

<b>Meeting Title :</b>	<b>Forest Enterprise Strategy Board</b>				
<b>Purpose :</b>	<b>Internal Governance</b>				
<b>Location :</b>	<b>Maple House, Birmingham</b>				
<b>Date :</b>	<b>24 November 2015</b>	<b>Start :</b>	<b>10:00</b>	<b>End :</b>	<b>12:00</b>
<b>Attendees :</b>	<b>Simon Hodgson- Chair</b> (Chief Executive, Forest Enterprise England) <b>Sarah England</b> (England HR Business Partner, Forestry Commission England) <b>Paddy Harrop</b> (Head of Marketing, Forest Enterprise England) <b>David Hodson</b> (Head of Finance & Business Support, Forest Enterprise England) <b>PK Khaira-Creswell</b> (Head of Corporate Affairs & Governance, Forest Enterprise England) <b>Keith Oates</b> (Non-executive Commissioner) <b>Mark Pountain</b> (Non-executive board member) <b>Michael Seddon</b> (Director of Operations, Forest Enterprise England) <b>Mark Street</b> (Head of Estates, Forest Enterprise England) <b>Miranda Winram</b> (Head of Strategy & Insight, Forest Enterprise England)				
<b>Apologies:</b>	<b>None</b>				
<b>Guests:</b>	<b>Tristram Hilborn</b> <b>Jo Ridgway</b>				
<b>Secretariat:</b>	<b>Josie Sterling</b>				
<b>Item</b>	<b>Agenda Item</b>				<b>Paper/ Materials</b>
<b>1</b> (5 mins)	<b>Welcome and Apologies</b> Chairman's introduction: The group were introduced to Jo Ridgway, the new Forest Enterprise Head of HR, who will be taking up post in January  Minutes and Actions: The Board approved the minutes of the meeting held on 22 <sup>nd</sup> July and the actions were discussed and updated.				<b>None</b>
<b>2</b> (10 mins)	<b>FEE+ Management Organisation Transition</b> Review of the organisational change process. Main points of the Board's discussions included: <ol style="list-style-type: none"> <li>We are broadly on track with the transition process and on track with the National Office transition and move of corporate functions into Forest Enterprise (FE) for early 2016</li> <li>Changes include the new position of 'FE Head of HR' to bring in HR functions from Edinburgh. David Hodson is picking up the transition of Finance and Information Services into FE with the introduction of the new FE 'Head of Information Services' post</li> <li>Jo R and David H will continue to have some responsibility for FC functions in the meantime as the full transition could take up to two years to complete</li> <li>Paddy H is currently in the middle of Communications &amp; Marketing transformation, to be completed by 31 March 2016</li> <li>Staff are now working on Safety, Health &amp; Environment and Learning &amp; Development branches with Business Cases expected to be in place for 2016</li> <li>We are waiting for FE Scotland to decide on their new organisational model- this is constraining FE at the moment but is expected to become clearer in 2016, after the Scottish parliamentary elections.</li> <li>We have Target Operating Models (TOMs) and Business Plans in</li> </ol>				<b>Paper 17/15</b>

	<p>place for Shared Services provision but they won't move forward until we have decision from FC Scotland or Scottish Government.</p> <p>h. The main risk continues to be the duration of the Shared Services Service Level Agreement- which could result in us paying for these services alongside additional costs in England</p>	
<p><b>3</b> (20 mins)</p>	<p><b>Management Information- Dashboard</b></p> <p>Review and discussion of the Dashboard indicators and any developments. The Board were provided with an updated version of the register to include financial and timber information for October. Main points discussed included:</p> <ol style="list-style-type: none"> <li>Highlights of the indicators show that timber prices have held up and visitor numbers to our 23 core sites are on plan</li> <li>Indicator 17 has been changed to a combination of 'Likes' on Facebook for all FE England specific sites, to give us a better understanding of public views on our forest sites overall</li> <li>The H&amp;S indicator at row 15 still shows a target of 0. The Board noted that with a target of '0' the indicator will always be red and it was questioned if this is an appropriate target. The Executive Team agreed to look at the format of this indicator again.</li> </ol>	<p><b>Paper 18/15</b></p> <p><b>Current Dashboard</b></p>
<p><b>4</b> (10 mins)</p>	<p><b>Staff Temperature Check</b></p> <p>Discussion on the results from the first FEE Staff Temperature Check (which provides a way of testing staff views on the organisation every 6 months and had 87 respondents this time) and the associated report. Main points of discussion of the report were:</p> <ol style="list-style-type: none"> <li>The Board agreed that despite external comparisons demonstrating our results to be more positive than at first glance we can still do more to improve</li> <li>It was noted it is a small response group and discussed that FE are only sending this Check to 10% of staff each time but we could consider targeting certain areas of the business with more surveys or by using a full engagement survey for everyone</li> <li>It was considered that a baseline of these results from the whole organisation, followed up with smaller samples would be a starting point, as long as confusion with the FC England (FCE)-wide survey is avoided. We may also be able to break down the FCE survey to just FE and compare to the Temperature Check to move forwards.</li> </ol> <p><b>Action: Paddy H-</b> hold a discussion with the Internal Communications Group during the new year to determine options for future staff surveys more specific to FE and covering a wider group</p>	<p><b>Paper 19/15</b></p>
<p><b>5</b> (15 mins)</p>	<p><b>Finance Report</b></p> <p>Update on the current financial status of FE and a finance update for month 7 of 2015/16. Main points of the discussion included:</p> <ol style="list-style-type: none"> <li>Finances are sound but were impacted in September due to the VAT charge from Shared Services. We are in a position to manage the in-year and recurrent impacts of VAT within the current Business Plan.</li> <li>Timber price forecast dipped in September but has since recovered</li> <li>The dip in prices is now bottoming out and the trends look encouraging, based on the UK Forest Market Report 2015</li> <li>Recreation and Estates incomes are both holding to plan despite some ongoing and some unexpected costs over the year</li> <li>The year to date position is in line with the forecast and although a surplus was generated we would expect this to go down with seasonality of work and costs associated in third quarter of the</li> </ol>	<p><b>Paper 20/15</b></p>

