

BACKGROUND INFORMATION – England National Committee 22 July 2015

CONSULTATION DOCUMENT

ESTABLISHING NEW CORPORATE SERVICE ARRANGEMENTS IN THE COUNTRIES AND FR – CHANGE TO PUBLISHED APPROACH AND RATIONALE FOR CHANGE

1. Background

As part of the Devolution settlements in the late 1990's, the responsibility for forestry policy and delivery in Scotland and Wales was transferred to the respective devolved administration, with responsibility for England remaining with the Westminster Govt.

Following early experience of post-devolution arrangements, an interdepartmental group chaired by the Cabinet Office, undertook the Forestry Devolution Review (FDR) which examined the Forestry Commission's (FC) internal structures and relationships with all three government administrations: the review published its report in 2002. The review led to the creation of the then FC's three National Offices, which oversee the work of the FC in each country and which are accountable to Ministers in each administration. However, as part of the implementation of this review, it was also agreed that it would be sensible for a number of services to continue to be delivered from a single point of delivery. Since 2002, the FC operated a Shared Service Model for its Corporate Services and Cross-Border Functions have been delivered by Forest Research (FR) and Corporate and Forestry Support (CFS). However, in the 13-years since the current devolved arrangements were implemented each of the administrations has continued to evolve in response to its own requirements, pressures and opportunities, which has meant that the services which each of the countries/FR need, have changed and therefore the rationale for sharing services/functions has lessened. We have seen over the last 13 years, there has been a slow transition of services back into the countries/FR, where each Unit has slowly been building its own capacity in areas such as Finance, HR, Communications, Plant Health, etc.

2. Business Strategy Group (BSG) and the Roadmap for the Devolution of Shared Services (The Roadmap)

In order to formalise and be transparent about the transitioning of services and to provide information for staff, especially those staff who are directly involved in the management and delivery of the existing services, 'The Roadmap' was published in November 2014.

The reconstituted Business Strategy Group was established to provide the formal mechanism for the countries and FR, as service users, to articulate how they want to develop their business and one of their main roles is to manage and maintain the Roadmap. See [link](#) for current BSG Terms of Reference.

The purpose of 'The Roadmap' was to set out proposals for the on-going devolution of the FC's Shared Services. It is not a report that was produced at the end of a review process; rather it is a 'live' process and document that we have always said will be updated periodically as required. The Roadmap is not a decision-making document, it contains proposals for review, and where appropriate change.

It states that "*We will continue to review why change is needed – are the drivers and assumptions set out in Section 3 still valid.....We will update the document as the programme of work progresses*".

However, the Roadmap sets out a clear expectation that over time, more of the existing shared services will be devolved out to the countries.

This consultation will now set out proposals to a change in approach to what was published in the Roadmap and this is set out in more detail below.

3. Scope of this consultation

The scope of this consultation covers Shared Services and any function of CFS that does not form part of the new Refreshed FR (see paras below).

