town Planning Council

National Park Officers Group
 National Playing Fields Association
 National Silvopastoral Network
 National Trust
 National Trust for Scotland
 National Urban Forestry Unit
 Natural Environment Research Council
 New Opportunities Fund
 Nordic Timber Council
 North East Development Agency
 North East Native Woodlands
 North Highland Forest Trust
 North Highland Native Woodlands
 North of England Assembly
 North of Scotland Water Authority
 North Wales Wildlife Trust
 North West Development Agency
 North West Sutherland Native Woodlands Initiative
 North York Moors National Park Authority
 One North East
 Orkney Enterprise
 Ormsary Farmers
 Oxfordshire Woodland Project
 Paper Education & Training Council NTO
 Partners in the Countryside
 Peak District National Park Authority
 Pembrokeshire Coast National Park
 Planning Officers Society
 Plantlife
 Railtrack PLC
 Ramblers Association
 Ransford Sawmills
 Raymond Barker & Co
 Red Rose Forest
 Reforesting Scotland
 Renfrewshire Enterprise Company
 Responsible Forestry Programme Soil Association
 Rockingham Forest Trust
 Ross & Cromarty Enterprise
 Royal Agricultural College
 Royal Agricultural Society for England
 Royal Automobile Club Motor Sports Ass.
 Royal Forestry Society of E, W & NI
 Royal Horticultural Society
 Royal Institution of Chartered Surveyors
 Royal Institution of Chartered Surveyors in Scotland
 Royal Scottish Forestry Society
 Royal Society for Nature Conservation
 Royal Society for the Protection of Birds
 Royal Town Planning Institute
 Rural Agricultural & Allied Workers
 Scottish Agricultural College
 Scottish Anglers National Association
 Scottish Association of Woodworkers
 Scottish Borders Enterprise
 Scottish Conservation Projects Trust
 Scottish Crofting Foundation
 Scottish Enterprise
 Scottish Enterprise Ayrshire
 Scottish Enterprise Tayside
 Scottish Environment Link
 Scottish Environment Protection Agency
 Scottish Green Party Council
 Scottish Landowners Federation
 Scottish Native Woods
 Scottish Natural Heritage
 Scottish Rights of Way and Access Society
 Scottish Wildlife Trust
 Scottish Woodlands
 SFS Working Group
 Shetland Enterprise
 Silvanus Trust
 Skye and Lochalsh Enterprise
 Small Business Service
 Small Woods Association
 Snowdonia National Park
 Society of Local Council Clerks
 Soil Association
 South East England Development Agency
 South West Forest
 South West of England Regional Development Agency
 South Yorkshire Forest
 Southdean Community Council
 Southwest Community Woodlands
 Sport England
 Sustainable Forest Management
 Sustainable Stewartry
 Sustrans
 SWT Fife & Kinross Tree Group
 Tayside Native Woodlands
 Tees Forest
 Tenant Farmers Association
 Thames Chase Community Forest
 Tilhill Economic Forestry
 Tillicoultry Community Council
 Timber Research & Development Association
 Timber Trade Federation
 Town and Country Planning Association
 Tree Council
 UK Forest Products Association
 University College of Wales
 University of Aberdeen
 University of Dundee
 University of Edinburgh
 University of Oxford
 University of St Andrews
 University of Wales
 UPM - Kymmene UK Plc
 Vincent Wildlife Trust
 Wales European Funding Office
 Wales Tourist Board
 Watling Chase Community Forest
 Welsh Development Agency
 Welsh Local Government Association
 Wessex Coppice Group
 West Highland Native Woodlands

West Lothian SWT Wildlife Group
West of Scotland Archaeology Service Steering Group
Western Isles Enterprise
Wildlife and Countryside Link
Wildlife Trusts
Wood Panel Industries Federation
Woodland Trust
World Wildlife Fund Cymru

World Wildlife Fund for Nature
WWF Scotland
Yorkshire & Humber Regional Development Agency
Yorkshire Agricultural Society
Yorkshire Dales National Park Authority
Yorkshire Forward
Yorwoods
Youth Hostels Association

