

**FORESTRY COMMISSION ENGLAND
SEVENTY FIFTH MEETING OF THE NATIONAL COMMITTEE
FORESTRY COMMISSION, BRISTOL
22 JULY 2015 AT 11.45 hrs**

Minutes

Present:

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

Also present:

PK Khaira-Creswell
Richard Barker (Minute Secretary)

1. WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting.

2. MINUTES OF THE MEETING ON 4 JUNE 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 with legacy scheme claims for this year's payments. It was reported that 89% of claims (92% by value) had been received by the deadline. Two of the outstanding claims were over £10k and 12 were over £1k.

It was expected that payments would be made later than in previous years and therefore later than customers had become accustomed to, but within the legally required deadlines. The current technical difficulties, which were preventing payments being made, were expected to be resolved by the end of August. It was also noted that there were no plans to make interim or part payments. Wherever possible the approach taken would be consistent with other delivery bodies'.

The Countryside Stewardship application window had opened on 1 July and would close at the end of the month. Significant effort was now being made to complete Management

Plans, which were a prerequisite for any other grants that had been submitted with a reasonable expectation that they would be agreed on time to support associated grant applications.

It was reported that the CAP IT system was progressing. However, existing and known delays would mean that manual systems would be needed for longer, putting more pressure on limited resources within the FC.

Clive Tucker added that the delivery bodies' Audit Chairs meetings on the CAP IT system that he had been attending had been discontinued. It was also recognised that there had been significant improvements to the governance of the project.

The Chairman acknowledge that there was very little that the National Committee could do directly to secure the FC's CAP delivery and reform priorities, but it would continue to support the efforts being made to get the best deal for forestry customers and deliver ministers' priorities.

Plant Health

Richard Greenhous gave an update on the Oriental chestnut gall wasp. The few trees where it had been found in St Albans had been felled and around 3 hectares had been felled at Farningham Woods (Kent) where the first infestation had been found. The wasps were about to emerge and efforts were being made to trap these. Surveillance of the wider area was being undertaken in order to identify any wider spread of the wasp. The current actions were expected to help containment of the pest, rather than achieve eradication, which may not be feasible. Future options were still under consideration, and would be informed by the survey findings.

The latest situation with Oak processionary moth was that new infestations had been found outside the perimeter of the area where control was being focussed. This was disappointing but not wholly unexpected. There would be an evaluation of the approach and actions taken this season towards the end of the year.

It was also noted that it had been proposed that there would be a refreshing of the tree health strategy as a whole later in the year and that this would be informed by the latest developments with all pests and diseases, surveillance work and interceptions.

4. FINANCE REPORT

Paper 17/15

Steve Meeks introduced Paper 17/15, highlighting key areas for the Committee's attention, including the £1.2 million reduction in budget as a contribution to the Defra in-year savings requirement. The gateway process in Defra for approving uncommitted spend was noted and that appropriate parallel arrangements had been put in place by the FC and that a weekly report had to be submitted to Defra. However, it also had to be recognised that the majority of the Commission's expenditure was already committed.

Work was continuing on the tax compliance issues, with the appointment of a tax professional expected soon. Current issues being considered related to staff travel patterns, but it was too early to speculate whether or not additional risks of incorrect procedures would emerge.

5. SPENDING REVIEW

The Committee reflected on the announcements made by the Chancellor about the spending review on the previous day. Ian Gambles advised the Committee that he had sent a message to all staff advising them that departments were being asked to model savings of 25% and 40%. The Commission was still waiting for future information from Defra on the specific actions required, but it was expected that there would only be a short period in which to provide a response as the outcome of the review would be announced in November. This timescale would present significant challenges.

In response to questions, the Committee was advised that there had been no explanation as to why the particular percentages had been chosen. Both options would be challenging and difficult decisions would need to be made. The National Committee would have further engagement in the process, but the Forestry Commission in England, and Central Services, would have to be considered in the context of core Defra and other delivery bodies. Final decisions on spending plans would be made by Ministers.

6. FOREST HOLIDAYS/CAMPING IN THE FOREST

Paper 18/15

The Committee welcomed the report on Forest Holidays and how the issues that had previously come to the attention of the Committee were being addressed.

In answer to questions Simon Hodgson clarified that Forest Holidays, under the current arrangements, only operates on the public forest estate. It was also noted that there was sometimes public confusion over the distinct identity of Forest Holidays, separate from the Forestry Commission, and this inevitably led to the Commission occasionally having to take a more forward role in communications issues than had previously been envisaged in order to protect the Commission's interests.

7. TRADING CONDITIONS

Simon Hodgson advised the Committee that the strength of the pound was leading to pressure on timber prices. This was because the cost of imports, which set the market, was reducing and cheaper timber was being imported to meet demand. This had had a significant chilling effect on the market in Scotland, leading to financial pressures for FC Scotland. There had not yet been a similar impact in England, as the market was different, but some pressure on prices was to be expected. Maintaining a liquidity buffer in FE England for such an eventuality was prudent. Taking changes in trading activities off the year on year funding arrangements meant that there would be no immediate impact on the overall budget.

Richard Greenhous added that reduced timber prices may see the withdrawal of private sector growers from the market, reducing growth in the area of woodland in management, one of the headline indicators for Forest Services. Nevertheless, the market was at present benefiting from the actions of Grown in Britain and the Renewable Heat Incentive.

8. STAFF CONSULTATION – CHANGE PORTFOLIO

Papers 19 and 20/15

Ian Gambles updated the Committee on the current consultations with staff on the change programme. The most significant issue had been the acceleration of change in Central Services. These elements of the change programme had now to be seen in the context of the cross border discussions on completing devolution and the further development of shared services across Defra.. The FC Trades Unions were being consulted on the principle of establishment of country corporate services in place of the current shared services, on specific proposals relating to HR Services, and on the transfer of a number of England National Office staff into Forest Enterprise.

In response to questions it was explained that ending the current shared services arrangements would not result in increased costs overall. The options for the establishment of corporate services for FEE and FS were being assessed separately, including options for procurement of ERP services and engagement with wider shared service arrangements.

9. AOB (5 Minutes)

Forest Enterprise Strategy Board

Keith Oates gave a brief update on the activities of the FESB, including the challenges to management on setting out the long term vision for the organisation. The Board had also been considering ‘dashboard’ indicators that would give a quick and consistent overview on how the organisation was performing in key areas.

It was also noted that the lack of any indication as to when and if legislation would be brought forward in order to create a new organisation was a major constraint and would inevitably lead to some frustration setting in.

Simon Hodgson confirmed that the Executive Team had found the new governance arrangements, which were still settling in, helpful in providing a new perspective on their activities and ways of working.

IFOS

The Chairman asked that the future arrangements and activities of IFOS to be included on a future agenda, with particular reference to funding and remote sensing.

Future Meetings:

16 September – Bristol

25 November - Bristol