	<p>financial year but will still remain in line with plan.</p> <p>f. We are still awaiting the outcome of Defra Spending Review and the impact of this on FE is expected in the new year</p> <p>g. The “bell curve” of transition costs as we absorb and develop new services will be one of the main challenges for 2016/17</p> <p>A query was raised as to why Scotland’s timber income had been impacted more England. The Board responded that England’s market is more diverse- Spruce markets suffered more from exchange rates than some of our Southern markets and the mix we have draws less competition from Europe. Additionally, Scotland’s income is based more directly on timber whereas FE England has a stronger recreation income and a much more balanced position.</p>	
<p><b>6</b> (10 mins)</p>	<p><b>Business Planning</b></p> <p>Update on progress to date on Business Planning. Update included:</p> <p>a. We are moving towards a focus on longer-term financial planning in Forest Districts within their annual budgets</p> <p>b. The priority now is to develop better commercial income in anticipation of the timber volume decline and are asking District staff to look at how they can invest and develop with a long-term view</p>	<p><b>Paper 21/15</b></p>
<p><b>7</b> (5 mins)</p>	<p><b>Risk Report</b></p> <p>Consideration of the significant risks detailed on the current FE Risk Register. Main items of discussion were:</p> <p>a. There has not been a lot movement and change in the Register- this is positive and we are getting better at describing our risks</p> <p>b. The top two highest risk areas are still medium to long-term funding and the revenue opportunities from non-forestry developments</p> <p>c. We have added a procurement risk as this function has now been taken on by FE- controls are described in the paper</p> <p>d. We are reintroducing a ‘heat map’ to allow us to look at District-level risks so we can inform and append this to the risk register from the new year- this in development now</p>	<p><b>Paper 22/15</b></p> <p><b>Current Risk Registers &amp; Removed Risks</b></p>
<p><b>8</b> (15 mins)</p>	<p><b>Management Information- Strategic Measures</b></p> <p>Update on the preparation of ‘Strategic Measures’ to illustrate how well FEE is doing in delivering public benefit outcomes from the Public Forest Estate. Main discussion points included:</p> <p>a. A correction was made to the paper on page 2- it should read 70 million visits annually, not 70,000</p> <p>b. We have made substantial progress on some of the measures since the last Board meeting; in particular, in increasing visitor numbers</p> <p>c. Have just commissioned the first quarterly survey to gain more figures to compare visitor numbers and provide validation in future</p> <p>d. We are also looking at more innovative ways to assess visitor numbers i.e. mobile phone data may be viable in the future</p> <p>Good progress has been made on the Corporate Natural Capital Account (CNCA) front; with a project underway at the moment- we are on track to have a set of accounts with our annual report this year. A full report will be provided at the next Strategy Board meeting.</p> <p><b>Action- Miranda W</b> to report back on progress on the Strategic</p>	<p><b>Paper 23/15</b></p>

	Measures at the February Strategy Board meeting	
<b>9</b> (20 mins)	<p><b>Business Investment Programme</b></p> <p>A report on the programme and its future direction was provided. As highlighted at previous Board meetings, FE needed more structure to our investment programme alongside a greater sense of purpose and priority. The main points of discussion around the paper included:</p> <ol style="list-style-type: none"> <li>There has been a lot of success for investments on PFE to date with successful drawing in of external funding enabling project delivery. However, the scale and complexity of the programme has grown</li> <li>Tristram H was asked to develop a more coherent strategy and a more reliable model to diversify delivery of investments, expand business and to get a realistic programme of capital projects we have confidence in. We have engaged consultancies and District staff for advice and input on developing this. A final report will be brought forward in Spring</li> <li>16/17 will be a transition year and we have proposals coming in now for a more varied portfolio, with new pro-formas helping to tease out criteria such as finance more effectively</li> <li>The 10-20 year outlook is being developed over the coming months as part of the Strategic Plan preparations</li> </ol> <p>The Board commented that the investment strategy was not, at this point, ambitious enough and could do with more innovative ideas. It was agreed by the Board that FE should look to innovate where possible and a cultural shift is needed so we can become braver within internal discussions and challenge work from leadership level</p> <p><b>Action- Simon H</b> to report back on this within work on the Strategic Plan at the February Strategy Board</p>	<b>Paper 24/15</b>
<b>10</b> (5 mins)	<p><b>Business Areas Update</b></p> <p>An opportunity was provided to ask questions on the Business Area Update Report, circulated ahead of the meeting.</p>	<b>Paper 25/15</b>
<b>10</b> (5 mins)	<p><b>AOB</b></p> <p>Future Meetings: 10:30 am on 3 February 2016- Bristol Office</p>	<b>None</b>