APPENDIX F

ORGANISATIONS AND INDIVIDUALS WHO RESPONDED TO THE CONSULTATION

Aberdeenshire Council	Macaulay Institute
Advantage West Midlands	Manning, A
Angus Council	Midlothian Council
Argyll and Bute Council	National Forest Company
Armstrong, M	National Trust
Association of National Park Authorities	National Trust for Scotland
Bidwells	Natural Environment Research Council
Brecon Beacons National Park	Nexfor
British Association for Shooting and Conservation	NFU Cymru
British Ecological Society	Norfolk County Council
Buccleuch Estates	Northamptonshire County Council
Cahalan, C M	Orkney Islands Council
Central Scotland Countryside Trust	Perth and Kinross Council
Chatsworth Estate	Pommerening, A
Coal Authority	Ramblers Scotland
Council for Scottish Archaeology	Rogers, M T
Council for the Protection of Rural England	Royal Institution of Chartered Surveyors in Scotland
Country Land & Business Association	Royal Society for the Protection of Birds
Countryside Agency	Rutland County Council
Countryside Council for Wales	School of Agricultural and Forest Sciences, University of Wales, Bangor
Department of Agriculture and Forestry, University of Aberdeen	Scottish Crofting Foundation
Edinburgh City Council	Scottish Enterprise
Edwards, F E	Scottish Environment Protection Agency
English Nature	Scottish Forest Industries Cluster
Environment Agency	Scottish Landowners Federation
Essex County Council	Scottish Natural Heritage
Falkirk Council	Scotways
Farmers' Union of Wales	Silvanus Trust
Forest Industries Development Council	Small Woods Association
Forestry and Timber Association	South West of England Regional Development Agency
Forestry Unions	Stirling Council
Friends of the Lake District	Suffolk County Council
Gateshead Council	Teasdale, J B
Glasgow City Council	Thames Chase
Gordon Woodlands Ltd	UK Agroforestry Forum
Hertfordshire County Council	UK Forest Products Association
Institute of Chartered Foresters	Waterson, H A
Institution of Environmental Sciences	Wilson, Scott McG
Isle of Anglesey County Council	Woodland Trust
Jeffers, J N R	Yorkshire and Humber Assembly

APPENDIX G

DRAFT FORESTRY CONCORDAT

Preamble

1. This concordat is an agreement between the Minister of Agriculture, Fisheries and Food, the Scottish Ministers, and the Cabinet of the National Assembly for Wales (the “parties”). It establishes an agreed framework of co-operation for all matters relating to forestry. It operates in accordance with the principles outlined in the overarching Memorandum of Understanding (MOU) and the concordats on co-ordination of EU policy issues and on international relations. It is consistent with the main concordat between the Ministry of Agriculture, Fisheries and Food (MAFF) and the Scottish Executive.
2. This concordat is not intended to constitute a legally enforceable contract or to create any right or obligations which are legally enforceable. It is intended to be binding in honour only.

General

3. Forestry is a devolved matter as regards Scotland. In Wales, forestry functions have been transferred to the National Assembly for Wales. Decisions on forestry policy and legislation as regards England, Scotland and Wales will be respectively for the Minister of Agriculture, Fisheries and Food, Scottish Ministers and the National Assembly for Wales.
4. The Forestry Commissioners are constituted as a statutory body under the Forestry Act 1967. That Act, the Scotland Act 1988 (Cross-Border Public Authorities) (Adaptation of Functions etc) Order 1999, and the National Assembly for Wales (Transfer of Functions) Order 1999 provide that the Forestry Commissioners are responsible to:
 - a. the Minister of Agriculture, Fisheries and Food as regards England;
 - b. the Scottish Ministers as regards Scotland;
 - c. the National Assembly for Wales as regards Wales; and
 - d. all three jointly as regards Great Britain.
5. The Forestry Commission (FC) will act as the forestry department for England, Scotland and Wales, advising Ministers and Assembly Secretaries on policy matters relating to forestry, dealing with Ministerial and other correspondence and Parliamentary and Assembly Questions and briefing. MAFF, the Scottish Executive and the National Assembly for Wales will lead on the Farm Woodland Premium Scheme.
6. All parties agree the importance of close co-operation in order to achieve policy goals in the field of forestry, in particular so as to ensure that forestry policy fully reflects wider policy aims and that wider rural, environmental and agricultural policies take full account of forestry.

