

**THE FORESTRY COMMISSION ENGLAND EXECUTIVE BOARD**  
**MINUTES OF THE 102<sup>ND</sup> MEETING**  
**Room 1, National Office, Bristol**  
**21 July 2015**

**Attendees:**

Ian Gambles  
Mark Funnell  
Mike Seddon  
PK Khaira-Creswell  
Richard Barker  
Richard Britton (by telephone)  
Richard Greenhous (by telephone)  
Sarah England  
Simon Hodgson  
Steve Meeks

Josh Roberts – Minute Secretary

**1. Welcome**

Ian Gambles opened the meeting.

**2. Minutes and Actions**

The minutes of the meeting on 1 June were reviewed and agreed as a true record.

Steve Meeks reported that his action was complete and that Forest Services (FS) was on target to spend the full RDPE grant budget this year.

Richard Greenhous confirmed his action was complete.

Richard Britton confirmed his action was complete and as a result the business cases now had a more representative definition of FS business areas.

Mark Funnell confirmed his action was complete.

**3. Finance report**

Steve Meeks updated the Board on the financial position as at the end of June 2015.

Following a request from Defra for assistance in bridging their significant budget gap they have accepted £1.2m which we had been keeping in reserve to support the WPEP Change Programme. No immediate impact on our operations, but we will require access to Defra central transformation funds if we are to deliver structural change.

£150k forecast overspend on RDEL linked to the utilisation of early retirement provisions which Defra have agreed will be dealt with in the Supplementary Estimates.

The Board discussed the Defra introduced formal gateway process for approving uncommitted spending above a £10k threshold (where this had initially been a

threshold of £25K). The Board discussed the increased pressure this put on the organisation, such as those related to funding temporary posts and maternity cover.

Steve informed the Board that unqualified accounts for both Forestry Commission England /Central Services and for Forest Enterprise England (FEE) were laid before Parliament on 11th June 2015 in line with the published timetable. The Board welcomed this news.

Richard Greenhouse raised the issue that the Tree Health budget for 2016/17 was currently unsecured and that the DEFRA plant health team were seeking to remedy this. He also brought to the Board's attention a risk that, although it had been provisionally agreed, there remained some risk that the significant amount of technical assistance bid for in 2015/16 to meet pressures arising from delays to Rural Payments might not materialise in full.

Steve reported that the risks posed by the HMRC compliance audit had been fully recognised and steps taken to deal quickly with issues. He informed the Board he would cover this in more detail during agenda item 4 on Tax.

The Board discussed the potential implications arising from the Spending Review (SR15) and how required savings could be met. The target of the spending review had yet to be announced so the magnitude or timescale were unknown, although they were anticipated to be significant and challenging and could be in the region of 25% and 40% reductions in budget. The timing of the announcement was also recognised as a further area of pressure, as the beginning of the summer holidays would mean the availability of members of staff would be lower than at other times of the year. This meant that developing proposals to meet the targets would need to take this into account.

The Board discussed and agreed the need for an all staff update once further information was known about the SR requirements.

#### **4. Tax**

Steve Meeks informed the Board that Finance and Accounting Services were close to engaging a tax professional and that FEE (and FES) were in the process of procuring tax advice.. This would provide a significant source of expertise to the Forestry Commission which would be used to manage the outcomes of the HMRC tax audit and implement the necessary changes.

Steve reported that one of the outcomes from the audit may be a necessary change to the FC's Human Resources policy. Sarah England confirmed this was likely to be the case. The change would be because the definition of temporary, dual and home based employees may not fully align with HMRC's definition, which would have an impact on the tax relief available to employees. How tax was collected depended on the travel arrangements to and from an office and was based on these definitions. Therefore the way working arrangements were defined and reported needed investigation and management. The Board discussed that the diverse travel arrangements required for the business to operate over a wide geographical area meant that the reporting would be complex and thanked Steve for his assessment. The Board also discussed the importance of protecting the terms and conditions of staff working conditions and arrangements. The Board acknowledged that the benefits of the tax advisors would be to gain a more complete understanding of the HMRC requirements so that a practical settlement could be negotiated.

