

MINUTES OF THE 67th MEETING OF THE FORESTRY COMMISSION ENGLAND NATIONAL COMMITTEE, NATIONAL OFFICE, BRISTOL, 30 APRIL 2014

Present: Sir Harry Studholme (Chair)
Ian Gambles
Richard Greenhous
Simon Hodgson
Steve Meeks
Keith Oates
Tom Surrey
Clive Tucker
William Weston

David Williamson (Item 6)
Richard Palmer (Item 6)
Mark Broadmeadow (Item 7)

Also present: PK Khaira-Creswell - Secretary
Richard Barker – Minute Secretary

1. INTRODUCTION & APOLOGIES

The Chair opened the meeting and welcomed everyone. Tom Surrey was attending in place of Sarah Hendry.

2. MINUTES OF THE MEETING ON 16 JANUARY

The minutes were agreed, subject to a very minor correction.

3. MATTERS ARISING

RDPE

Richard Greenhous gave an update on developments. It remained the case that delivery needed to be balanced between desired outcomes and a straightforward system. It was still expected that the woodland option in NELMS would be around £31 million. However, the Water Framework and biodiversity priorities may still result in more funding for woodland. Productivity measures were likely to support supply chain development, for example venison. There was also expected to be additional funding for LEADER, the bottom up delivery of RDPE funding.

Woodland creation had been reported as 2,691 hectares in 2012/13, 52% up on the 2010/11 baseline. However, this would not be sustained in the current year and the aim was to achieve 2,000 hectares in 2014/15. It was noted that there would need to be a considerable acceleration of delivery to spend the entire wood fuel WIG allocation.

In response to the Chair, Tom Surrey advised that forestry should be a prominent feature in the LEADER programme because it had a proven record of delivering effective economic intervention.

It was noted that the new programme would be able to support conifer planting, but private investment was seen as the key to maintaining the long term supply of softwood timber.

Clive Tucker questioned the capability of the CAP-D system. It was confirmed that the system would be able to deliver core requirements, but the desirable extras would be approached in a proportionate manner.

Woodland Policy Enabling Programme (WPEP)

Richard Greenhous reported that Forest Services was reshaping and that field staff were expected to be playing a greater role in helping the sector understand the support that was available in a complex investment environment. This would include a strategic understanding across all future environmental schemes.

Discussions around the responsibility for handling and management of legacy schemes were ongoing. This had significant implications for FC staff and Ian Gambles summarised the five key issues for the Forestry Commission as discussions progressed. These were that the Forestry Commission retained the expertise in forestry; outcomes focussed on the customer, giving them an improved experience; actions were lawful; staff were treated fairly, a route had been taken with staff on board and there were now certain expectations of the FC's role; the outcome must be achieved within the cost limit.

It had to be acknowledged that the status quo was not an option, but change would need to retain existing key skills and expertise. Transition costs, including reputational risk had been recognised, as well as the requirement that forestry could no longer stand alone. It was also explained that the final decisions would ultimately lie with Defra, advised by the CAP steering group.

The Committee gave its full support to the approach being taken by the Forestry Commission.

PFEMO

This would be covered under agenda Item 8

4. FINANCE REPORT

Paper 05/14

Steve Meeks drew attention to the key elements of his report. The year end results were, whilst still subject to audit, overall good news. The explanation of the variances in the paper were confirmed and amplified. The Annual Report and Accounts were on target for delivery to NAO on 1 May.

The 2014/15 budget was in place and it included £2.8 million carried forward and additional ring fenced funding for plant heath. However, on instructions from the Permanent Secretary, Defra, only 98.1% of the budget could currently be committed. The 1.9% held back amounted to £755k across the Westminster Group.

2015/16 had unresolved pressures as noted in the Paper. It was hoped that these would be resolved by July, as forward planning for managing within budget would

need to start in September. Tom Surrey was less optimistic, suggesting that the issues would be resolved by the end of the summer.

Risk Management

The residual Red Line Risk Report was included with the papers. It was noted that *Phytophthora* had been downgraded, this was because it was now better understood and being managed, reducing the residual risk. The full suite of Risk Registers would be presented to the ARAC in June.

Clive Tucker added that there appeared to be a range of approaches to assessing, recording and reporting risk across the Defra network and the FC may want to look again at how it presented the summary information.

5. ARAC Annual Report

Paper 06/14

The ARAC sub-committee Annual Report, agreed at the meeting on 26 February, was accepted by the full Committee. It was confirmed that all non-executive members of the National Committee should continue to be members of the ARAC.

6. FOREST HOLIDAYS

Presentation

The Chair welcomed David Williamson, FC Head of Recreation and Public Affairs and Richard Palmer, Forest Holidays Development Director to the meeting.

David Williamson gave a brief history of the development of holiday cabins on the public forest estate and the Forest Holidays business which was set up in its current form in 2012, with substantial new investment and a reduced share for the FC.

Richard Palmer then described the current operation and how this delivered social, environmental and economic benefits. The critical factors to success were outlined and key to these was a strongly aligned and mutually beneficial relationship with the Forestry Commission. The biggest challenge for taking the business forward was gaining planning permission for development of new sites. This was because the sites were in sensitive locations, dealing with planners who in some cases lacked experience in developments in woodland areas and with a range of public views. This made planning applications a long and risky process. Public consultation and local engagement with the FC and stakeholders was one of the keys to success.

In response to questions it was confirmed that further sites were being considered (across England and Scotland) but there would come a point where opportunities on the current public forest estate would be exhausted. Other options for expansion would then need to be considered.

