

**FORESTRY COMMISSION ENGLAND
SEVENTY NINTH MEETING OF THE NATIONAL COMMITTEE
FORESTRY COMMISSION, BRISTOL
7 APRIL 2016 AT 13.00 hrs**

Minutes

Present:

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

Also present:

PK Khaira-Creswell (Secretary and England SIRO)
Richard Barker (Minute Secretary)

Alec Rhodes (Item 6)
Samantha Neck (Item 6)
Mark Funnell (AOB)

1. WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting.

2. MINUTES OF THE MEETING ON 3 FEBRUARY 2016

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

3. MATTERS ARISING/UPDATES

Woodland Creation

Richard Greenhous gave an update on expectations on the current season's planting under Countryside Stewardship. Final figures, which were provisionally around 550 hectares, would be published as part of normal reporting on 26 April. However, it was noted that the published statistics would be on the basis of grants paid in the 12 months to the end of March, so additional planting that had taken place but had not yet been paid would not be taken into account in these figures. Preparations were being made to explain the discrepancy between reported planting and actual planting and help mitigate the risk that the figures could be misunderstood.

It also had to be recognised that there had been some reluctance by landowners in 2015 to take up the new woodland creation offer. This had continued to some degree in 2016,

although improvements were expected in future years, especially when the application window could be opened sooner, as planned for 2017.

The forestry innovation fund (woodland creation planning grant) had seen applications for plans covering 1,160 hectares, but it was unlikely that all of this would work through to woodland creation grant applications. In addition, other incentives were expected to be announced in the coming weeks. However, it was noted that the stop start nature of the incentives was creating some uncertainty amongst applicants, which further risked them holding schemes back.

Plant Health

Richard Greenhous reported that possible evidence of Emerald Ash Borer had been found in woodfuel imported from Lithuania. This was being investigated and the Committee would be updated with the outcome. In response to questions it was confirmed that the pest and disease pathway through importer woodfuel was recognised as a significant risk and an increased level of inspection had led to increased levels of detection of pests and diseases, which would be further strengthened by the notification scheme when that was implemented soon. If necessary, action would be taken with the authorities in the country of origin.

4. FINANCE REPORT

Paper 06/16

Steve Meeks advised the Committee that the 15/16 ledgers were closing as planned later that day and that a small managed underspend on the RDEL was expected. The key issues at the end of the year remained as predicted in the Paper. Richard Greenhous added that in addition to low application numbers, delayed claims had resulted in a carry forward of £6 million of Countryside Stewardship funding.

The Chair noted that this was a satisfactory outcome given the pressures that there had been over the year and the contribution that had been made to Departmental savings.

The update on HMRC compliance audits was noted, as was the latest information on the key issue of the HMT rule on partial exemption, which was now being questioned by HMRC themselves. This has resulted in some previous liability payments being returned to FC.

Business Plan 2016/17

Paper 11/16

Steve Meeks explained that the Business Plans had been on hold pending the confirmation of budget allocations, which had arrived the previous week. The indicative SR15 allocation for 2016/17 and the forward years was stable, although the significant savings made in 2015/16 have been carried forward into the baseline and FC will need to absorb inflationary and other pressures. There are also real risks of additional savings being requested during the Parliament, notably in 2019/20.

There had been some technical changes, for example R&D being considered as expensed capital and these were explained in more detail in Paragraph 4 of the Paper. However, the funding and administration of the Forestry Innovation Fund and the anticipated Woodland Carbon Fund had not been incorporated within the baseline and would need to be addressed by Defra in year.

Simon Hodgson added that transition costs for the transfer of corporates services from Silvan House to England were on track. There would be an additional 'bell curve' of cost for two years but the final arrangements were expected to result in overall cost savings.

The Committee questioned whether or not there was enough emphasis in the Forest Services plan on continuing to build the relationship with the Environment Agency. Richard Greenhous explained that close links were being further developed through the day to day working on issues like Countryside Stewardship which had significant emphasis on water quality and flood alleviation. Relationships were now being further developed through local alignment to deliver the forthcoming 25 Year Environment Plan.

Concerns were raised about the pace of the National Trees Safety Group exit strategy. This was because the discussions around creating a British Standard for tree safety inspections were beginning to be raised again and there were risks to Forest Enterprise and the wider forestry sector if these were not properly handled. It was agreed that this issue and its implications would be given further consideration before any action was taken, including involving the Chair in the discussion.

Subject to comments made the Committee agreed the Business Plans as presented.

5. CORPORATE PLAN

Paper 07/16

PK Khaira-Creswell explained that the corporate plan process was changing with the introduction of the high level single department plan and that the current plan reflected the transitional nature of presenting the work of delivery bodies.

The Committee suggested that the introduction could include how the FC was delivering the Defra strategy and how the FC worked, which was not always clear. It was also suggested that the increased emphasis on urban trees could be more explicitly included.

There was considerable discussion on the issue of indicators, many of which appeared more aspirational and long-term than measurable and short term, which might have been expected in a one year plan. However, it was also accepted that many of the desired outcomes were only achieved by influencing the action of others, which could be challenging to measure. It was noted that more specific actions were set out in the Business Plans.

