

**FORESTRY COMMISSION ENGLAND
SEVENTY SIXTH MEETING OF THE NATIONAL COMMITTEE
FORESTRY COMMISSION, BRISTOL
16 SEPTEMBER 2015 AT 10.30 hrs**

Minutes

Present:

Sir Harry Studholme (Chairman)
Mary Barkham
Ian Gambles
Richard Greenhous
Simon Hodgson
Steve Meeks
Keith Oates
Shirley Trundle
Clive Tucker

Also present:

PK Khaira-Creswell
Richard Barker (Minute Secretary)

Dom Driver Agenda Item 6
Jonathan Spencer Agenda Item 6

Mark Street Agenda Item 7

1. WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting. Apologies had been received from Mark Pountain

2. MINUTES OF THE MEETING ON 22 JULY 2015

The minutes of the previous meeting were agreed as a true record.

3. MATTERS ARISING/UPDATES

CAP Reform

Richard Greenhous updated the Committee on the latest position. Payments on 7,100 schemes were due to start being made from December and claim letters would be sent out later this month. This had been helped by improved flow of data from the RPA following a data freeze since February. 45 claims remained blocked as a result of this. However FC remained dependent on the RPA's digitisation of land changes of which there was a significant backlog. The FC was working with RPA to agree relative priorities for this digitisation work.

237 of 727 Countryside Stewardship 2015 woodland capital grant applications had now been approved.

The Countryside Stewardship Woodland Improvement options had received 257 applications. This was around the maximum number that could be managed with the current manual systems, and was a good response to the new scheme.

The latest CAP Delivery (IT) programme assessment was Amber/Red for Countryside Stewardship, which meant an increased risk that critical functionality for processing forestry applications would be delayed or otherwise unavailable, putting the completion of some agreements at risk. FC was therefore working with NE and RPA on possible contingencies, noting that these would come at additional cost.

There were competing demands for CAP-D developments for 2016-17 and the Forestry Commission had yet to secure its priorities, including online applications and claims, without which continued manual contingencies would need to be sustained at continuing additional cost. It was noted that the NAO was carrying out a value for money review on the CAP Delivery programme and this was due to report in December.

Clive Tucker added that the delivery bodies' Audit Chairs who had met informally on CAP Delivery were concerned that lessons from past programmes did not appear to have been learnt.

There was a short discussion on disallowance risk, which was heightened, largely as a result of stricter European rules being more strictly applied. While there was some risk that the current increased reliance on manual systems could lead to human error, which had been the cause of previous disallowance, this was seen to be relatively less of a driver of increased disallowance risk.

Plant Health

Richard Greenhous gave an update on the latest developments on issues covered in the previously circulated England Country Report.

Oriental chestnut gall wasp: Checks were being made in preparation for coppicing at Farningham Woods.

Oak processionary moth had been found at RHS Wisley, this appeared to have been present for at least two seasons and to have avoided detection when first infested. A 2km perimeter survey was underway as required by the contingency plan. The cost of this could impact on the resources remaining available for the intended winter survey. The overall strategy would be reviewed when all the data from the current season and survey work had been collected. In discussion it was recognised that given treatment could only take place where existing nests had been found, the current strategy would always be one of catching up with where the moths had already got to.

Phytophthora ramorum had been confirmed on mature Sweet Chestnut at Duchy College in Cornwall. The novel nature of the infection meant that the FC was considering whether or not to recommend a change in approach.

The current extent of Ash Dieback infection across England was currently being established by survey. It was likely that this would confirm the wide extent of the infection. The sustainability of the current movement restrictions was therefore likely to be

questioned by the European Commission, though it seemed not immediately. A significant part of the response remained focused on how to live with the disease and replanting with alternative species; though hope remained that resistance ash would be found. Ash Die back retained its potential to be of major public concern. In the longer-term people would need to become reconciled to landscape change and adopt a proportionate approach to addressing issues such as maintaining safety where affected trees were located next to railways, highways or other public access sites.

In regard to Pine Processionary Moth it was agreed that Richard Greenhous would provide additional information to the Committee on its risk to UK woodlands and prospects of protected zone status.

The Committee was also advised that a revised Tree Health Resilience Strategy was under consideration for possible publication in 2016.

Forestry Governance

Ian Gambles provided an update on progress with the cross-border governance project, which had now had two meetings. It was making good progress, with particular emphasis on Forest Research, as well as looking at legislative issues, and financial implications. It was aiming to report to Ministers in England and Scotland before the end of March 2016. All cross border issues had now been rolled up into the Governance project and the WPEP Programme remained as an England only programme.

It was noted that any final action would be dependent on decisions by Ministers.

4. FINANCE REPORT

Paper 21/15

Steve Meeks introduced Paper 21/15 and noted that there were no major changes to the forecast since the last meeting. An additional £85k in savings had been identified by the FC Gateway process for uncommitted spending, and forecast depreciation has reduced.

Further pressures are emerging relating to tax compliance liabilities in respect of the over recovery of IVAT on non-business vehicles used by FCE and Central Services, and employee travel patterns. These were in the region of £1m and provisions were being made for this pressure.

Absorbing these pressures, in addition to the £1.2m contribution to Defra's budget pressure, means that FC's ability to find further in-year savings is severely limited.

The expectation is that all savings provided to Defra this financial year will contribute towards, and not be taken in addition to, the aggregate reductions required over the Spending Review period.