Forest Holidays were confident that the market for their product, which had traded well through the recession, would support the ongoing development as they generated a lot of repeat business. Even with the current development plans they were operating on a far smaller scale than the holiday village type offerings. All forest based holiday developments combined only catered for a small part of the overall UK market.

The National Committee, whilst recognising the independence of Forest Holidays, was reassured that it was and would remain a positive part of the Forestry Commission's overall recreational offer. However, they were concerned that, even though the Forestry Commission had only a minority interest in the business, public perception was that Forest Holidays was the Forestry Commission. This carried significant reputational risks which meant that future developments would require careful handling by both parties. Richard Palmer reassured the Committee that brand reputation was also critical to the business and regular liaison with the FC was important to them. David Williamson added that each new development helped improve the skills of those involved. These skills would be put to good use as new sites would be even more challenging to develop. There was regular liaison in line with the requirements of the various agreements that were in place.

The Committee gave its support for the business and asked to be provided with a briefing on potential sites in the pipeline over the next few years and a summary of the material issues that had been raised by objectors both before and after planning applications had been made.

7. THE ROLE OF WOODLAND IN FLOOD ATTENUATION Paper 07/14 and Additional Issues Presentation

The Chair welcomed Mark Broadmeadow to the meeting to make a presentation to support the Paper prepared by Vince Carter.

The Committee was reminded that the Forestry Commission had been targeting woodland creation for flood risk reduction for some time, not just as a response to the recent extreme weather events. It was important to recognise that forestry was not a panacea for flood prevention.

Forest Research in partnership with the Environment Agency had reviewed the evidence and produced a report in 2011 on the potential role of woodland to reduce flood risk and improve water quality. Opportunity mapping for targeting woodland creation for flood risk reduction had been undertaken and EWGS woodland creation grant additional contribution had been available in target areas, resulting in 1,000 ha of woodland creation, meeting the specified design guidelines.

It appeared that the most significant role for woodland was for soil protection, but planting in catchment headwaters could have an impact, particularly in small catchments in relation to medium scale weather events. This conclusion was mostly based on modelling from some trials and not physical evidence.

The developing RDPE programme was likely to support more woodland creation based on revised opportunity maps. This would require the woods to meet certain design criteria including species choice, which may be more suitable for biomass production and habitat creation than timber production.

Storms

The Committee was provided with an update on the damage to woodland due to storms and high winds over the winter. It had been estimated that 640,000 hectares of woodland had been within the storm affected areas and that two million cubic

meters of timber may have been affected, but this was widely distributed and was unlikely to lead to any deforestation. Even without management it was expected that there would be widespread natural regeneration, as had happened after previous wind damage to woodland. Compared to other storm events, particularly 1987 and 1990, the damage had been more dispersed and much less significant.

Second UK Climate Change Risk Assessment

The Committee were advised that this was due to be published in 2017 and would require the Forestry Commission to provide a contribution. A number of assumptions on woodland management had changed from the 2011 to 2012 greenhouse gas assessment and these would need to be carried forward.

Timber Forecast

The Committee was given a brief update on the 50 year timber availability forecasts which had just been published. It was noted that the hardwood resource was still being under utilised and that it was hoped that Grown in Britain would help start to address this issue.

8. FEE PLUS - GOVERNANCE

Paper 08/14

Simon Hodgson introduced the paper and reminded the Committee of the background to the current proposal. This aimed to move forward the greater independence for Forest Enterprise and put in place enhanced governance arrangements prior to any legislative change.

The Committee sought clarification on a range of issues including whether or not the change was premature, the benefits to the business, the role of non-executives in the management of the public forest estate and the position of stakeholders.

It was explained that it was important to demonstrate that change was taking place moving forward, albeit administratively, to implement Government policy. This would be setting a path towards what was expected to be achieved through legislation in due course. In particular the revisions to the governance by including a role for non-executives would support greater independence and new accountabilities for the managers of Forest Enterprise.

The Committee, whilst supporting the proposals for the board and participation of non-executives in principle, sought additional information on how the proposed revised governance arrangements would work in practice. For example, participation in the ARAC by all non-executives kept everyone fully informed without the need for catch ups. Would a similar approach be taken to the proposed FEE Board and would this have a non-executive Chair?

It was agreed that a further paper should be brought forward setting out in more detail the purpose and role of the new Board and how this would operate, including the anticipated membership. This could then be considered alongside the proposed re-drafting of the Framework Document.

9. FEE PARTNERSHIP AND INVESTMENTS

Presentation

Simon Hodgson gave a presentation to highlight the capital investments in the public forest estate over the previous two years. The constraints on public spending and availability of third party funding had reduced the level of investment in recent years but there had still been some notable achievements across the country. These were shown in a range of illustrations with key investment facts.

The Committee noted the considerable achievements over the past two years and ongoing activities.

10. AOB

Cinderford Northern Quarter

Paper 09-14

Simon Hodgson and Richard Greenhous circulated the paper and apprised the Committee on the issues raised by the project. The Committee, after a brief discussion to clarify the situation, endorsed the position that had been taken by FC Officials.

It was noted that the case had raised some issues around the guidance contained in Estate Management Guidance Note 4 (EMGN 4). It was agreed that this guidance should be clarified and the Committee endorsed the proposed clarification as outlined in the paper.

Grey Squirrels

The Chair advised the Committee that the Secretary of State would be making a significant announcement about the future approach to grey squirrel control for the protection of woodland and red squirrel populations at an event in Scotland on Friday.