

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 2013-14.

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. The Westminster Government has now accepted all of the Biosecurity Taskforce recommendations and a draft UK Plant Biosecurity Strategy has been prepared which sets out how the outstanding actions will be implemented.

3. A public facing version of the plant health risk register has been published on the Fera website.

4. For the first time in the UK an outbreak of **Elm yellows**, a bacterial disease, has been confirmed on Dutch Elm Disease resistant elms propagated from a stock imported from an Italian breeding programme. The elms involved were largely intended for use in a trial to enhance numbers of the rare White-letter Hairstreak butterfly, which relies on elm for its food. The disease causes mortality to native American elms, but the impacts are less severe on European species where outbreaks have occurred elsewhere in the EU (Italy, Germany, France). The finding could hamper the conservation initiatives that are attempting to encourage regeneration through resistant varieties.

Resilience: Climate Change and Ecosystem Services

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.

5. The Woodland Carbon Code quarterly statistics at the end of December show further interest in and uptake of the Code:

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- 192 projects have been registered (of which 63 are validated)
- Registered projects will create over 15,200 hectares of woodland (of which over 2,500 hectares are validated)
- Registered projects will sequester over 5.6MtCO₂ over their lifetime of up to 100 years (of which 1.2MtCO₂ is validated).

6. The Woodland Carbon Code was one of four finalists shortlisted in the 2014 Climate Week Awards in the category for the “Best initiative from government or public services”. The Award was won by a DfID project on Clean Cookstoves. More details can be found on <http://www.climateweek.com/awards/climate-week-awards-2014/best-initiative-from-government-or-public-services/>

7. A roadmap is being drafted to develop forest ecosystem services markets. This is a commitment in the January 2013 Westminster Government policy statement on woodlands, but it has value more widely in Britain in examining the opportunities for markets in ecosystem services and how these might be pursued. A draft of the roadmap will be produced in March.

8. The Joint Nature Conservancy Council (JNCC) has led a report on the biodiversity impacts of Chalara in ash woodlands that Corporate and Forestry Support (CFS) jointly funded. CFS staff were part of the Steering Group that advised the consortium that delivered the report. The consortium was led by the James Hutton Institute with Forest Research as a partner. The report can be found on the JNCC website. CFS is currently co-funding a follow-on report to examine a wider range of species and to consider management options for biodiversity in the face of ash die-back.

9. CFS is sponsoring this years ICF Conference ‘Trees in the Built Environment II’ to be held in Birmingham, 2-3 April. A joined-up approach to communications messages and presence at this conference has been agreed between CFS, the countries, and FR. CFS is drafting an editorial for the conference leaflet focusing on research that underpins the ecosystem services delivered by trees and woodlands in urban areas.

10. CFS has continued to support the work of the UK National Ecosystem Assessment via Forest Research. The first draft of ‘Work Package 5: Shared, plural and cultural values of ecosystems’ is currently being reviewed. Monetising cultural values is a real challenge. The FC will need to consider quite carefully the pros and cons of a purely economic approach to ecosystem services.

Standards

We will set the standards for sustainable forest management in the UK and promote it domestically and internationally.

11. The Department of Energy & Climate Change (DECC) agreed to base the Sustainability criteria for timber and biomass on existing forestry approaches. It will also be aligned with the UK Government Timber Procurement policy, (which in turn allows for a

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UKFS based approach).

12. CFS has finalised pre-publication drafts of the Practice Guide 'Managing Forests in Acid Sensitive Water Catchments' and the accompanying Research Note. These have been endorsed by each country and are in the publications process. We expect publication by the end of March.

13. In February the FC and Defra attended the Forest Europe experts' level meeting on a Legally Binding Agreement (LBA) on forests in Europe. International negotiations on this have foundered on administrative arrangements. The meeting attempted to get talks re-started but was not successful and the future of the Agreement is now uncertain. Defra have made use of the FC's long-standing experience in the Forest Europe process to inform their priorities and approach going forward and were appreciative of the FC using its networks in the EC enabling us all to have informal discussions to gauge the EC's likely future approach on the LBA and the Extraordinary Ministerial Conference.

14. A new EU Forestry Strategy was launched at the end of September through an EU communication. It has now been endorsed by the EU Council and although it still has to be signed off by the EU Parliament we expect that to be a formality. A briefing note was circulated to countries. Although non-mandatory, the strategy provides a useful framework for co-operation amongst member states on forestry issues, such as plant health, through the EU Standing Forestry Committee. It also helps to ensure that the forestry sector has a say in European affairs.

Evidence

We will ensure that there is a robust evidence base available to the forestry authorities across the UK to underpin their policies, decisions and advice.

15. The Science and Innovation Strategy for Forestry in Great Britain has been approved by Ministers in England, Scotland, and Wales. A launch is planned in March. The next phase for the strategy will be to determine the research programmes to be delivered from April 2015. This will be informed by a series of workshops over the summer to determine the research questions which need to be addressed.