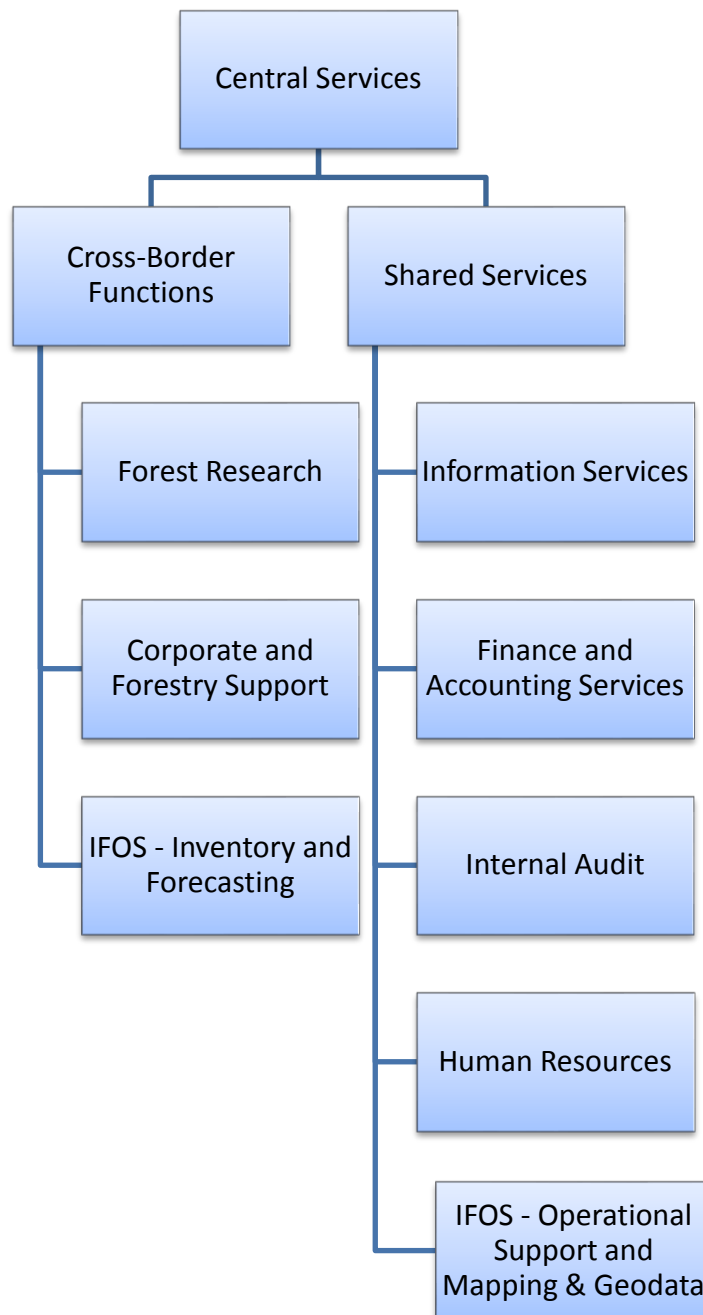
A separate review of FR is currently ongoing. Part of that review is to establish a new Refreshed FR Agency where there will be a separate consultation, where we will likely be proposing that some areas of CFS (which may include IFOS) move into FR. This is out of scope of this consultation and will be dealt with by the Central Services Staff Council.

However, once that proposal is clarified and consultation is concluded, then any cross-border functions that do not form part of the new Refreshed FR Agency, will fall within the Scope of this Staff Council.

4. Current Service Provision

Figure 1 shows the current structure of Central Services, which comprise both the Shared Services and Cross-Border Functions.

Fig 1



The FC currently operates a hybrid Country/Shared Services Model where the countries and FR have been establishing their own capacity over the last 13 years. However, there is still a significant core of services/cross-border functions that remain within Central Services. See the ['Roadmap for the Devolution of Shared Services' Annex A](#) and the CFS Business Plan (attached) for a detailed breakdown.

5. Resources (excluding FR)

Figure 2 sets out the staffing numbers (FTE) and £ budget for each area.

Fig 2

2015-16 BUDGETS	<u>FTE</u>	<u>Cost</u>
	<u>No.</u>	<u>£k</u>
Information Systems	53.9	5,909
Human Resources	63.9	3,886
Finance & Accounting Services	25.4	1,702
Inventory Forecasting & Operational Support	38.9	2,787
Internal Audit	8.8	466
Scotland Skills Unit	3.0	222
England Apprentice Support	1.0	75
Silvan House Office Services*	4.1	2,566
SHARED SERVICES TOTAL	<u>199.0</u>	<u>17,613</u>
CORPORATE & FORESTRY SUPPORT	<u>31.7</u>	<u>11,624</u>

* Net of £973k rent income

6. Current Position

The Roadmap sets out proposals for devolution of shared services with a number of tranches based on need and complexity. It contains an underlying assumption that continued central provision is an option where it makes sense to do so. For example, it states that one of the options for future delivery is for service users to continue to collaborate and retain the current arrangements.

The Roadmap is also predicated on the countries/FR being both able and willing to move on broadly similar timescales (sequentially).

The Roadmap also states that the cost of change is to be met from existing budgets.

The Change Protocol and Staffing Protocol have been agreed and are in place to support this change.

7. Change in Approach

The proposal is:

- i. The countries and FR propose to move away from a hybrid Shared Service Model and establish new corporate service arrangements, as far as possible, in order to make each part of the FC independent of any centrally provided services or functions (other than those relating to a single staff group). There will be no option to retain the current arrangements.
- ii. The countries and FR propose to move at their own pace and not necessarily to broadly similar timescales. However, a co-ordinated approach

between the Countries/FR and Central Services will still take place and will continue to be managed through the BSG, in order to minimise cost and risk and to provide effective collective leadership throughout the process.

iii. The cross-border functions of CFS and IFOS, if not within the remit of the new Refreshed FR Agency, will form part of this process of change.

