

THE SIXTY-SEVENTH MEETING OF THE EXECUTIVE BOARD
HELD IN THE SILVAN HOUSE BOARDROOMS
ON WEDNESDAY 4 JUNE 2014

MINUTES

Members: Bob McIntosh (Chair), Wilma Harper, Jean Lindsay, James Pendlebury and Paul Snaith

Guests: Janine Emerson (agenda item 6 only) and Helen Paterson (agenda item 5 only)

Secretary: Stephen Bennett

Apologies were received from Ian Gambles.

1. **Minutes of the previous meeting and matters arising**

The minutes of the meeting held on 5 March 2014 were agreed.

Four matters arising were discussed:

- **Health and Safety**

EB members expressed concern about the recent accidents and fatalities at Rally Driving events in Scotland. The Chief Executive of Forest Enterprise Scotland had engaged the Rally Driving event organisers to explore what they were doing to improve Health and Safety at their events. The Head of the Health and Safety team would engage with and discuss this issue with the FC's Head of Recreation in Scotland.

- **Appointments**

Interviews for a new non-executive Commissioner for England had taken place and appointable candidates identified. A submission for Defra Ministers had been prepared. A submission to Scottish Ministers would be prepared shortly to seek appointment of a Scottish Commissioner to replace Hamish Macleod and to seek permission to re-appoint Amanda Bryan for a further three years.

- **Observatree**

This project was progressing; the EB would receive an update at their meeting in September.

- **Corporate Plans**

All of the Corporate Plans had been approved by Ministers. They were now being formatted prior to publication.

2. FC England – Change Programme Update.

The EB was updated on progress with Defra and FC England's Woodlands Policy Enabling Programme (WPEP).

Work continued to ensure closer working arrangements between Defra and Forest Services. The transfer of EU payments to the Rural Payments Agency (RPA) was also progressing. The RPA had advised that it would set up admin hubs at locations to be determined. However, the FC's legacy grant systems and payments would continue to be maintained and managed by the FC.

With regard to the Public Forest Estate Management Organisation (PFEMO), policy instructions were now as advanced as they could be prior to beginning pre-legislative scrutiny. Overall, good progress was being made but there were a number of outstanding issues e.g. on the role of the guardians. FEE+ was being developed to support the transition to the new PFEMO. This was moving quickly and the senior staffing structure required was now being considered.

3. Central Services Update

Director Central Services advised that the WPEP Cross Border project was making progress and currently looking at scenarios and criteria of options for potential future delivery models.

The Shared Services Agreement and Change Protocol had been published and work on the Staffing Protocol and review of governance arrangements was progressing well. The Shared Services 'Roadmap' was nearly complete.

4. Finance and Information Systems Update

Initial discussions had been held with HMRC about its review of the home-to-office use of FC cars.

Preliminary discussions were also held with HMRC on its upcoming employer compliance audit. The operation and compliance around payroll was low risk and HMRC would focus on payments to individual contractors, including volunteers (to determine whether the individual was a contractor or an employee) and travel, etc. expenses. The latter was wide reaching and included examination of home working, employees with more than one base for tax purposes, relocation/detached duty, hospitality and rewards. With regard to relocation, the FC would continue with its current approach and policies but the business would need to be aware that the costs would rise as the tax implications would

need to be met by the business rather than the individual under the current FC approach.

A separate HMRC audit team was looking at the FC's compliance with VAT legislation. It was not possible to quantify any financial consequences until HMRC concluded its work with the rest of the FC.

Natural Resources Wales had provided formal notification of their intention to reach complete independence from FC systems by April 2017. NRW intended that their new financial ledgers would be in place by October 2014 and fully operational by April 2015. This would involve a considerable amount of FAS time in the three phases of the project covering data migration, knowledge transfer and interface design.

Actions: Paul Snaitth

5. HR Update

The current Payroll system was not compliant with the 2015 pension interface. A Working Group had been established to review and recommend actions to introduce a new payroll system by April 2015. The Working Group would ensure that the new system will support any future changes to the Forestry Commission structure.

The HR Management Board (HRMB) had agreed that Public/Privilege/Additional (PPA)s should accrue during maternity, paternity and adoption leave to ensure compliance with statutory legislation. This decision was taken in response to a 2008 HR Directors' Bulletin only recently brought to the FC's attention. The Bulletin highlighted amendments to the Sex Discrimination Act in April 2008 stating that employees on maternity/paternity and adoption leave should benefit from all their contractual terms (excluding remuneration) throughout the whole of their leave. Benchmarking against seven other Government Departments showed that they all allowed accrual of PPAs in this situation.

The HRMB agreed that staff would be required to use any accrued PPAs prior to their return from maternity, paternity or adoption leave as this would be less disruptive for the business.

Given that these changes should have been implemented in 2008, the HRMB agreed that payment for those affected should be backdated to 2008 and that those currently on leave should be given the option of taking the PPAs or being paid for them. The estimated cost of paying the backdated accrued leave was £120,689. Estimated costs by country were £6,377 for Central Services, £11,034 for FR, £44,858 for FC Scotland and £58,420 for FC England.

The refreshed FC Values would be launched shortly. Posters would be sent to all cost centres and a personal leaflet issued to all members of staff.

The 2013/14 accident statistics have been published on the intranet. FC employee accidents reported to the Health and Safety Executive have fallen from 21 (707 per 100,000 employees) to 11 (439 per 100,000 employees).