Communication

7. All parties recognise the importance of keeping in close touch on matters of common interest or where one party’s work may have some bearing on the responsibilities of another. This will include, as necessary, close liaison on non-devolved matters, especially where there could be an impact on devolved areas. An important objective will be the avoidance of surprises.
8. Against this background the parties commit themselves:
 - a. to ensure that they keep the other parties fully informed about relevant developments within their area of responsibility, wherever possible in writing and in sufficient time to enable the other parties to comment on

any proposals for action. A reasonable timescale should be allowed for proper consideration of comments and representations;

- b. to give appropriate consideration to the views of the other parties; and
- c. wherever possible to notify the other parties of new policy proposals in good time before they are made public (normally at least one month). “Policy proposals” include proposals for legislation and major non-statutory measures.

9. In order to enable each party to operate effectively, the parties will aim to provide each other with as full and open as possible access to scientific, technical and policy information including statistics and research and, where appropriate, representations from third parties. They will normally share information which may be of interest to the other parties, including for example keynote speeches, press notices and consultation papers.

10. In respect of confidentiality, all parties will, in accordance with paragraph 11 of the Memorandum of Understanding, treat information which they receive in accordance with the restrictions which are specified by the originator as to its usage, subject to the requirements of freedom of information regimes.

11. All parties agree to meet at least annually to discuss matters of common interest.

Forestry Commissioners

12. Subject to the need to maintain a balance between the interests represented, the Board of Commissioners will normally include two nominations from each of the parties. The Chairman of the Board will be nominated by the Minister of Agriculture, Fisheries and Food, following consultation with the other parties.

International Matters

13. It is the intention that the formulation, negotiation, implementation and enforcement of international policy, including within the EU, will be conducted in a transparent manner between the parties, subject to continued respect for the confidentiality of UK policy.

14. This section of the concordat is consistent with, and amplifies, the concordat on Co-ordination of EU Policy Issues and the European Union Policy section of the MAFF concordat. These two documents provide the overarching framework for all relevant aspects, and the more detailed arrangements for handling infraction proceedings, representation in Brussels, links with European Institutions and scrutiny of EU legislation.

15. These arrangements will rely for their effectiveness on mutual respect for the confidentiality of discussions and information (including statistics) exchanged.

16. The Minister of Agriculture, Fisheries and Food:

- a. will have overall responsibility for international negotiations on forestry matters, including the formulation of UK policy - on the basis of advice from the FC - and its pursuit in negotiations;
- b. will involve the other parties in discussions on the UK’s policy with a view to reaching an agreed line. He will seek and take into account the views of the other parties at all stages in the negotiating process.

17. The other parties:

- a. will have the right to attend appropriate meetings as part of the UK delegation. The Minister of Agriculture, Fisheries and Food will retain overall responsibility for the negotiations and will determine how each member of the team can best contribute to securing the agreed policy position. In appropriate cases, the leader of the delegation could agree to the other parties speaking for the UK in Council. Their role will be to support and advance the single UK negotiating line which they will have played a part in developing;
- b. will give their views on international proposals in good time to allow them to be taken into account;

c. will be responsible for implementing and enforcing in their territory international and European obligations.

18. The FC:

a. will take the lead in developing UK forestry policy;

b. will, in respect of its activities, prepare measures under the forestry chapter of the Rural Development Regulation;

c. will give Ministers access in good time to full and comprehensive information on international developments, including notification of relevant meetings;

d. will formally notify Ministers of new International and European commitments made by the UK Government.

Finances

19. The Minister of Agriculture, Fisheries and Food will be responsible for funding the FC's activities in England, the Scottish Ministers for funding such activities in Scotland and the National Assembly for funding such activities in Wales. A number of activities will be funded on a GB basis by the Minister of Agriculture, Fisheries and Food. These activities will be defined as international policy, plant health and forest reproductive materials, Commissioners and their immediate staff, research and pensions for former FC staff. The Minister of Agriculture, Fisheries and Food will consult other parties on the funding of these activities, including on the detailed programme of research projects.

20. In accordance with Section 45 of the 1967 Act (as amended) and Schedule 7 of the Government of Wales Act, the FC will present annual reports and accounts to the Minister of Agriculture, Fisheries and Food, the Scottish Ministers and the National Assembly for Wales on how its funds have been spent. These reports and accounts will be subject to audit.

