

# STRATEGY BOARD MEETING MINUTES

## FOREST ENTERPRISE ENGLAND

Thursday 7<sup>th</sup> April 2016, 10:00- 12:00  
Conference Room, Forestry Commission Office, Bristol, BS16 1EJ

### ATTENDEES

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**Chair- Simon Hodgson** (Chief Executive, FEE)

**Mark Pountain** (Non-executive board member)

**Sir Harry Studholme** (Non-executive board member/ Forestry Commission Chair)

**Rachael Edwards** (Head of Strategy & Insight, FEE)

**Paddy Harrop** (Head of Marketing, FEE)

**David Hodson** (Head of Finance & Business Support, FEE)

**PK Khaira-Creswell** (Head of Corporate Affairs & Governance, FEE)

**Michael Seddon** (Director of Operations, FEE)

**Mark Street** (Head of Estates, FEE)

**Apologies:** Jo Ridgway (Head of HR, FEE)

**Secretariat:** Josie Sterling

### AGENDA TOPICS

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#### 1. Welcome and Apologies

| Item Lead: *Simon Hodgson*

Discussion:

- Sir Harry Studholme was welcomed as a new non-executive board member and Rachael Edwards was introduced as the interim Head of Strategy & Insight.
- The Chair's update was of a generally good outcome and balanced performance across Forest Enterprise (FE) at the end of financial year 2015/16, ahead of the final outcomes and confirmations following the year's final accounts being agreed (due by the end of April 2016).
- The main point to note in the rolling actions was an update on the progress of the Strategy- Paddy H indicated that FE plans to deliver a refreshed Strategy before Christmas 2016, subject to further discussions with the Board and the Executive Team. The aim will be towards a more expansive vision of what needs to be achieved in future- with longer term views informing shorter term aims.

Conclusion:

Minutes of the February meeting were agreed and the board's rolling actions were updated as per discussions held.

#### Action items

Person responsible    Deadline

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None

#### 2. Corporate Natural Capital Accounting (CNCA)

| Item Lead: *Paddy Harrop*

Discussion:

- FE having been working on a project with Eftec and have developed their first ever CNCA for the whole of the organisation. This involved ground-breaking work, reporting on the public benefits FE delivers from the estate for society (overall reporting on ~1% of England's land cover).
- The purpose is to feed into longer term strategic management, track change over time and provide a long term tool for decision-making. The Account allows FE to see how decisions made will impact Natural Capital in future i.e. the non-financial outcomes of decisions. This will allow FE to value more aspects of the PFE such as climate regulation and the value of recreational use.

- The next steps for FE are to embed the process through the Finance team, as well as the other teams providing the data flows, to allow reproduction of the accounts in future years. The current plan is to publish the current Account alongside the Annual Report and Accounts in June.

Conclusion:

- FE will communicate the importance of the process to targeted professionals and develop something more digestible for stakeholders and partners, as well as working to establish extra values to fill in some of the existing gaps for future accounts.
- It will be considered how to build this work into the Strategic Plan and consider the future impacts on the business- translating what has been learnt from the process so far into strategic actions.
- The Board agreed to The Executive Team confirmed they are confident the figures in the current account are robust but they will remain open to other ways to determine data or form the accounts in the future.

Action items	Person responsible	Deadline
Determine the intellectual property ownership of CNCA work and consider future consultancy and additional work streams from the accounts.	Rachael Edwards	July-16

### 3. Finance Performance

| Item Lead: *David Hodson*

Discussion:

Update on the current financial status of FE at month 11 of 2015/16. The main points of the discussion included:

- The headline news is a good performance up to month 11 (end of February 2016) and a strong likelihood FE will have done better than the budget this year.
- Some capital investment programmes will now slip into the next financial year.
- Favourable variance is due to timber and operational underspend carried forward (but this is fine)
- FE received more cash income than expected over the last year as timber price held up well.
- Overall, there were good outcomes seen across the Operations teams during 2015/16. The Board recognised the net improvement of cash comes from across the business and is an outcome of the hard work, improvements made by, and achievements of staff from across FE England.

Action items	Person responsible	Deadline
None		

### 4. Business Performance

| Item Leads: *PK Khaira-Creswell & Paddy Harrop*

#### 4a. Corporate Plan

Discussion:

- The Board were asked for their agreement on the FE extracts of the Corporate Plan for 2016/17.
- The FE elements focus specifically on our corporate priorities and the format this year is intended as a forerunner to how FE may present the plan in the future (part of the departure from producing the Plan as a full organisation and in preparation for upcoming opportunities for format changes)
- The FE element focuses on government funding and FE's plans to deliver outcomes using it- to provide a clearer contractual relationship showing what public money is being spent on.

Conclusion:

The Board agreed the FE section and highlighted no required changes at this stage.

#### 4b. Management Information Dashboard

Discussion:

The Dashboard was presented to the Board with all data up to the end of February. The majority of the indicators are now 'green' but there were some indicators that required further discussion:

- a. Indicator 3, Investment- is currently shown 'red' as some capital programmes are behind schedule- however, plans are in place to roll these forward and address in this financial year
- b. Indicator 7, staff absence- no data is available currently due to systems issues in Silvan House, but this is being actively worked on at the moment.
- c. Indicators 8 and 15, staff/visitor accidents- these are both 'red' as the target is still 0. The Executive Team are proposing to retain the 0 target but use previous numbers to compare and colour code by trend, not against absolute target (aiming to reduce accidents year on year).
- d. Indicator 16, visitor hub numbers- No data is available due to issues with data collection and IT issues. The Operations team are now actively working towards fixes and improvements.

