

THE SIXTY-EIGHTH MEETING OF THE EXECUTIVE BOARD
HELD IN THE SILVAN HOUSE BOARDROOMS
ON TUESDAY 9 SEPTEMBER 2014

MINUTES

Members: Bob McIntosh (Chair), Ian Gambles, Wilma Harper and James Pendlebury

Guests: Kate Hutchinson (agenda item 8 only), Helen Paterson (agenda item 6 only), Emily Ramsay (agenda item 5 only) and Nicol Sinclair (agenda item 7 only)

Secretary: Stephen Bennett

Apologies were received from Jean Lindsay.

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

The minutes of the meeting held on 4 June 2014 were agreed.

One matter arising was discussed:

- **Appointments**

Interviews for a new non-executive Commissioner for England had taken place on 7 May and appointable candidates identified. The Secretary of State would meet appointable candidates later in September. Scottish Ministers had approved the re-appointment of Amanda Bryan for three years from July 2015 and the process to appoint a Scottish Commissioner representing the timber trade (to replace Hamish Macleod) was at sift/interview stage.

2. **FC England – Change Programme Update.**

The EB was updated on progress with the FC England change programme.

With regard to the Public Forest Estate Management Organisation (PFEMO), progress had slowed and would not pick up again until after the 2015 General Election. In the meantime, Forest Enterprise England + was being developed to support the transition to the new PFEMO. This was moving more quickly. A governance structure and payment for ecosystem services model were in development and appointments had been made to senior posts.

The transfer of EU payments to the Rural Payments Agency (RPA) was also progressing. It was now known that no Forest Services staff would be transferred to Natural England and that the FC's legacy grant schemes would continue to be administered by the FC. The RPA had announced that they expected to base NELMS transactional services in York.

A consultation would be launched on October on the reconfiguration of Forest Services.

Planning was in hand for changes to the England National Office team to reflect wider organisational changes. An important first step was the development of Service Level Agreements with FEE and FS.

All plans for the future would need to accommodate political variables. It was agreed likely that forestry would feature in the political party manifestos for the upcoming election. This would inform the planning process.

Director Scotland indicated that should the results of the Scottish Independence Referendum result in an independent Scotland, setting up a new Scottish forestry organisation might not be an initial priority for the Scottish Government. Director, England noted that the implications of a 'No' vote for the pace of change in the FC were unclear at this stage.

3. Defra Funding 2015-16 Onwards

As the Defra financial planning process would not be finalised until November there would be a subsequent impact on the FC Business Planning process/timetable. FCE Finance Director had initiated the annual business planning round later than usual because of the uncertainty surrounding the 2015-16 allocation.

Director England confirmed that the Ministerial decision to halt any sales of FC land remained in place.

Director England would shortly initiate a pre-planning stage for Spending Review 2015.

4. Shared Services Update

EB members reviewed the update paper and discussed the following key issues:

- **Shared Parental Leave**

Shared Parental Leave (SPL) was a new system of parental leave and pay, available to both parents on an equal basis. The Children and Families (C&F) Act 2014 contained the necessary legislative provisions to implement SPL. The C&F Act 2014 had created a new employment right to SPL and statutory shared

parental pay for eligible working parents. Therefore, eligible parents could choose to end the mother's maternity leave and pay (by returning to work) and share the untaken balance as SPL and pay with their partner. Civil Service Employee Policy was developing the SPL policy, procedure and supporting products to provide guidance on this new statutory right for employees. However, there was one major hurdle to implementation of the new policy: the pay approach to SPL in the Civil Service had not been determined, which means payments could be at a Statutory or Contractual level. Furthermore, there was yet to be a decision whether there would be a single approach to the pay issue across the Civil Service or whether the final decision would be delegated to Departments. It was impossible to gauge just how much take up there would be, especially until a decision was taken on the pay approach.

- **Payroll**

The new payroll system would be compliant with the 2015 pension interface, compatible with the FC IT infrastructure and adaptable to support any future changes to the FC structure. EB members requested that the contract also be adaptable to maintain supply to the component parts if the FC organisation is split apart. The possibility of this would be discussed with the supplier.

- **IT**

EB members requested an update on key IT development issues at their next meeting in December.

Actions: Jean Lindsay

5. Health and Safety Policy Statement

After a minor amendment, EB members agreed the FC Health and Safety Policy Statement.

The EB also noted and approved the progress made by the Health and Safety Strategy Group and Health and Safety Committees.

6. Pay & Reward Strategy

EB members acknowledged that reforming the pay system within the restrictions of a 1% public sector pay policy had been challenging. However, they were pleased that the FC had managed to:

- Shorten pay bands by progressing staff on the minimum;
- Resolve the issue of overlapping;
- Remove the Civil Engineer Overtime rule; and
- Start the review of Operational Pay.

Current Government pay policy had resulted in pay awards being restricted to an average 1% increase in pay bill for three years following the pay freeze (up to 2015 for the FC). Pay restraint was likely to continue and potential pay reforms could only be considered in the context of a restricted pay award.

The EB was advised that all Departments had been advised to remove pay progression arrangements whether or not they are a legal entitlement. For the FC this meant that all steps within pay bands would need to be removed in the 2015 Pay Award. This would result in each pay band having a top and bottom level indicating the salary range and staff could be paid anywhere within that range.

In 2014 the Government launched a three-year pilot scheme intended to explore a new method of pay restraint where the overall pay budget was controlled by the organisation rather than the restriction on a 1% average award. DEFRA and the Intellectual Property Office were participating in the pilot. They had to agree a baseline with Treasury and then keep their pay bill within that pre-determined budget. The implications of the pilot on future pay awards would not be known until 2017/18. EB members asked to be kept informed of progress with this.

EB members noted the Equal Pay Audit and the reduction in the gender pay gap from 22% in 2009 review to 9% in 2013/14 and noted that the gender pay gap was now below 5% in every pay band. EB members confirmed that they were content with the recommendations of the Equal Pay Audit and that it should be shared with the FC Trade Unions. The EB noted that the pay and reward recommendations would be built into the new strategy.

The EB also agreed that a communication plan would be developed to share with staff the aims of the pay strategy.

Actions: Helen Paterson

7. Costs and Liabilities when dealing with NRW

EB members discussed issues associated with charges to Natural Resources Wales (NRW). It was recognised that NRW was under pressure to reduce costs and realise the financial benefits outlined in the business case. EB members also acknowledged the terms of the business agreement signed by all parties when the new organisation was vested in 2013 and FC Wales was subsumed by NRW. Much of that agreement was based on Treasury guidelines and the Forestry Commission had little control over the terms and conditions. Therefore, it was felt that NRW may need to raise some of the difficult issues it was facing with the Welsh Government and Welsh Ministers.

The EB discussed the issue in detail and tasked Director Central Services with opening up discussions around this issue with NRW to try and agree a reasonable way forward.

8. Observatree and TreeAlert

EB members received a presentation about the Observatree project and Tree Alert. EB members were content with progress made to date and the direction of travel.

9. Any Other Business

One item of other business was raised:

- **Service Board Annual Reports**

EB members confirmed that they were content with the Service Board Annual Reports. It was requested that HR include in their Report some information benchmarking their performance indicators against other organisations.

10. Date of next meeting

The next meeting of the EB was scheduled for 9am, Wednesday 3 December 2014, in the Silvan House Boardrooms.