

DIRECTOR CENTRAL SERVICES REPORT

Purpose

1. To advise Commissioners of developments within the FC's Central Services and the progress made to achieve the key actions and priorities as set out in the Cross Border and Forest Research Corporate Plans 2014 -15.

Cross Border Activities and Corporate Plan Update

Resilience: Forest Biosecurity

We will protect our woodland resource and increase its resilience to pests and diseases so that our woodland continues to deliver a wide range of economic, social and environmental benefits.

2. Work to address the Tree Heath and Plant Biosecurity taskforce recommendations is continuing with new biosecurity work now underway using additional resources committed by Defra in 2014 and 2015.

3. Input to developing the scope for a second phase of the Defra risk register is now complete and a new look register has been published with additional functionality. Outputs on behalf of Defra's Plant Health Risk Group continue to be a priority and Forest Research is continuing to work on pest risk assessments.

4. Input to the contingency planning exercise is continuing. Four pest-specific contingency plans have been drafted and these will be submitted to the Risk Group. In response to the survey of firewood importers, Defra Ministers have approved the introduction of an import notification scheme for firewood. A Regulatory Triage Assessment has been completed to determine the impact on industry and a consultation is being prepared to launch later in the year. Inspectors are continuing to visit firewood importers to raise awareness about the regulatory requirements.

5. The import checks on wood packaging associated with stone imports from China have continued to show a high rate of compliance with ISPM15. Our cross-border liaison officer is now well-established and has arranged an enhanced protected zone monitoring programme. Additional port inspection work is underway and has resulted in over 100 interceptions of non-compliant consignments. Notable new cases include problems with residual bark on sawn oak consignments from the USA and consignment of bark strips used to screen fencing from China.

6. The investigation into non-compliant Turkish wood packaging, connected with steel shipments into Grangemouth from Turkey, is now complete. All five companies involved have complied fully with statutory plant health notices. FCS will be writing to the companies concerned to express appreciation on behalf of Scottish Ministers. Additional protected zone plots have been set up at the ports and inland at depots and construction sites for the purpose of monitoring. To date these have not revealed the presence of any unwanted bark beetles.

7. Forest Research has concluded its trials with industry to evaluate a composting protocol for heat treatment of *P. ramorum* infected bark. Defra's Tree Health Policy Group has endorsed the licensing of premises for the processing of infected larch bark according to the industry protocol for heat treatment using a composting method and subject to the following conditions:

- For supply only within Great Britain;
- Only to low-risk end uses like play bark, landscaping, and amateur garden use;
- It will not be permitted to supply fines from infected bark into the horticultural market;
- Labelling to ensure that end users are aware about the exclusions and that bark may contain heat-treated material from infected larch sites.

8. Work is underway to introduce strengthened legislation in relation to tree pests. A new Statutory Instrument has been made with a commencement date of 3rd October. The SI will implement EU protected zone legislation which will replace national emergency legislation in regard to plane, sweet chestnut and oak (OPM). New measures will be introduced in regard to birch and wood of ash from third countries to address the risk from bronze birch bore and emerald ash borer. Importers have been altered to the changes in legislation and guidance has been updated.

Resilience: Challenges posed by Climate Change

We will protect our woodland resource and increase its resilience to the impacts of climate change so that our woodlands continue to deliver a wide range of economic, social and environmental benefits.

9. A study on the cost of abating CO² emissions by planting new woodlands across Britain will be released shortly. The work has been carried out by CJC Consulting with support from Forest Research and will be an important part of our evidence base to support the role of woodlands in helping to tackle climate change. The study will show how cost effective it is to use tree-planting as a way of reducing the UK's net GHG emissions, allowing comparisons to be made with other technologies such as wind, wave, and solar power. It is based on different types of woodland planting which reflect the likely types of woodlands which will be planted in England, Scotland, and Wales in the coming decades.