Conclusion:

- The Board were invited to give feedback and suggestions on the Dashboard, indicators and targets. It was agreed- following the earlier CNCA discussion- to look at the visitor aspect and consider whether there is a way to gauge or measure the health impacts and benefits to visitors.
- The Board discussed that, in the event of adjusting the health and safety indicator to trend-based (meaning it will no longer always be 'red') the Executive Team will not become complacent and improvements to health and safety will still always be sought, in pursuit of the 0 accidents target

Action items	Person responsible	Deadline
None		

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#### 5. Business Plans

| Item Lead: *David Hodson*

Discussion:

The Board were presented with the FE England Financial Plan 2016/17. The main points highlighted were as follows:

- a. Each Forest District (FD) and business unit has their own business plan and this is an aggregation of those, so is generated from the bottom up.
- b. Following on from a good settlement for FE in SR15, the plan for next year is to reduce the deficit so that net operating position is higher than funding- taking into account there will also be a bell curve of costs up to 2019/20 due to the transition of services from FC and Shared Services.
- c. The most important element for the Board to consider was identified as the 'resource bridge' section, which highlights that a deficit will likely increase due to timber price and volume reducing and some pay increases. FE is working to counteract this with improved recreational outcomes.

Conclusion:

- The Plan is affordable for 16/17 in revenue terms and is the culmination of a lot of hard work from

various teams over the last few months. The Plan has catered for the medium term but there is still work to do. The Strategy, due in autumn, will be important to feed into longer-term work.

- It was agreed that driving clear financial targets shouldn't be the key- instead FE should recognise good opportunities when they appear and recognise new markets developing.

Action items	Person responsible	Deadline
Consider how the Strategy will impact business plans and that the Strategy itself should take into account there are some innovative aspects and opportunities that will require different financial considerations we cannot yet account for or quantify.	Rachael Edwards	Nov-16

## 6. FEE Transition and Change Programme Governance

|Item Lead: *Simon Hodgson*

Discussion:

- The Board were updated on the key changes to date, during the transition of services to FE England, for the four function areas of HR; Information Services; Marketing & Communications and Finance & Business Support. All key areas now have Target Operating Models in place.
- Developments in all areas are important with investment into communications and marketing, and new brand development work, likely to be key to future success for FE.
- The Board discussed that, for the transition of IT services, understanding points of connectivity between different systems is the most important element. The Executive Team confirmed that this is being thoroughly considered.

Conclusion:

Changes are on track and are not all complete at this stage, but are set to be by the end of April 2018 at latest, with the majority complete by April 2017. Making changes quickly and efficiently will be key.

Action items	Person responsible	Deadline
None		

## 7. Strategy Board Return to ENC

| Item Lead *PK Khaira-Creswell*

Discussion:

A commitment of the Board's Terms of Reference (ToR) is to provide a report to the ENC annually. The Board were asked to consider and make any comments or changes on the draft report, which was based predominantly on the Board's one year review, as undertaken at the February meeting.

Conclusion:

The Board agreed the report was appropriate for return to the ENC, with some minor changes made to the format of the ToR and achievements within it.

Action items	Person responsible	Deadline
None		

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## 8. Business Areas Update Report

| Item Lead *All*

Discussion:

The Board were provided with an opportunity to ask any questions on the content of the report. The main elements of the discussion were:

- a. FE should aim to initiate more public understanding and appreciation of the natural value of the Public Forest Estate (PFE) (i.e. that highlighted with the CNCA).
- b. There may be greater opportunities to focus on engaging young people with the estate and the marketing and operations teams should continue to work together to ensure that arts, learning, recreation, volunteering and marketing programmes are joined up.
- c. Although the physical benefits of forests have been focused on, for example in the CNCA work, there may be scope to think about mental health too i.e. the benefits of outdoor space and forests.

Action items	Person responsible	Deadline
The above should be taken as an important consideration for the upcoming refreshed learning strategy with the Marketing team to consider ways in which we can incorporate understanding of the value of nature in children and adults through learning, marketing and other streams, such as arts programmes.	<b>Paddy Harrop</b>	Sept-16

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## 9. Risk Registers

| Item Lead *All*

Discussion:

The Board received a current copy of the FE corporate-level risk register. The main points of discussion were:

- a. A positive change was highlighted in that the 'medium to long term Defra funding' risk (1011/24) has been reduced in light of the outcomes and agreements of SR15.
- b. The VAT risk (2015/02), one of the two 'significant' risks on FE's corporate level register, is still an ongoing issue and the risk remains hard to quantify so must remain as 'significant' on the register.
- c. The Executive Team agreed to revisit the Shared Services risk (1011/06) and consider the risks involved within further developments in services transition to determine any required controls.
- d. The Board agreed the risk of 'public protest in response to boar and badger culling' (1012/04) is not a substantial risk at present and should therefore be moved to the 'removed risks' and, if necessary, reinstated with subsequent reviews of the register, should the issue arise again.

Action items	Person responsible	Deadline
Remove risk 1012/04 to 'removed risks' section of the register and reassess risk 1011/06 in light of further, and ongoing, shared services transition developments	<b>David Hodson</b>	May-16

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## 10. AOB

| Item Lead *All*

Discussion:

- The Board were asked for any items for upcoming agendas- it was asked for an update on the Strategy, CNCA progress and public programmes to be included in coming agendas.
- Next meeting- 13<sup>th</sup> July 2016, 10am- Forestry Commission Office, Bristol