

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. Work to address the Tree Heath and Plant Biosecurity taskforce recommendations is continuing and CFS provided input to Defra's Plant Health Strategy and its Tree Health Management plan published in May 2014. New biosecurity work programmes are now underway using additional resources committed by Defra in 2014 and 2015.

3. A new cross-border liaison officer has been appointed. Additional surveillance work as part of an enhanced protected zone monitoring programme has been arranged. Additional port inspection work is underway and has already resulted in some significant interceptions of non-compliant material.

4. The most notable interception of non-compliant wood packaging for many years was made at the port of Grangemouth, connected with steel shipments from Turkey. At least five companies have been involved in the re-packaging and destruction of material under statutory plant health notices. An incident management team comprising the Plant Health Service and FC Scotland was formed to lead on the follow-up action and the Scottish Minister has been kept updated on a weekly basis. The level of cooperation and compliance has been very high and any high-risk material was dealt with within a month of notices being served. Plant Health Service staff have been involved in the preparation of internal environmental alert for one of the major engineering companies involved. We have written to the Turkish authorities on behalf of the UK to ask how they propose to address the problems with the wood packaging and will be monitoring all similar consignments from Turkey in the future.

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 March show further interest in and uptake of the Code:

- 202 projects have been registered (of which 67 are validated);
- Registered projects will create over 15,400 hectares of woodland (of which over 2,800 hectares are validated);
- Registered projects will sequester over 5.7MtCO₂ over their lifetime of up to 100 years (of which 1.3MtCO₂ is validated).

6. The carbon registry established with Markit Environmental shows that 400,000 'pending issuance units' have already been sold and that a further 500,000 are available for sale. We have received enquiries from potential buyers of these units. The units are described as 'pending issuance' until future verifications of the woodlands in future years prove that tree growth has been sufficient to sequester the required amount of carbon.

7. A study commissioned by us into assessing the feasibility of valuing woodlands contribution to water quality and quantity will shortly be released.

8. On 30 April a workshop on natural capital and payments for ecosystems services was held in Silvan House. The aim of the workshop was to explain the importance of the issues, clarify terms and definitions, share current initiatives and case studies, and discuss next steps. A further workshop is planned for autumn.

Standards

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

9. The FC has been working to support Defra to develop the UK position for negotiations at EU Council Working Party on Forests (CWPF) to agree and develop (along with other Member States) Council Conclusions in response to the European Commission's Communication on a new EU Forest Strategy for forests and the forest based sector. Council Conclusions were agreed and finalised on 29 April 2014. The Conclusions reflect key interests for the UK, namely:

- requests the European Commission, with the Standing Forestry Committee and in close cooperation with stakeholders, to prepare a multi-annual Implementation Plan by the beginning of 2015;
- reaffirms the commitment of the EU and its Member States to sustainable forest management in line with the principles and objectives of Forest Europe;
- full advantage should be taken of existing SFM criteria and indicators developed by Forest Europe when applying criteria and indicators to different policy context or when further analysing, applying or if needed, adapting criteria and indicators for SFM;
- the EU Forest Strategy should enhance coordination and facilitate the coherence of forest-related policies and synergies with other sectors and offer the key reference in EU forest-related policy development;
- EU positions relating to forests in regional and global fora should be coherent with the EU Forest Strategy.

10. The next steps will be to identify the priorities to take forward in the Implementation Plan from the long list of strategic orientations presented in the new Strategy.

11. CFS supported Dan Rogerson MP and a number of Defra officials at a recent House of Lords European Union Select Committee to discuss policy development in relation to forestry at EU level. The discussion focussed on the new EU Forest Strategy, addressing the principles and vision for forests in Europe, governance, information and implementation.

12. Negotiations on a legally binding agreement (LBA) on forests in Europe have again failed to reach agreement on which UN body (FAO or UNECE) should host the LBA, despite considerable informal efforts at a high level to resolve differences with key players such as Russia and also despite a willingness to compromise from the EU and its Member States. The EU went well prepared with ideas of how the UNECE/FAO could administer the LBA on an 'equal footing' but Russia was unable to move from an entrenched position that supported only a UNECE adopted convention. It was agreed at this latest informal that the process should be brought to an end as no solutions could be found. Results will now be presented to a Forest Europe Ministerial Conference – dates to be agreed. Defra, as the policy lead, will now take the appropriate steps to provide Devolved Administrations with an updated position.

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.