10. A feasibility study by environmental consultants ADAS and EFTEC has just been completed on how to value the role of woodlands in improving water quality and reducing the risk of flooding in Britain. We plan to hold a workshop with FC and Wales colleagues in the autumn to look at the best options from the feasibility study for commissioning research to carry out a valuation study. Water is a major gap in the economic evidence base on the role of woodlands in delivering ecosystem services, and we hope to be able to tackle this.

11. The UK National Ecosystem Assessment Follow-on project (NEAFO) was published in June. The NEAFO is a major piece of interdisciplinary research, aimed at improving our understanding of the economic and social value of nature. It provides new evidence of the economic and social value of forest ecosystem services, and sets out tools/products to support how such values can be used in practice. Colleagues from C&FS and Forest Research provided major contributions to the work.

Ways of Working

12. The Cross-Border Functions Project (part of England's Woodland Policy Enabling Programme) is continuing to progress well. The second phase of the project has now identified a shortlist of models which might be suitable for the ongoing cross-border functions. An interim report will be presented to the WPEP Board in October. Once the future operating environment is clearer the project will undertake further analysis of the potential models and prepare a business case to support any proposals for change.

13. The Business Strategy Working Group (BSWG) was originally conceived as a task and finish group. The group concluded the work outlined in the original Terms of Reference in June with a review of governance. The Central Services Management Board has broadly accepted the findings of the governance review with two recommendations worth highlighting. The first is the continuation of the BSWG - now called the Business Strategy Group (BSG) - and a commitment to review service delivery and the groups associated with it such as service boards. This review is scheduled to complete by the end of October and will present findings and recommendations for managing delivery mechanisms for services going forward.

14. The work to transfer NRW staff over to NRW PCs and phones is progressing well and is on track to complete by December; this will allow IS to begin the removal of the FC network equipment which must be complete by April 2016. The pace of work naturally creates risks within the project and we are therefore being rigorous in maintaining our internal control processes to ensure that risks do not become transferred to FC and that there is a clear audit trail of decisions and actions. As advised previously, NRW continue to require access to key Finance systems notably SRP, E-sale, Wildlife Management and GLOS. Interfaces between these systems and the NRW ledger are under development. A number of other smaller transitional services will come to an end in March 2015 including; NRW use of the FC brand, internet and intranet services, mechanical engineering services, and a reduction in the scope of our Internal Audit service.

Governance

15. The consultation on the Government proposal to abolish the Home Grown Timber Advisory Committee (HGTAC) ran from 14 April – 30 May 2014. Defra has sent a submission to the Secretary of State to progress the proposal to abolish the HGTAC. The abolition of HGTAC would be achieved through an order under the Public Bodies Act 2011 with the earliest abolition date likely to be March 2015.

16. The Cross Border Corporate Plan for 2014/15 has now been published.

Forest Research Activities and Corporate Plan Update

17. FR's draft Annual Report and Accounts for 2013 -2014 were officially laid in Parliament on 12 June 2014.

18. Alice Holt hosted a visit on 6 June by Professor Nicola Spence, Defra's newly appointed Chief Plant Health Officer. Nicola already knows FR quite well and is aware that she has our full support in her new role.

19. At its meeting on the 22 May 2014, the University of the Highlands and Islands Academic Titles Review Board unanimously approved the award of the title Honorary Professor to James Pendlebury, FR's CEO.

Corporate Plan Priority 1: Protect Our Trees and Forests

20. The Observatree partners are now making excellent progress with the project including: delivering 12 very well received induction events for our volunteer network; preparing training materials which this year will focus on Chalara, Longhorn beetles, Dothistroma Needle Bight, Acute Oak Decline, and *P. lateralis*; commencing volunteer tree health surveys at selected National Trust or Woodland Trust sites; launching the project website www.observatree.org.uk; agreeing the project's communications strategy; starting the development of an e-newsletter for distribution to 'people that need to know about Observatree'; getting the Collaboration Agreement signed by all the partners; producing and submitting the Inception Report to the EU's LIFE+ programme.