iv. Management recognise implementing this programme may incur increased costs in some areas. These may include the costs of the change programmes themselves, the cost of parallel running if necessary, additional costs to some parts of the organisation as they have to replicate services which were formerly shared and the costs of final decommissioning of the services. As detailed proposals are developed in each area, we will of course look to optimise the efficiency of new arrangements. Where costs cannot be accommodated within existing budgets, it will be a matter for each country to identify the necessary sources of funds. FR's core funding is, for the present, a matter for the Westminster Government. We are not in this consultation setting out proposals which describe the impacts of change in particular areas on the costs of service delivery and the staff who may be affected. The proposed overall approach is intended to support the delivery of the distinct policies of the UK and Scottish Governments in a practical manner which enables them to align the corporate services capacity and capability of Forestry Commission England, Forestry Commission Scotland, and Forest Research to their future requirements.

v. The Change Protocol and Staffing Protocol will need to be updated to reflect these proposals.

8. Rationale for Change in Approach

See Annexes 1, 2 and 3 for each country and FR's rationale for change.

9. Timescale for Consultation

As you are aware, there are no fixed timescales on how long the consultation process must take. However, adequate time must be provided. I suggest a three week consultation period is appropriate for the changes proposed. Therefore, I would be grateful for your views/comments by Tuesday 18 August at the latest.

10. Next Steps

We will continue to consult on individual change proposals with the FC Trade Unions via this newly established Corporate Services Staff Council. However, if after this consultation, the change in approach is endorsed, we will no longer be consulting on the rationale for change (this is what this consultation is for), rather we will only be consulting on the detail of the individual change proposals and any subsequent impact.

We will review our internal processes (BSG, Roadmap, Change Protocol, etc) and develop appropriate new arrangements. We will of course share our thinking with the FCTU and consult where necessary.

FC England – Corporate Services – Rationale for ChangeIntroduction

The Forestry Commission is moving through a significant change programme under the overarching Woodland Policy Enabling Programme (WPEP) which was initiated to implement the [Government's Forestry and Woodlands Policy Statement](#) published in January 2013 following recommendations made by the Independent Panel on Forestry.

Two WPEP projects, the setting up a new Public Forest Estate Management Organisation (PFE MO), and the future of our forestry functions, impact directly on the structure and organisation of Forestry Commission England (FCE) including the requirement for corporate services.

Drivers for change

FCE is proposing to adopt a clear policy objective that Forest Services (FS) and Forest Enterprise England (FEE) should move away from the FC shared services model and establish their own arrangements for provision of corporate services. The drivers for this policy are:

- FEE going through a transition and becoming more autonomous inside FCE with a view, to be confirmed by Government in due course and subject to legislation in Parliament, that it move to a new public body independent of the Forestry Commission.
- The expectation that full devolution of forestry to countries, including necessary legislative changes, will complete in the short-medium term. This anticipated policy shift has already been reflected in the publication of the Roadmap and in losses of key staff in Silvan House and consequent pressures on service quality.
- Government policy for the establishment of shared services for UK departments and ALBs. This policy is reflected in Defra initiatives such as One Business, Network Corporate Services, and Unity, and while a range of end-points remains possible for different bodies and services, our judgment is that a shared service within an England-Scotland body dealing with devolved matters is not a viable option for the medium term.

Progress to date*Forest Enterprise England (FEE).*

The initial transition phase, FEE+, seeks to strengthen the operational capacity and capability of the agency so that it is adequately positioned for a planned and smooth transition to PFEMO should legislation be enacted.

The transition to FEE+ includes changes in the agency Management Board, the Executive Team and Bristol based Head Office support teams. This process of

transition also involves the transfer and formation of corporate support functions for FEE covering the areas of finance, human resources, procurement, communications, SH&E and governance support.

This programme of transition to a more autonomous FEE is well underway with the reorganisation and expansion of existing teams (Operations, Estates, Marketing and Communications) and the proposed transfer of National Office corporate service teams to FEE+ by end March 2016. Consultation on these National Office changes was initiated with the England Staff Council on 8th July.

A key element to further change is the full devolution of shared service functions from Silvan House to FEE+ to enable the agency to complete the restructuring of its corporate services, and put in place new supporting systems, sufficient to support a fully autonomous body.

Forest Services (FS)

FS have undertaken a reshaping exercise, which reflects the impact of the transfer of EU Payments transactional Common Agricultural Policy (CAP) grant functions to the Rural Payments Agency and the focus of technical functions in Natural England, with FS remaining the principal source of expert forestry advice. A shared Defra/FC forestry policy programme has been put in place with plant health as the top priority, and closer working relationships forged with other Defra network bodies.