16. The Living With Environmental Change Tree Health and Plant Biosecurity Initiative recently approved seven projects for funding, with a combined total of £7m. The successful projects and others complementing them will be showcased at a launch event at Kew on 25 March 2014.

17. Staff from Statistics, Economics and Inventory, Forecasting & Operational Support (IFOS) hosted a Forestry Accounts workshop in January, bringing together representatives from CFS, FC England, Defra, the Office for National Statistics, and contractors working for Defra on the development of woodland accounts and PFE accounts. The aim of the workshop was to ensure a common level of understanding of forestry and associated data issues. It is hoped that this will form part of an ongoing programme of collaborative work in

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this area.

Ways of Working

18. The Cross-Border Functions Project (part of England's Woodland Policy Enabling Programme) has now begun its second phase. The first phase of the project, completed in 2013, reached broad agreement on the range of cross-border functions which all of the devolved administrations wish to collaborate on for at least the next 5 years. Phase 2 of the project will now look at the most appropriate organisational model for delivering these functions. The project has strong dependencies to a range of external processes including; possible Scottish independence, the development of NRW and the future of the PFE in England, actions arising out of the Tree Health and Plant Biosecurity Task Force and the new Science and Innovation Strategy. The next reporting stage for the project is Autumn 2014.

19. The Business Strategy Working Group (BSWG) has now agreed Terms of Reference for its work and have signed off on the internal Shared Service Agreement which provides some structure and timelines for provisioning services. The group has also endorsed a Change Protocol which will ensure major changes to, or devolution of a service(s) is managed in a collaborative manner. Early work for the group is to review the charging mechanisms currently used with a view to developing a better understanding of service demand drivers.

20. Two workshops were run either side of Christmas with team leaders and managers from Central Services. All of the attendees had participated in a review of the work of Central Services and the aim of the workshop was to share the findings and analysis with participants in the review. All of the CSMB were involved in one or other of these sessions which were also used to test CS staff views on the vision statements presented by Director CS at the staff meeting in early December. Work is currently underway to collate feedback from these workshops and to develop a response and action plan to take forward.

21. Work is on-going to develop the FC's service relationship with NRW and, as NRW continues to develop its own capacity, 2014 will see a substantive reduction in the range of services which FC provides.

Forest Research Activities and Corporate Plan Update

22. FR hosted a visit to NRS by the newly formed Expert Committee on Forest Science on 30 January. At the request of the committee a number of presentations were made covering topics such as realising the economic value of ecosystems services of woodland, social benefits of trees woods and forests and tree breeding/genetic improvement. The feedback from the visit was very positive.

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23. FR is on target and on budget in respect of delivering its corporate plan objectives for 2013/14.

Corporate Plan Priority 1: Protect Our Trees and Forests

24. FR collaborated with a wide range of partners to contribute to a number of bids for funding under the Living With Environmental Change Tree Health (Phase 2). FR is involved in seven of the winning bids, although the formal announcement of winners is not expected until the end of March. FR's likely winning bids range from promoting the resilience of UK tree species to novel pests and pathogens (centred on Scots Pine) to understanding public risk concerns. These bids involve a number of partners such as the John Innes Institute, Centre for Ecology and Hydrology, Stirling University, Imperial College, Fera and Swansea University.

25. In Spring 2013 Forest Research began a Defra-funded project, 'An improved understanding of the causes, distribution and scale of acute oak decline in the UK'. To carry out this research FR developed and optimised a rapid diagnostic tool to verify whether the bacterial species implicated in acute oak decline (AOD) were present on the non-invasive swab samples taken at sites that had trees with stem bleeding.

26. FR has now completed Part 1 of a two-year, structured survey to determine the extent of AOD in England and Wales. FR surveyed 128 sites and sampled 29 sites for possible AOD; of those sampled, 18 (62%) tested positive for the AOD bacteria and were thus confirmed AOD sites. No positive samples were recorded in Wales but in England the known northern boundary of AOD was extended to Norwich. Further survey and use of these diagnostic tools will be used to refine understanding of the known extent of AOD.

27. FR are also working on a project for Defra entitled the "Social and economic analyses supporting the implementation of the Great Britain Dothistroma Needle Blight Strategy" – working with colleagues from Fera, Bangor and Brunel Universities to understand the barriers to disease management.

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

28. A research report, "Insights from behavioural economics for ecosystem services valuation and sustainability" has just been published. Ecosystem services refer to the benefits or outputs that people derive from ecosystems. Following the publication of the UK National Ecosystem Assessment there has been a growing interest in assessing the flows of such services and valuing the contribution they make to human well-being. This report draws upon recent evidence (years 2001 to 2012) from the behavioural economics literature to examine how cognitive factors influencing people's choices and preferences can affect the values that they place upon ecosystem services and upon ecosystem sustainability. The Report shows that there can be a wide variation in the values placed on particular ecosystem services and highlights where addressing research gaps on how people value ecosystem services could contribute to ecosystem sustainability.