Steve also reported that the other area under review was the recovery of IVAT on the purchase and maintenance of FC vehicles. The potential impact was currently being assessed but could be material. The working arrangements for vehicles which operated in both a business and non-business capacity would need to be reviewed as a result. The Board thanked Steve for his update on this matter.

## **5. FCE Health and Safety Statement of Intent**

Mike Seddon introduced Paper 15, highlighting the main points for the Board's consideration. The Board expressed that overall they were content with the Paper. However, in order to make it clear to local offices that this was an overarching policy on which to base specific local policies, it should be renamed.

**ACTION: Mike Seddon to work with Mark Funnell on finding a suitable title for the Paper, provisionally agreed as 'Our commitment to health and safety'.**

The Board thanked Mike for his paper and approved the H&S Statement of Intent and associated publication and communication, subject to the amendment of its title.

## **6. Change Portfolio**

Steve Meeks introduced Paper 16, highlighting key elements of the Paper for the Board's consideration. The Board discussed the implications of the change project, stating that it was important to make the positive messages clear to staff but also make the reality of the political and financial situation clear.

The Board agreed that the continuation of the WPEP Programme Board provided an important role in managing the upcoming development of future Forest Research (FR) and FS models, and the anticipated creation of the Public Forest Estate Management Organisation (PFEMO) subject to legislation. The Board also agreed with the Paper that some internal FC elements of the programme were now sufficiently operational that they should be officially removed from its scope and managed in separate workstreams. These included FEE+, Re-shaping FS and the refreshed FR Agency, which were already largely operating independently from the WPEP programme.

Overall the Board was content with the Paper and its assessment of the current situation and agreed that WPEP should continue, but with a refreshed focus on the longer term future of FS, FEE (as PFEMO) and FR.

## **7. Devolution of Corporate and Forestry Support Functions**

Richard Greenhous introduced Paper 17. The Board welcomed its overall recommendations, but Ian Gambles advised some of the assumptions in the Paper needed to be worked through as part of the spending review negotiation process. Ian also recommended that the final position would also be subject to discussions with which the Business Strategy Group and that this limited the ability of the England Executive Board to make final decisions now.

The Board questioned the timings of some of the changes proposed for Corporate and Forestry Support and how these would link up to the refreshed Forest Research Agency.

**ACTION:** Richard Greenhous to refine the proposals within the context of Spending Review negotiations including by testing them informally with DEFRA colleagues.

**ACTION:** Richard Greenhous to discuss with Sarah England the handling of the Paper from a staff perspective and to amend the sensitivity rating of the Paper accordingly.

Overall the Board agreed the next steps proposed in the paper but that the recommendations required further work in line with the above actions and as part of wider discussions and negotiations with Defra and Scotland on devolution and the spending review

## **8. Communications Quarterly Report**

Mark Funnell highlighted the changes to the Communications report which had occurred following the suggestions made by the Board at the last meeting. Mark proceeded to talk through the main elements of the report with the Board, providing additional detail on some of the main stories. These included the encouraging results which had occurred as a result of leadership by the FC on Oriental Chestnut Gall Wasp, both operationally and for communications, the positive coverage for this year's Forest Live programme, and the high level of social media engagement for Oak Processionary Moth.

Simon Hodgson suggested that future report cards reflected the Government's 5-year strategy and its themes.

Richard Britton raised with the Board the success of printed media used in the North West to raise awareness of the Woods for Water and Woodlands into Management initiatives. The Board agreed that it was right to target the appropriate demographics of woodland owners in each area using appropriate media.

## **9. Any other Business**

- i) The Board discussed progress towards establishing FEE+ and the legal requirements for moving to an independent Public Forest Estate Management Organisation. Simon Hodgson discussed the need to update legal scenario forecasting following the election of a new government.

**ACTION:** PK Khaira-Creswell to set up a short term task force to review and consider the legislative options for Forest Enterprise with the purpose of providing a refreshed set of scenarios and their implications.

- ii) Ian Gambles summarised his recent discussions with the Forestry Minister, Rory Stewart, for the benefit of the Board. These included the options for establishing the PFEMO and for further devolution of the Forestry Commission.

Ian Gambles closed the meeting at 15:30