

DIRECTOR WALES REPORT**Royal Welsh Show**

1. Our exhibition at this year's Royal Welsh Show (July 21 – 24 inclusive) will focus woodlands' contribution to health and well being. FC Wales has joined forces with the Welsh Assembly Government's Health Promotion Division in a partnership approach to advance this message, and the Assembly will be launching its Healthy Lifestyles initiative at our pavilion on the showground.

Staffing

2. Changes arising from FDR were implemented on 1 April and the new structures are now in place. Interviews for senior posts have now been held, and these posts are in the process of being filled. The following people have been promoted into new posts created to meet the FDR our requirements:

Business Manager	- Jon Westlake
Finance Director	- Derek Stephen
Head of Grants and Licences	- Peter Garson
Head of Corporate Planning	- Ruth Jenkins
Personnel and Change Manager	- Colin Sobota
Secretary	- Clive Thomas
Assembly Liaison Officer	- Terry O'Keefe
Marketing Officer	- Bill MacDonald

Ministerial Visits

3. Carwyn Jones AM made his first visit to the National Office on 22 May since his appointment as Minister for Environment, Planning and Countryside. He was accompanied by Gareth Jones, the recently appointed Head of the Assembly's Agriculture and Rural Affairs Department and member of this committee. I briefed the Minister on developments since August 2002 when he last had responsibility for forestry policy in Wales. Issues covered included implementation of FDR, progress with the Biomass Capital Grant Scheme, procurement of wood by the public sector, the state of the timber market and windfarms in Wales, amongst other topics. He is keen to see the FC in Wales developing projects that support the Assembly's sustainability duty, and would like us to work up visits for him that demonstrate sustainable forest management in practice.
4. The Minister for Culture, Welsh Language and Sport, Alun Pugh, performed his first duty on forestry issues when he visited Afan Argoed Forest Park, which was officially twinned with Afan Forest in Japan on June 30. Among the VIP guests was Neath-born Clive Nicol, now a Japanese citizen who owns Afan Forest (the Japanese one!), the Japanese Ambassador to the UK and the Mayor of Neath Port Talbot. Forestry Commission attendance was led by the DG, Anthony Bosanquet and Director Wales.

The National Committee for Wales

5. The Committee met for the first time on 30 May and is now responsible both to the GB Board and to the Minister for Environment, Planning and the Countryside. Gareth Wardell chairs the Committee with Anthony Bosanquet, Bob Farmer and me attending as FC members. External members are confined to three in number by the Forestry Act and include Prof John Good (Chair of this Committee), Gareth Jones (Director Agriculture and Rural Affairs in the Assembly) and a person representing social interests. This latter vacancy should be filled in July. There has been a good response to external advertising.

Grants and Licences

6. Work on the development of the new grants package for Wales is proceeding well. The project team has been working on developing the management plan format and pilots are expected to be run from June onwards. Restructuring the organisation to meet our customers needs is likely to begin in September. This will allow for receipt of electronic grant applications, processed through a service centre based at our Area Office at Clawdd Newydd, near Ruthin. The whole process of administering grant applications will be simplified and streamlined, providing a considerably enhanced service to our customers. The project still has some way to go and, although we are hopeful that the service centre will be operational by April 2004, the new package will not be fully operational until April 2005.

Timber markets

7. Timber markets continue to be challenging, coupled with the decline in supplies to Shotton. The downward pressure on prices and reducing markets is causing FC Wales considerable difficulties in the current Budget Planning Round for 2004/05. The Finance Minister has insisted on spending Divisions and Departments keeping within baseline which presents FC with a potential shortfall of £3 million. I am discussing the measures for addressing this shortfall with ARAD colleagues and Carwyn Jones, although none of the options are politically acceptable (reducing programmes, cutting grants or resuming disposals). The implementation of the Low Impact Silviculture Systems (LISS) policies are also likely to impact on production forecasts (possibly by 25%) and this will further affect income generation.

Harvesting:

8. A lorry carrying timber recently overturned on the Chirk roundabout. The cause was probably excessive speed going into the roundabout. As the load was longitudinally stacked and correctly strapped, the trailer turned over but the load remained secure. The site was rapidly cleared using a timber wagon from ETC Timber. Had the load been conventionally loaded across the bed, there would probably have been more media comment. Cross loading is no longer accepted as best industry practice. WHaM have given hauliers in Wales until 1st August 2003 to modify their trailers. This incident will be used to remind merchants of the deadline.

Recreation:

9. Dafydd Davis has been awarded a British Horse Society 'Good Guys Award' for the design of dual use trails for horse riders and mountain bikers at Bwlch Nant yr Arian in Mid Wales.

Estates

10. **The Hendre** – developers have submitted a revised proposal for the new golf course that does not significantly affect any Ancient Woodland site. FC is presently evaluating the new scheme. The freehold of the balance of The Hendre leasehold area, has been offered to FC as part of any land deal.
11. **Cefn Croes wind farm** – A setback in the date when the scheme could be connected into the National Grid means that construction may be delayed by 6 months. Nonetheless felling has started at the site in readiness for building the turbines.
12. **Penglyn Wood (Bluestone Project)** – Discussions continue with the developers of this project which involves a proposed holiday village and associated facilities based on the Oakwood Leisure Park in Pembrokeshire. The planning application for the development is currently being considered and a decision is expected shortly. This wood is earmarked for exclusive amenity use in connection with the scheme in return for which an exchange of land for community woodland plus other existing woodland for recreational use is under discussion.
13. **Tywi Windfarm** – This potential development continues to make progress and a paper has been submitted to this meeting updating Commissioners on the issues highlighted by the National Committee.

FCACW

14. The committee met for a 2-day meeting on 23rd and 24th June. The site visit on the first day was to Newborough Forest on Anglesey where the committee were asked for advice on a series of issues in relation to the re-design of the forest to support the SAC designation for the whole sand dune system on this area of coastline. FC and Countryside Council for Wales have recently produced a joint vision statement that when enacted, will contribute towards achieving favourable status for the SAC but will also mean that the remaining forest area can continue to provide many benefits into the future.

15. Cashflow Statement to June 2003

£m	Budget	Actual	%
Departmental Staff Costs	3.0	0.8	25%
Grants & Related Expenditure	8.8	2.1	24%
Other Departmental Funds	1.4	0.0	0%
Funding of Agency	30.0	8.3	28%
Cost of Internal Departmental Services	0.6	0.1	25%
Total Costs	43.8	11.3	22%
EU Co-financing of WGS	(0.6)	(0.5)	83%
WEFO Receipts	0	0	0%
Other Dept. Receipts	(0.1)	0	0%
Receipts from Agency	(18.7)	(4.1)	22%
Total Receipts	(19.4)	(4.6)	24%
Dept. Net Funding Requirement	24.4	6.7	27%

Issues

- Grants & Related Expenditure is running at a higher level when compared to this time in previous years suggesting that this is not an area where any savings may materialise as they have historically.
- The “Other Departmental Funds” Budget amounting to £1.4m represents sums yet to be distributed but likely to be required to reduce the Harvesting Income Budget.
- Agency Operating Costs are running at 3% above profile mainly arising out of Harvesting and Forest Management operations.
- EU Co-financing is running well above expected levels and we will be contacting Country Services to confirm our forecasts for this.
- Harvesting Income remains under pressure with receipts to June at only 21% of Target in a year where production is skewed towards the first six months.

Simon Hewitt
Director Wales
July 2003