13. Workshops have now been scheduled for taking forward the next phase of the Science and Innovation Strategy for forestry in Great Britain. These will be held in Edinburgh on 28 May (FC and Govt), Edinburgh 11 June, Wales 1 July, and England 17 July (all stakeholders). The workshops will help to formulate the research brief provided to Forest Research for it to develop a series of new research programmes.

14. Two statistical releases were issued on 15 May. **"UK Wood Production and Trade: Provisional 2013 figures"** provides statistics on roundwood removals from UK woodland, deliveries of UK-grown roundwood to wood processors and others, and imports and exports of wood and wood products in 2009 to 2013. The provisional 2013 results indicate an increase in UK wood production from the previous year. **"Timber Price Indices: Data to March 2014"** includes the coniferous standing sales price index and the softwood sawlog price index. The results to end March 2014 show strong increases in both coniferous standing sales prices and softwood sawlog prices compared with the corresponding period of the previous year.

NFI reports on the carbon and biomass content of British forests quantified

15. Reports entitled "Biomass in Live Woodland Trees in Britain" and "Carbon in Live Woodland Trees in Britain" were published on 30 May. They are two in a series of outputs for the National Forest Inventory (NFI), and are available to download from [the NFI pages](#) of the Forestry Commission website at www.forestry.gov.uk/inventory.

16. They present for the first time estimates of carbon and biomass stored in the live trees in Great Britain's woods and forests which have been derived from direct

measurements of the current 'growing stock' (growing trees) rather than from extrapolations from historical data.

17. They reveal that the trees in Britain's 2.9 million hectares of woods and forests contain:

- 213 million tonnes of carbon; and
- 426 million tonnes of biomass (plant material).

For both carbon and biomass, these results show significantly higher amounts than had been previously estimated.

Reports of forecast timber availability from British forests over next 50 years

18. Two reports were published on 30 April which provide forecasts of the availability of softwood and hardwood timber from British forests over the next 50 years. These reports extend the 25-year forecasts published in 2011, and make specific presumptions about the extent and nature of replanting that will occur if and when existing forests are harvested.

19. The forecasts are important aids to the development of forestry policy and to forest, woodland and infrastructure planning and management by the forestry and timber industries, government and local authorities as well as biodiversity, wildlife and environmental interests.

20. They work off a baseline of the amount of timber which was standing in British forests and woodlands in 2012, as well as what species and ages the trees were. They then present a range of different forecasts of how much timber of different types will be available, and when and where, under a variety of different harvesting and replanting scenarios over the next 50 years.

21. The reports, the '50-Year Forecast of Softwood Availability' and the '50-Year Forecast of Hardwood Availability' for Great Britain are two in a series of outputs for the National Forest Inventory (NFI). They are available to download from the NFI pages of the Forestry Commission website at www.forestry.gov.uk/inventory.

Ways of Working

22. The Cross-Border Functions Project (part of England's Woodland Policy Enabling Programme) is continuing its second phase although progress is necessarily slow because of key known 'unknowns', the most notable of which is the Independence Referendum. The next reporting stage for the project is on target to complete in autumn 2014.

23. The Business Strategy Working Group (BSWG) continues to meet monthly and has now agreed and signed off the principles for charging and for returning cost savings to the countries. Agreement on the road map for evolving and devolving services is well advanced and should be available for July. The group is also considering the Service Board arrangements and presented recommendations to Director Central Services for consideration in May.

24. As advised previously, proposals for transitioning NRW off FC Finance and IT services are at an advanced stage. Work to migrate former FC staff on to the NRW network starts in June and is scheduled to complete in December this year. Authorisation has been received to build an IT Gateway which will allow NRW to access FC systems from their network. NRW expect to start moving off the FC sales ledger in October with full cessation expected by end of March 2015. 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 will need to be developed the cost of which will be borne by NRW. Work is continuing to remove FC branded infrastructure from Wales with all major forest signage being replaced by April. NRW continue to be represented on FC's Business Strategy Working Group mentioned above and as far as is possible we are using this process to coordinate NRW changes with those being requested by FCE and FCS.

Forest Research Activities and Corporate Plan Update

25. FR's 2014 -2015 Corporate Plan was approved by Ministers on 24 April. FR's draft Annual Report and Accounts for 2013 -2014 were agreed by the Minister on 9 May. To summarise, FR produced a surplus in 2013 – 2014 and delivered on all of its corporate plan objectives.

26. FR is also delighted that Dr Joan Webber has been awarded the ICF's President's medal for her outstanding work on tree health.

27. Sir Mark Walport (the Government's Chief Scientist) visited NRS on the 14 March as part of his review of animal and plant health research across the UK and whilst there he officially launched the Science and Innovation Strategy on behalf of Defra ministers.