Corporate Plan Priority 3: Ensure Sustainable Management and Adaptation of our Forests to Climate Change

29. The BioSoil2 project has selected and sampled 42 additional forest sites to improve estimates of soil organic Carbon (C) stocks in peaty gley soils, and to cover soil types which were under-represented in the BioSoil project. On more generic soil matters, FR has been advising the FC on the management of peat soils and land remediation sites, and linking this to consideration of species selection and forest management

Corporate Plan Priority 4: Effect Knowledge Exchange

30. All the efforts of those working on the Open Air Laboratories (OPAL) Tree Health Survey (including FR) were recognised at Defra's annual team awards ceremony held in London on 23 January – the OPAL Tree Health Survey scooped the Civil Service Reform Award. Having made the short-list of four nominations, the award was decided by popular vote across people in Defra and its agencies and was presented by Sir Bob Kerslake, the Head of the Civil Service. He was genuinely effusive in his praise and regarded the survey as a great example of how Government and non-Government can work together.

31. By the turn of the year FR had contributed to 23 conferences, given 8 seminars, and presented at 17 training courses and 13 workshops. FR continues to advocate and use different mechanism to disseminate its research: two e-lectures on forest health and silviculture were given in association with the Canadian Institute of Forestry, attracting over 1,100 attendees. In addition the Tree Health team have supported over 40 forest health and training events across GB over the past year.

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Corporate Plan Priority 5: Grow Our Business

32. FR was successful in obtaining two Genomia R&D diversification grants. The first, worth £37,250, aims to develop an ecological network tool for planners and developers. The second, worth £42,600, aims to develop a software platform for determining forest scale Hylobius risk.

33. The initiative by FR and the nursery sector to form a company limited by guarantee called "The Sitka Spruce Breeding Co-operative Limited" is now almost complete with all the necessary paperwork currently being lodged with Companies House. The purpose of the co-operative is to produce selected and improved vegetatively propagated Sitka spruce planting stock and take forward the breeding programme for Sitka spruce in a manner which is consistent with the ethos and principles of the co-operative business model.

34. The third party investment offered by a Dutch company Densi Tech International in respect of FR's spin out company C-Cure Solutions Ltd has now been agreed and the deal is due to be signed off before the end of February. The offer comprises an initial investment of £480,000 over the coming 18 months and subject to adequate commercial performance thereafter a final buyout of FR and the other shareholders for £1.27 million a further 18 months later. This deal has been endorsed by all the shareholders in the business and the Dutch partners will bring considerable commercial acumen to the development of C-Cure and indeed already own charcoal manufacturing businesses.

Shared Services Update

Human Resources

Review of Operational Pay

35. A Working Group has been set up to review operational pay policy and how it is being applied across the FC.

Pension auto-enrolment

36. The final stages of the auto-enrolment project have been completed. The FC registered compliance with the Pension Regulator in December 2013.

Facility Time

37. The new Facility Time arrangements are scheduled to be launched in April 2014 introducing an agreement that takes into account the principles of the Cabinet Office Central Framework.

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PMS/Competencies

38. The Civil Service Competency Framework was introduced into our recruitment process from 1 February 2014. PMS training continues to be rolled out in preparation for the launch of the new system on the 1 April 2014.

FC Values

39. Commissioners, and the Executive Board, have now signed off on the refreshed FC Values which will be launched in April 2014.

Equality and Diversity

40. As legally required, the FC published in January the annual report monitoring the diversity of the FC's workforce and the progress made to deliver the FC's published diversity objectives.

41. The diversity of the FC's workforce remains poor. As at 31 March 2013 it was predominantly male (67%), white British (96%), not disabled (98%) and aged 40 or over (67%). The Executive Board discussed how difficult it was to change this situation and agreed that the Diversity Team would continue to promote the FC as an employer directly to protected characteristic communities and also provide more information on the range of roles available within the FC i.e. not only foresters but also scientists, accountants, economists, HR professionals, GIS software developers, etc.

42. Good progress had been made in achieving diversity objectives with regard to customer services with the FC continuing to provide a range of innovative recreation opportunities to those with protected characteristics.

Finance

Annual Accounts 2013-14

43. For FC GB/England accounts have been prepared for the 9 months period ended 31 December 2013. NAO, our external auditors, have done transactions testing based on these accounts. Timetables and plans are in place to meet all the deadlines associated with the end of year work.

Information Services

44. After six months of extensive effort we have successfully demonstrated that the Forestry Commission's ICT security is of a sufficiently high standard for connection to the government Public Services Network (PSN).

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45. The implementation of a new telephone system for use across the organisation has begun with the Silvan House migration now complete.

Jean Lindsay
Director Central Services
March 2014