The recognised long term direction of travel for FS is for continued closer alignment with Defra. Further change is likely, in light of the Secretary of State's wish for increasing integration across the Defra network, and together with the changes to FEE this will have a significant impact on the approach to provision of corporate services for FS.

FCE Business Case Development

Earlier in 2015 Director England commissioned Strategic Outline Business Cases to identify how corporate services should best be established in England. The business cases cover HR (including Learning & Development and Equality & Diversity), Finance & Accounting, Internal Audit, Communications, Procurement, and Health & Safety.

A further business case on IS will follow to complete the set in October 2015.

The recommendations of these business cases have been considered by the England Executive Board (EEB), which has decided as follows:

- For FEE, a full business case will be developed to consider options for the establishment of Human Resources (HR) and Finance & Accounting services. This will include further analysis of the option of providing these services through in-house teams and procurement of an ERP (Enterprise Resource Planning) system.
- For FS, a full business case will be developed to consider options for the establishment of Human Resources (HR) and Finance &

Accounting services. This will include further analysis of the option of providing these services by adopting Defra based services such as NCS (Network Corporate Services) and SSCL (Shared Services Connected Limited) and managing that service provision through a small corporate functions team.

- The work on these business cases will consider how best to integrate the smaller functional areas into each business area aligned with whatever overarching arrangements are recommended.
- To establish an overarching programme and co-ordinated project management resource pool to implement these changes.

No decision was made at this time in respect of the Internal Audit business case.

The business case on Communications will be considered further and, as this is an FCE function not a shared service, proposals will be put to the England Staff Council for consultation in due course.

A specific business case for HR Services was also developed through the Business Strategy Group (BSG) in line with the Roadmap for change. This business case recommends the devolution of these specific services to FCE and FR. The recommendations made in this business case with regard to FCE have been approved by the EEB and incorporated within the wider HR business case for FCE. A separate paper is being put to the Corporate Services Staff Council on HR Services.

Timescales

The aim is for FCE to transit to new corporate service arrangements by April 2018, if not sooner; with FS obtaining its corporate services in the short term from April 2016 from FEE+ and CS Shared Services through Service level Agreements.

FC Scotland Corporate Services: Rationale for Change

Introduction

The public sector landscape across Scotland as a whole has developed significantly since the publication of the original roadmap. In addition, future options for the functions currently delivered by FCS within Scotland (including FES) are now being actively developed by officials, following the Ministerial announcement on 22 June.

Drivers for change

A number of drivers are affecting FCS and FES. Some are internal, and relate to how they carry out their business; others are external and are inextricably linked with the Scottish Government's programme for government (eg Land Reform). The following lists the key aspects that have changed since November.

Political The focus on maximising devolution to Scotland has increased since the UK election. As Forestry is already a devolved matter, the Cabinet Secretary and Minister have made clear their desire to ensure that the organisational and governance arrangements are also fully devolved. This requires the establishment of those functions within the Scottish Government family.

Economic As the pressure on public finances continues to mount, more cost-effective approaches to delivering Scottish Ministers' priorities are required. Options will need to be explored that involve using SG and associated bodies to provide some services currently provided from Central Services.

Corporate The retirement of Director Scotland, and the appointment of a new Director Environment and Forestry with Scottish Government has resulted in fresh consideration of the Forestry Commission position in Scotland. The recent establishment of the Rural Affairs, Food and Environment ('RAFE') Board signifies the Scottish Government's intent to improve operational and cultural alignment and shared provision across the portfolio. FES and FCS are both part of that Board and are committed to working with partner organisations to achieve the alignment sought by ministers. Rapid action is expected in areas such as digital and communications. A further change is the increasing distinction by Government between the role of FES and that of the rest of FCS.

Demographic A number of senior posts have recently been filled, and more are likely to become vacant in the coming months. There has also been considerable churn in corporate support functions centrally. This change injects new ideas and energy into long-established teams, but also means the loss of a great deal of experience and knowledge, and so the organisation needs to shape itself to handle this transition.

Resilience Given the pace of change facing FCS and FES externally, increased political profile (particularly in relation to land reform and climate change), and the churn of staff in key posts, it is critical that the organisation is structured and staffed to continue to deliver whilst it transitions into the form desired by Scottish Ministers, once that is decided.

FCS Change Programme

FCSMB and SG have developed a change programme with the aim of transferring the powers, duties and functions of the Forestry Commission, as they relate to Scotland, to the Scottish Government and in so doing aim to deliver improved economic, social and environmental outcomes along with improved value for money.