21. FR is continuing work on its components of the 8 Living With Environmental Change (LWEC) Tree Health Phase 2 projects that it recently secured along with its partners such as the John Innes Institute, CEH, Stirling University, Imperial College, Fera and Swansea University.

22. A paper entitled "Ash dieback in the UK: A review of the ecological and conservation implications and potential management options" by FR staff has been published in Biological Conservation. This work was undertaken in collaboration with staff from the James Hutton Institute, the RSPB, the Royal Botanic Garden Edinburgh, the University of

Director Central Services Report

Aberdeen and others. The paper is based on work funded by JNCC, NRW, Natural England, the FC, Scottish Natural Heritage and Northern Ireland Environment Agency.

Corporate Plan Priority 2: Enhance Forest Ecosystem Resilience and Service Provision

23. An article by FR staff entitled "Engaging with peri-urban woodlands in England: the contribution to people's health and well-being and implications for future management" was published in the open access International Journal of Environmental Research and Public Health, 11: 6171-6192; doi:10.3390/ijerph110606171 <http://www.mdpi.com/1660-4601/11/6/6171>

Corporate Plan Priority 3: Ensure our Forests Adapt to Climate Change and Deliver Wider Environmental Resilience

24. A review of literature on biogenic carbon and life cycle assessment of forest bioenergy Final Task 1 report, DG ENER project, 'Carbon impacts of biomass consumed in the EU' by FR staff has been published on the EC website – http://ec.europa.eu/energy/renewables/studies/renewables_en.htm

25. The Woodland Carbon Code (WCC) is ranked number 3 in the world in the 'Best Voluntary Standard' category in Environmental Finance's 2014 survey, beating off some established global leaders. Although the WCC is very much an FC initiative, FR have worked with the FC leads from CFS and the countries, alongside stakeholders from NGOs and the private sector, to ensure that the WCC was a credible standard that would stand up to scrutiny. Overall the FC and FR staff involved in the development of the WCC can take pride in the Code which demonstrates what can be done when FC policy analysts and FR researchers work closely together with external stakeholders to produce a credible policy response to a major environmental issue, supported by strong science.

Corporate Plan Priority 4: Effect Knowledge Exchange

26. FR's team in Wales produced and manned an interactive display at the Royal Welsh show between 25 - 27 July. Our staff also helped man the Fera and Natural Resources Wales stands at the same event.

27. A PhD thesis by a member of FR staff entitled "Climate change, uncertainty, and consequent risks: opportunities for forest management adaptation in Britain" has attracted media attention with articles published about it in both the Daily Mail and Daily Telegraph.

Corporate Plan Priority 5: Grow Our Business

28. An Edinburgh University led initiative to establish a virtual Edinburgh Plant Sciences Centre, including FR, was formally launched at the Royal Botanic Gardens Edinburgh on 25 June.

29. Since the last update, FR has been successful in two small, collaborative bids:

Director Central Services Report

- Gamma OPM project, in collaboration with Callen Lenz and FCE, which will demonstrate potential for use of rotor-UAVs for low dose spraying of single trees;
- NERC PURE Associate Extension project, in collaboration with Edinburgh University, which will demonstrate the benefits of improving adaptation planning through lower insurance premiums for commercial plantations.

30. FR and CFS staff did an excellent job in ensuring that three EU Horizon 2020 Stage 2 bids called POnTE (Pest Organisms Threatening Europe), nEUROSTRESSPEP (Novel biocontrol agents for insect pests from neuroendocrinology) and DIABOLO (Distributed, integrated and harmonised forest information for bioeconomy outlooks) were successfully submitted in late June. The bids will now be evaluated and results are expected to be known in January 2015.

31. FR has a new joint project with FE Scotland, FC Scotland, and the Scottish Environmental Protection Agency (SEPA) to monitor the effects of both aerial and hand fertiliser applications on water quality. The results should show whether the practices employed are effective in minimising nutrient losses to watercourse, particularly in sensitive catchments such as Loch Shin.