21. The respective administrations will co-operate fully on the exchange of financial information necessary to promote effective resource planning and monitoring. The FC will provide all high-level financial and resource information required and the other administrations will keep the Forestry Commission fully informed of financial priorities and required procedures to meet the planning and monitoring requirements of the UK Parliament, the Scottish Parliament and the National Assembly for Wales.

Effects of Decisions on Other Parts of Great Britain

22. The FC will advise all parties where implementation of new policies within their territory would be likely to have financial consequences for any other parts of Great Britain. Where any of the parties, having received this advice, decide that they wish to proceed, the necessary transfers of funding will be agreed between the parties, before the change of policy is implemented.

EU Funding

23. The FC is the paying agency accredited by the European Commission to disburse EAGGF funding for the Woodland Grants Scheme and will continue to seek EU co-funding for the scheme. The FC, MAFF, the Scottish Executive and the National Assembly for Wales will keep each other fully informed in good time on all EU funding issues likely to have an impact on forestry, rural, environmental and agricultural matters. The FC will account fully to all parties for any EU forestry funding received in respect of its activities.

24. The respective administrations will liaise closely to ensure that relevant EU-funded schemes are administered consistently and in such a way as to minimise the risk of disallowance. Responsibility for any disallowance will be determined in accordance with the provisions of the Concordat on Co-ordination of European Union Policy Issues.

FC Staff

25. The Minister of Agriculture, Fisheries and Food will consult the other parties on any changes to the terms and conditions of FC staff and the Forestry Commissioners, including superannuation arrangements.

Reaching Agreement

26. All parties commit themselves to conduct business, wherever possible, through normal administrative channels. Where a dispute arises which cannot be resolved bilaterally or through the Secretaries of State for Scotland and Wales, the matter may formally be referred to the Joint Ministerial Committee (JMC). Any meetings of the JMC on forestry matters will normally be convened and chaired by the Minister of Agriculture, Fisheries and Food.

Review of Concordat

27. This concordat will be reviewed after one year, three years and thereafter at five-year intervals. Any of the parties can seek an additional review if they think it necessary. Any changes made to the concordat must be with the agreement of all parties.

APPENDIX H

EVALUATION OF OPTIONS

Evaluation Criteria

1. In order to assess the relative merits of the three options the Review Group developed a number of evaluation criteria. These were as follows:

(a) **Transparency and Accountability** – how easy will it be to understand each option (by governments, NGOs, customers, and the public)? Will the boundaries of the new institutions' interests be clear to other government organisations, with minimal overlap? What is the degree of complexity, for example by having multiple institutions? Are the lines of accountability and reporting clear?

(b) **Integration** – how well will each option achieve integration with other rural affairs activities in each of the countries? Will it help to support enhanced policy development and delivery? Is there scope for co-ordinated activity between the three countries or will it lead to competition (e.g. for new investment in the wood-processing sector)?

(c) **Responsiveness** – how well can each option respond to policy needs in each of the three countries and at the UK/GB-wide level?

(d) **Timescale for Implementation** – how long will it take to establish the new arrangements? If the timescale is long, are there intermediate options that could be deployed?

(e) **Delivery** – how effective will the options be in delivering forestry policy and programmes? Will there be gains in the quality and quantity of policy delivery?

(f) **Financial** – what are the transitional costs of setting up the options as well as the predicted running costs (assuming that programme costs remain constant)? How do these compare to current costs? What savings will be achieved? What is the payback period for recouping the transitional costs? Are there implications for EC Paying Agency Status?

(g) **Sustainability** – how will the options operate effectively in the longer term?

Evaluation of Options

2. The Group considered each of the options against the Evaluation Criteria described in paragraph 1 above. The results of this are summarised in Table H.1.