Corporate Plan Priority 1: Protect Our Trees and Forests

28. FR is now commencing work on its components of the Living With Environmental Change (LWEC) Tree Health Phase 2 projects that it recently secured along with its partners such as the John Innes Institute, Centre for Ecology and Hydrology, Stirling University, Imperial College, Fera and Swansea University.

29. FR has held meetings with GO Science about the aforementioned Boyd/Walport review of Animal and Plant Health in the UK; "An Assessment of Future National Capability". FR has also attended a number of associated workshops and is an active member of the project's Oversight Group.

30. FR staff also provided evidence to the Review of Defra Plant Health research spend (Chaired by Sir David Read). The report is now written and about to be submitted to Defra.

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

31. FR was involved in the official launch of the Ecosystem Services Community Scotland (ESCOM – Scotland) on 30 April and 1 May alongside its partners the James Hutton Institute, University of Edinburgh Geosciences, and Centre for Ecology and Hydrology.

32. In line with our key action on publishing information about acidified water catchments the FC has now published the FC Research Note on 'Forestry and surface water acidification' by Nisbet & Evans (2014) (FCRM016).

33. FR's social research team are now all Associate members of Government Social Research.

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

Corporate Plan Priority 4: Effect Knowledge Exchange

34. A demonstration version of an app to identify tree small seedlings has been developed. The app was developed from a hard copy book-based key and full release of the app is imminent.

Corporate Plan Priority 5: Grow Our Business

35. Peter Freer-Smith and James Pendlebury attended a meeting on the 6 March with the newly formed Birmingham Institute for Forest Research (BIFoR) and their donor at Birmingham University and held open and constructive discussions about their aspirations and plans. Subsequent to the meeting BIFoR staff visited Alice Holt on 2 May. FR also put BIFoR in touch with FC's civil engineers to help them with their road construction issues on their test site.

Shared Services Update

Human Resources

Pension changes 2015

36. Work is underway to prepare for the 2015 pension arrangements including the development of pension workshops to be delivered to all staff during Autumn/Winter 2014.

Competency Framework

37. The Civil Service Competency Framework was launched at the beginning of April and we have completed a programme of training on PMS across the organisation.

FC Values

38. The refreshed FC Values will be launched shortly, posters will be sent to all cost centres and a personal leaflet issued to all members of staff.

Health and Safety - Accident Statistics

39. The 2013/14 accident statistics have been published on the intranet ([FC Accident Statistics 2013/14](#)). FC employee accidents reported to the Health and Safety Executive have fallen from 21 to 11.

Health and Safety - Pre-commencement meetings and Contract Management

40. The FC has produced additional guidance on pre-commencement meetings and contract management and will be running training seminars for staff, customers and contractors. The objective of the training is to improve our management of health and safety in contracts.

41. This work is in support of our Safety Strategy and our commitment to learn from the Skye fatal accident. The guidance has been produced and the training events will start in June 2014 running through to October 2014.

Finance

Annual Accounts 2013-14

42. The preparation of accounts covering FC England/Central Services for the period ended 31 March 2014 is well advanced with the key deadlines met in respect of management reviews, consideration by the Audit and Risk Committee, and submission to NAO.

HMRC compliance reviews

43. Preliminary discussions were held with HMRC on its upcoming employer compliance audit. The operation and compliance around payroll is low risk and HMRC will focus on payments to individual contractors, including volunteers (to determine whether the individual is a contractor or an employee) and travel, etc. expenses. The latter is wide reaching and includes examination of home working, employees with more than one base for tax purposes, relocation/detached duty, hospitality and rewards.

44. A separate HMRC audit team is looking at the FC's compliance with VAT legislation. This is making slow progress because of resource issues within HMRC. To demonstrate a proactive approach, external consultants have been supporting FAS to examine VAT in the shared services and cross-border functions. It is not possible to quantify any financial consequences at present until HMRC concludes its work with the rest of the FC.

Procurement Services update

45. EU regulation changes are currently being considered by the Westminster Government. It appears that there will be no public consultation and that the new regulations will become law, in England and Wales, around December 2014. There is still no firm date for implementation although the Cabinet Office is now running training workshops for procurement teams. The Scottish Government is still indicating that they

will consult on the changes during 2014 and expect to finalise the new regulation in the summer of 2015.

46. The Procurement Services team are working with the country's management teams to assess the impact of the new regulations and legislation and helping them to understand the structures and processes required to comply with the changes.

Jean Lindsay
Director Central Services
June 2014