FCS and SG are taking a 3-pronged approach to this change:

1. Future model for delivering forestry functions in Scotland

Scottish Government is leading a piece of work to:

- Identify and agree a new model for delivering forestry functions from the Scottish Government (including policy, grants and regulation and the management of the national forest estate (NFE)) and establish the appropriate 'landing place(s)' for the different functions.
- Define and establish forestry functions within the new Scottish Government delivery model.

2. FES Organisational Development Programme (ODP)

Simon Hodge is leading a programme to re-shape FES so that it is structured better to deal with the range of changes outlined above, and to fill key positions in preparation for wider anticipated change in the future. This is being supported by establishment of an Organisational Development Programme.

3. Establishing Corporate Services Functions within Scotland

Nicky Whitaker is leading a programme of work to move services from Central Services into Scotland. Key decisions relating to the 'landing' for these services are as follows:

HR. Decentralised HR, L&D and E&D functions will land in the current Scotland HR team within FCS. Health & Safety & Environment needs further discussion, but is likely to be best positioned in FES.

Finance. FES will receive decentralised functions for which FES is the predominant user, including procurement. FCS will lead on FCS specific finance and overarching aspects like annual report and accounts.

IT. FES will be the landing point on IT, ensuring that FCS needs are also met.

Each of these programmes is distinct, but all are related, and are being co-ordinated via the FCSMB.

Business Case Development

A business case for the transfer of HR services into Scotland has been developed, and is awaiting final comments from Scottish Government

Timescales

Timescales have yet to be agreed, as some will be politically driven, and others will need to respond to emerging events such as key staff leaving the organisation. These wider organisational changes may be subject to further consultation but do not form part of this Corporate Services consultation.

Forest Research – Rationale for Change

On 16th May 2013, Ian Gambles (Director FCE) instigated the Woodland Policy Enabling Programme (WPEP) – a joint programme of work between FCE and Defra – to consider how best to deliver the Westminster Government’s forestry policy as set out in the [Forestry and Woodlands Policy Statement](#) published on 31st January 2013. The programme has three main projects relating to the future of:

- Forest Services
- The Public Forest Estate
- Cross Border Functions

In respect of the Cross Border Functions Project the WPEP programme board agreed that the project should:

- Review and where possible validate the current arrangements for cross-border working within the FC with a view to establishing a refreshed basis for working with the devolved administrations.
- Make recommendations on the future of collaborative cross border activities to be undertaken in partnership with Scotland and Wales.
- Consider impacts of any changes on shared services and corporate functions.

Although the project was instigated at the behest of FC England the project board includes representatives from all three administrations and any recommendations made will be agreed by Forestry Commissioners and Ministers from all three Countries.

Phase 1 of the project, which ran during 2013, provisionally determined the range of cross-border functions that all three GB Administrations wish to continue to deliver on a collaborative basis for the foreseeable future.

The first stage of Phase 2 of the project considered the most appropriate model for delivering those collaborative functions and its conclusions were endorsed by the Forestry Commissioners in December 2014.

Full reports of both Phase 1 and Phase 2 (Stage 1) are available on the intranet [here](#).

The Phase 2 (Stage 1) report identified a shortlist of six alternative models (including the status quo) for the ongoing delivery of FC’s cross-border functions. Four of these alternative operational models are being explored further as the next stage of the WPEP process with the goal of providing a range of informed options to Ministers over the coming months.

Whilst the Forestry Commissioners agreed that work should continue into evaluating alternative operational models, they also decided that an interim refreshed forest research agency should be created which could incorporate specific cross border functions currently undertaken by Corporate and Forestry Support and which fitted well with the existing full cost recovery model. As a consequence we are in the process of deciding which cross border functions would sit best in the refreshed FR agency and once we have recommendations to make in this regard we will be consulting staff on these proposals. We will then be in a position to consider the detailed changes that are required for those cross border functions which are not included in the refreshed FR agency.

As we develop these proposals for a refreshed FR agency and look into alternative operational models for the future, England and Scotland have also indicated (for the reasons outlined in this document) that they no longer wish to collaborate in the current shared services arrangements and intend to set up their own corporate services. Therefore, as a consequence of all these changes and the clear direction of travel announced by Ministers, the time has come when it makes sense for FR to start assessing how best to provide for its own corporate service capability. Therefore FR, like England and Scotland is starting to develop business cases around each of the shared services it receives which will detail how FR proposes to handle each of them in the future and what the implications will be.