32. FR has participated in a successful EPSRC-funded SUPERGEN II bid. The successful University of Southampton-led bid is called "*Measurement and Analysis of bioenergy greenhouse gases: Integrating GHGs into LCAs and the UK Bioenergy Value Chain Modelling Environment*" (MAGLUE). This 3 year project will improve measurement and analysis of GHG in bioenergy systems and its integration into relevant models, thereby improving understanding of bioenergy supply chains and policy-related questions.

Shared Services Update

Human Resources

Pension changes 2015

33. Work continues for the 2015 pension arrangements and the FC has commissioned MyCSP (the Civil Service Pension provider) to deliver a number of pension sessions for staff.

Equal Pay Audit

34. A full Equal Pay Audit has been carried out showing that the gender pay gap has reduced from 22% (2001/02) to 9.07% (2013/14). A number of recommendations have been made to continue to improve equality in our pay system and an action plan is being developed.

Equality and Diversity – Internal Communications Materials

35. The Diversity team has refreshed the internal communications materials informing and supporting staff about the diversity agenda. A new suite of posters, leaflets targeting specific staff groups (e.g. recreation rangers) and an updated 'Diverse woodlands, diverse communities' booklet will be launched in September.

Management Development

36. Our MDP 1 programme is now accredited by the Institute of Leadership and Management and we are now offering past and present participants the opportunity to achieve a level 3 Certificate in Leadership and Management.

Health and Safety - Pre-commencement meetings and Contract Management

37. Safety, Health and Environment supported FC England in the role out of their pre-commencement meetings and contract management training seminars. The seminars were run in each Forest District. During the day the team ran a seminar for FC staff and in the evening hosted an event aimed at timber purchasers and contractors. The FC Scotland seminars are scheduled to start on 1 September and will follow the same format.

38. The Seminars emphasis the importance of managing contracts in terms of safety, health and the environment. It has been made clear that the revised pre-commencement meeting process and Red, Amber and Green system for contract management will become the day-to-day basis for communicating clearly, responding consistently and learning together, so the FC can get better at what it does.

Finance

Annual Accounts 2013-14

39. The accounts covering FC England/Central Services for the period ended 31 March 2014 were published on 7 July 2014.

HMRC update

40. FAS are continuing to work with the HMRC Employers' Compliance Team. A risk to the FC relates to travel-related payments (including relocation, detached duty, home-to-office journeys, and staff with more than one base).

41. FAS are also working with Defra and HMRC to determine the tax treatment of the Employee Assistance Programme which ran from 2011 to 2014. Elements of this Defra framework contract were not tax exempt services and FC is investigating the FC contract.

42. The VAT audit continues to make slow progress. HMRC has now sought a detailed breakdown of all income streams for each cost centre and FAS is obtaining this.

Business Sustainability

43. FAS formally submitted the Carbon Reduction Commitment Scheme (CRC) Annual Report on behalf of FC and have ordered the required allowances. Whilst there was a reduction in emissions across FC as a whole there were increases in energy consumed in FC England that is being investigated.

National Resources Wales

44. Further discussions have taken place with NRW regarding arrangements for their move onto their own accounting systems. Good progress has been made in the data migration phase of the project where we have provided data to allow NRW to test and configure their new system.

Procurement Services update

45. The EU directives have now been passed by the European parliament and their passage into UK law is now being considered by the Westminster and Scottish Governments. It is expected that the Westminster legislation (that will affect FC England, Central Services and FR) will be passed later this year with potential implementation as early as December 2014. In Scotland the Procurement Reform (Scotland) Bill has passed into law. The Scottish Government is taking a pragmatic view on its introduction and intends to come out to consultation on the main parts of the bill later in 2014 with a likely introduction in late 2015.

46. The impact of the new regulations will require a considerable revision to the current FC guidance and this will need careful resource planning and management to meet the timescales, particularly in England.

Jean Lindsay
Director Central Services
September 2014