Additional guidance on pre-commencement meetings and contract management had been produced and training seminars for staff, customers and contractors would be provided. The objective of the training was to improve our management of health and safety in contracts.

In the pre-commencement meeting process gateways were now in place to get information before work starts and to remove pressure at the site meeting.

In contract management a Red / Amber / Green system had been introduced. As part of this, the FC would manage all of its contracts to make sure that we challenge and deal effectively and consistently with any unsafe actions and situations. Contract managers, if need be, would put work 'on hold' until the root causes of an unsafe action or condition could be discussed and reconciled.

The FC's staffing figures were currently 63 full-time equivalent posts below the business plan baseline.

5b. Pay 2014-15

EB members took the opportunity to have an initial discussion on the options for Pay 2014-15 in advance of their meeting to discuss this issue formally in July, by which time they will have the benefit of the views of the FCTU.

The Civil Service Pay Guidance detailed the framework within which the FC will set pay. This year the FC was again expected to implement the 1% pay policy which meant a limit of 1% on the percentage increase in pay bill cost for 2014-15. All elements which increased the pay bill cost must be included within the 1% e.g. changing pay scales; increasing or adding allowances; all non-consolidated increases; increasing or adding non-pay elements. The Pay Guidance required all Departments to implement a one-year deal only.

Non-payment of pay progression continued to be an issue for staff. However, it was not only unaffordable within an average 1% increase in pay bill, but Cabinet Office had encouraged Departments to remove progression arrangements, spine points in pay scales, whether or not they were a legal entitlement, by 2015-16.

The EB was informed about staff feedback. Staff had expressed a range of views but the majority favoured an option that gave all staff a raise of a fixed amount and continued shortening of the pay scales.

The EB agreed the following primary aims for the pay award 2014-15:

- Every member of staff would receive an award. This would be a flat rate/fixed amount. If possible it would be no less than £200 (the amount paid last year).
- The award would improve the FC's gender pay gap.

EB members also agreed the following secondary aims:

- Shortening pay scales where possible. It would not be possible to shorten them all.
- Addressing 'leapfrogging' anomalies.

With regard to the secondary aims, priority would be given to shortening the pay scales, as it was recognised by EB members that there would probably not be enough money available to address further anomalies given their primary aims.

EB members gave considerations to a number of options and preferred the combined options set out in the paper, particularly options 12 and 13. These options will be worked up for consideration at a formal meeting in July.

In order to be able to implement the pay changes in October salaries, Ministers needed to agree the FC's proposed pay remit prior to their summer recess. Once Ministerial approval was received, details of the award would be negotiated with the Unions.

6. Homeworking

The HR Management Board had asked that the FC's current policy and procedure on homeworking should be reviewed and confirmed that:

- homeworking was not an entitlement;
- not all roles would be suitable;
- managers would decide if there was a business requirement for all or some of a job to be carried out at home; and,
- if an individual wished to work regularly from home an application must be made using the HR Policy & Procedure – Flexible Working.

The FC's Homeworking Facilities Allowance was paid to employees who were required to work from home due to business requirements and there were two rates:

- a higher rate (£2214 per year) which was payable when there was no FC office available and the employee works only from home; and
- a lower rate (£738 per year) which was payable when there was a business need for the employee to regularly work part of their contractual hours at home and the remainder from a FC office.

However, HMRC guidance indicated that any reimbursement for formal homeworking should be based on actual costs. However, given that it could be difficult to calculate this, HMRC allowed employers to make a non-receipted tax exempt payment of £18 per month (£216 per year). Benchmarking demonstrated that, of the Government Departments contacted, 60% paid no allowance for homeworking. Those that did, paid on the basis of the HMRC rate or actual expenditure incurred.

The EB considered and endorsed the recommended changes to the homeworking policy and the FC moving to a new homeworking facilities allowance in line with HMRC guidance in order to demonstrate public accountability.

EB members also agreed to buy out those on the existing homeworking facilities allowance. The terms of this would be negotiated with the FC Trade Unions to achieve a buy-out period that was both fair to individuals and also achieved cost savings to the business within a reasonable timescale.

Actions: Janine Emerson

7. Post-filling and Promotion Survey

The EB was informed of the outcome of the research to explore staff attitudes to the FC's post-filling and promotion procedures.

The EB noted that HR had subsequently developed an action plan to take forward steps to improve HR processes, procedures and systems.

However, as many of the issues raised during the research were linked to management patronage, EB members agreed that actions would be built into their Staff Survey Action Plans to attempt to alleviate this perception by staff. To inform this process, the HR team would draw out for the business some key actions suggested by staff to reduce the likelihood of management patronage influencing the outcome of the post-filling and promotion systems.

Action: Jean Lindsay

8. Meeting of the Senior Staff Group

EB members decided that the meeting of the FC's Senior Staff Group provisionally scheduled for early September would not go ahead. Consideration would be given to scheduling a meeting when the outcomes of pending political decisions were known.

The Senior Staff Group would be advised accordingly.

Action: Stephen Bennett

9. Any Other Business

One item of other business was raised:

- **Staff Benefits**

EB members decided that they would subsidise staff Christmas lunches this year up to a maximum of £25 per head, for food only.

All senior managers would be advised of this decision at an early opportunity to ensure consistency of approach.

Action: Jean Lindsay

10. Date of next meeting

The next meeting of the EB was scheduled for 9am, Tuesday 9 September 2014, in the Silvan House Boardrooms.