Table H.1 Evaluation of Options

Evaluation Criteria	Current Arrangements	Administrative Approach	Legislative Approach
<p>Transparency and accountability</p>	<p>Lack of clarity and transparency where there is a GB-wide Forestry Commission delivering policies that are devolved to the country administrations. Forest Enterprise arrangements vis-à-vis devolution to be clarified by the conclusions of the Stage 2 Quinquennial Review document and (draft) Framework document.</p>	<p>Memoranda of Understanding would provide a formal and transparent framework for setting out the nature and extent of devolved responsibilities, aligned to the specific needs of the three administrations and the UK Government.</p> <p>The three new Forest Enterprise agencies would be directly aligned to the policy frameworks of the devolved administrations as set out in the country forestry strategies.</p> <p>Heads of National Offices would become additional Accounting Officers.</p>	<p>Transparency and accountability would be maximised as domestic policy and delivery would be the sole responsibility of the devolved administrations.</p> <p>Amendment of the Forestry Acts could remove the potential conflict of interest between the Forestry Commission’s responsibility for regulation of the forestry industry and its responsibility for Forest Enterprise as the largest single operator in the marketplace.</p>
<p>Integration</p>	<p>Relies on informal arrangements and communication.</p> <p>Draft concordat operating.</p>	<p>Memoranda of Understanding would specify extent of integration and provide a basis for ongoing management of the relationships between the Forestry Commission’s National Offices and the Rural Affairs Departments.</p> <p>Devolved administrations more closely involved in development of international and research policy.</p>	<p>Would achieve complete integration of policy, policy advice and delivery.</p> <p>Devolved administrations more closely involved in development of international and research policy.</p>

<p>Responsiveness</p>	<p>Current arrangements have demonstrated an ability to operate within an increasingly devolved environment.</p>	<p>Responsiveness would be enhanced through closer, and more formal, integration.</p>	<p>Responsiveness would be enhanced through closer, and more formal, integration.</p>
<p>Timescale for implementation</p>	<p>Immediate - ongoing.</p>	<p>Within 12 months of decision to proceed?</p>	<p>Would depend on timescale(s) for legislation.</p>
<p>Delivery</p>	<p>Delivery mechanisms (e.g. Forestry Commission’s Woodland Grant Scheme) are increasingly being aligned to the policy priorities of the devolved administrations as set out in the country forestry strategies.</p> <p>International policy is fully integrated at UK level but input by devolved administrations is not clear. Industry and research are integrated at GB levels but are handled separately for NI.</p>	<p>Delivery mechanisms (e.g. Forestry Commission’s Woodland Grant Scheme) are increasingly being aligned to the policy priorities of the devolved administrations as set out in the country forestry strategies.</p> <p>Management of forest estate more closely aligned to land-use policies.</p> <p>Strengthens current arrangements for supporting international forestry policy (reserved matter) and research.</p>	<p>Would also provide opportunities to modernise legislation to underpin current delivery opportunities and instruments.</p> <p>Management of forest estate more closely aligned to land-use policies.</p>

<p>Financial</p>	<p>No transitional costs. Current operating costs may be marginally higher than with options 2 & 3 (where economies of scale might be achieved through shared common services). Barriers exist through lack of common systems such as IT.</p>	<p>Transitional costs are likely to be relatively low and primarily internal to the Forestry Commission through the repositioning of staff away from the Headquarters structure to the National Offices in respect of devolved functions. Maintains the status quo for international forestry, research and grants. This option, as with the legislative option, has scope for economies of scale through shared common services.</p>	<p>Highest transitional costs, including legislative time and formal redeployment (including transfers/redundancies) of staff but there would be greater scope for longer-term savings. Factors might include increased costs through replication of functions in each country offset by co-operation arrangements as these evolve. These might be offset by reductions in marginal overhead costs through economies of scale with shared common services. Approach would enhance Rural Affairs Departments’ financial planning.</p>
<p>Medium and long-term sustainability of the present arrangements including the balance between sectoral and national interests</p>	<p>Arrangements operate through shared (informal) understanding between officials. Arrangements not sustainable in the medium to longer term.</p>	<p>New UK Forestry Ministers Committee set up to oversee arrangements and discuss handling of cross-cutting issues and international forestry policy. Memoranda of Understanding between Forestry Commission and devolved GB administrations set out working relations with closer integration of forestry with rural affairs interests. Board of Forestry Commissioners continues, ensuring Forestry Commission accountable to Westminster Parliament, Scottish Executive and National Assembly for Wales through corporate plans, accounts and annual reports.</p>	<p>New UK Forestry Ministers Council set up to oversee arrangements and discuss handling of cross-cutting issues and international forestry policy. Existing concordats amended, as necessary, to reflect additional forestry responsibilities of the Rural Affairs Departments.</p>