In answer to questions it was explained that a further liability could potentially emerge depending on the interpretation of the VAT rules in regard to the classification of Forest Enterprise's activities, whether they were business or non-business. The current view (of FE) was that all actions needed to maintain UKWAS compliance were business activities

including, for example, habitat management. The Chair noted that any decision on the activities of the Forestry Commission would have implications for the private sector.

It was agreed that SM would circulate a note summarising the position on the HMRC audits, including cumulative impacts (actual and potential).

Action : *Note on HMRC Tax Compliance Audits – This has now been escalated to a Paper for the ARAC on 25 November.*

5. SPENDING REVIEW

The Committee was advised that an initial SR15 return had been presented to Defra on 31 July in response to the 25% and 40% scenarios. These saving were directly linked to the structural change programme including devolution and legislative change. Separate responses had been provided on Evidence (Research), Plant Health and Workforce Planning.

Shirley Trundle gave an update from the Defra perspective, which had been to try and protect outcomes, increasing commercialisation and charging and cutting evidence spend. So far there had been an initial clarification meeting with Treasury. It was expected that decisions would be risk based and that the outcomes would not be known ahead of the Autumn statement on 25 November. Ian Gambles added that cuts of the magnitude asked would mean significant structural reform and staff losses.

6. BIODIVERSITY – THE FC’S ROLE IN THE CONSERVATION OF KEY SPECIES

Paper 22/15

The Meeting was joined by Dom Driver and Jonathan Spencer, co-authors of the Paper with Rebecca Isted, and who gave a number of practical illustrations of the current approach to the conservation of key species and how this constrained activities and how this could be changed.

The Committee gave the paper an enthusiastic welcome and were open to supporting the concept of a transformative approach to conservation rather than current restorative approach. It was recognised that the current approach was often based on a state of management at some subjectively chosen past time, when the economics of land management had been significantly different.

It was suggested that much of the Public Forest Estate and other managed woodland, both mixed and coniferous, were a rich and diverse environment in their own right. An alternative approach to maximising environmental benefit would be to manage this woodland for the best possible biodiversity outcomes, whilst still maintaining productive woodland, rather than recreating some previous land use. As a general principle allowing the land to grow what it naturally wants to grow and using economic drivers to maximise biodiversity provides an alternative approach in financially constrained times.

The Committee discussed how this refreshed approach would fit into the concept of Natural Capital and payments for ecosystem services and concluded that major change in approach would need a big and inclusive debate before being progressed, as it was fundamentally challenging the traditional approach to conservation.

The Committee noted that the work of the Natural Capital Committee could be key to valuing a new approach where there needed to be less reliance on public subsidies to achieve biodiversity gains and more reliance on productive economic activity. It was agreed that profitable woodland management activity was more likely to achieve biodiversity gains rather than doing nothing. The Committee also recognised the continuing needed to change negative public perceptions of tree felling and woodland management.

The Committee was also interested in the concept and development of rewilding which appeared to have captured the public's imagination, with Rewilding Britain having received considerable public support over the last 12 months. The Committee agreed that it would be helpful to have a visit to a rewilding project in order to expand their understanding and appreciation of the issues involved.

Shirley Trundle provided an update on the latest thinking within Defra, including an extended role for the Natural Capital Committee and the development of a 25 year biodiversity and environment plan. It was also noted that Ministers were placing great emphasis on outcomes rather than process and therefore this would need to be taken into account when engaging in the issues. It was also very unlikely that there would be any new legislation for this plan, which was a constraint that would have to be accepted.

7. FOREST HOLIDAYS/CAMPING IN THE FOREST

Paper 23/15

Simon Hodgson introduced the item and Mark Street joined the meeting. Mark explained some of the background to site selection by Forest Holidays, which had originated with an exclusivity list that had been included in the 2012 Framework agreement. This list had been in order to protect the sites if the plans to change the nature of the ownership of the estate had been taken forward.

Following on from the discussions at the April meeting a draft FH/CITF specific handling framework had been developed, EMGN4a, from the existing EMGN4 guidance. This had been developed in order to provide improved clarity of processes, remove inappropriate references to Ministerial approval and categories of Non-Forestry Developments in EMGN4 and to include site selection as well as site assessment, which the Committee had requested.

The Committee was guided through the new site handling flow chart (Figure 1) and was advised that the process would continue to be refined, as individual sites were taken through the protocol and Framework agreement.

It was suggested that some items (in EMGN4a) could still have improved clarity, especially when considered from an external viewpoint, whilst recognising that being overly prescriptive may be unnecessarily constraining during the selection and assessment process especially as detailed information on ecology etc. was not available until a full planning application was prepared. It was important to ensure there was a proportionate approach to help ensure consistency and accountability, whilst leaving sufficient space to adapt to the specific circumstances of each case. It was also pointed out that there were places where the wording needed to be checked for reciprocal consistency with EMGN4, where identical issues were being considered. This meant that EMGN4 may itself need to be revised to match the updated procedures in the new document.

It was agreed that the draft EMGN4a was an improvement and the Committee was content in principle. Mark Street was asked to discuss further drafting changes with Simon

Hodgson and Ian Gambles and to circulate a revised version for final approval by correspondence.

Simon Hodgson updated the Committee on the recruitment for a FC Director of Forest Holidays.

Action: *Mark Street to circulate a revised draft of EMGN4a for the Committee's approval by correspondence.*

8. FUTURE MEETING DATES

Paper 24/15

The paper was noted and that it would be taken forward by correspondence as not all members were available for all the dates.

9. AOB

None

Future Meetings:

25 November – Bristol (ARAC to be held before ENC)

3 February - Bristol