The Committee agreed that, due to the transitional nature of the plan, the indicators should not be substantially revised at this time, but should be revisited at a future time.

The points made would be taken into account as the plan was finalised.

6. FOREST SERVICES REGULATIONS REVIEW

Paper 08/16

Sam Neck and Alec Rhodes joined the meeting. Richard Greenhous introduced the issue, explaining that achieving the objective of bringing two thirds of woodland into active management would overwhelm Forest Services ability to carry out its regulatory activities if it did not change its approach..

Sam Neck outlined the issues with woodland management plans and the earned recognition approach that had been piloted. Overall, this had failed to demonstrate the level of benefit needed to extend it. The new approach, now being planned, was a service standard that would see plans meeting the required standard approved in principle

within 28 days. Plans not up to standard would be given clear feedback and applicants invited to resubmit them after a set period and once all the feedback had been addressed. If still then the plans were not up to standard, they would have to wait a longer period before being considered. This approach was expected to improve the quality of plans and speed and dependability of the approval process.

Alec Rhodes set out the planned improvements to felling licence applications and processing. This would include IT improvements to enable the applicant to submit and track their applications and improved internal case management. A risk based approach to approval would see more automation and faster approval of low risk, thinning licences.

Work was ongoing with proposals to increase the thresholds for EIA assessments on afforestation projects. In addition, work was underway to explore the options for refocusing the role of the public register on the cases that would have most impact on the environment.

The Committee recognised that it was important to have good reasons for regulation and that any perceived or real relaxing controls created a risk of abuse. However, it was keen that low risk activity, such as thinning should be constrained as little as possible.

The Committee raised some questions over proposals to raise EIA thresholds, but were reassured that this would not remove requirements such as to take into account protected species. It was agreed that regulation should not get in the way of constructive activity and the delivery of activities that were being incentivised. It was also suggested that the class licence system, similar to the approach taken by NE, should be explored.

It was noted that the Public Forest Estate was a good example of where long-term approvals (Forest Design Plans) were working to reduce the burden on all parties. This did not exempt FE from compliance with EIA requirements but did give longer term felling approval. The Committee suggested that earned recognition should not be abandoned and might need a fresh approach.

The Committee thanked Sam Neck and Alec Rhodes as well as Richard Greenhous for the excellent work and gave its full support to the development of the ideas outlined in the paper and the discussion, while recognising that proposed changes in regulation may be controversial at some stage and may need the Committee to give a more explicit demonstration of its support for constructive change.

7. ARAC ANNUAL REPORT

Paper 09/16

Clive Tucker presented the Report and drew the Committee's attention to the main challenges for 2016/17, in particular the burdens from the HMRC tax audits, biosecurity and the associated costs and managing structural reforms.

The Committee accepted the Report and thanked the ARAC for its valuable contribution.

8. FESB UPDATE

Paper 12/16

PK Khaira-Creswell presented the FESB Annual Report, which had been finalised by the Strategy Board in their meeting earlier in the day. Activities in the past year had been reported against each of the terms of reference. Of particular significance had been the management of risk, the capital investment programme and the tax audit issues.

Mark Pountain added that Natural Capital Accounting was of growing importance to the Strategy Board and the transition programmes would continue to be a very significant issue. The development of a dashboard of indicators was a useful tool to keep track of performance and change over time.

The Committee accepted the report and thanked the Strategy Board for its work over the past year.

9. FOREST HOLIDAYS AND CAMPING IN THE FOREST UPDATE Paper 10/16

Simon Hodgson expanded on the issues outlined in the paper, including the pace of development by CITF and Forest Holidays. It was noted that third party sites were a new approach to developing the business and if it were taken forward this would bring its own challenges.

10. AOB

Defra local area alignment

Richard Greenhous updated the Committee on developments that would see NE and EA aligned into 14 shared public facing areas from July. The FC would continue to consider how to engage with the revised areas, taking into account the current five FC area arrangements and relatively constrained capacity. The local area plans proposed as part of the 25 year Environment Plan, would include the activities of the Forest Services. This programme of work would present both opportunities and challenges, which would be brought back to the Committee later in the year.

Communications Update (Defra Comms Transformation)

Mark Funnell gave an update on the plans to transform Defra group communications, which comprise around 250 people across all the organisations concerned. This is a challenging process because of the different statuses of the bodies involved, including NDPBs, Agencies, Non-ministerial departments and the core Department.

It was considered that overall the resource was too big and should be reduced, but there was no obvious single solution for a number of reasons, including employment terms and pension liabilities. The Defra Executive Committee (ExCo) would be considering a number of options and as this progressed the Committee would be advised of developments. The FC was well placed as a result of previous reviews and it was dealing with issues that were important to Defra.

The Chairman emphasised the importance of effective communications to the Forestry Commission and that it was important for links with the public and journalists to be maintained at an organisational level in order to deliver the Commission's work..

Future Meetings:

26 May – Bristol (after the ARAC)

13 July – Bristol (after the FESB)