

THE SEVENTY-SIXTH MEETING OF THE EXECUTIVE BOARD
HELD IN THE SILVAN HOUSE BOARDROOMS
ON WEDNESDAY 2 DECEMBER 2015

MINUTES

Members: Ian Gambles (Chair), Wilma Harper, Simon Hodge, Simon Hodgson, Jean Lindsay, Jo O'Hara and James Pendlebury

Guests: Rachel Cope (agenda item 10 only) and Neil Simpson (agenda item 10 only)

Secretary: Stephen Bennett

1. Minutes of the previous meeting and matters arising

The minutes of the meetings held on 13 October, 22 October and 19 November were agreed.

The following matter arising was discussed:

- **Natural Resources Wales (NRW) – Additional Costs**

Director Central Services had written to the Chief Executive of NRW setting out the Executive Board's agreed position on additional costs. Receipt of this letter had been acknowledged and a formal response from NRW would be issued in due course.

2. Forestry Governance Project

The target date to provide advice to Ministers on options was March 2016.

This project focused on three main strands of work: legislation; finance; and, Forest Research. Lawyers were currently exploring the scope of the legislative options which would involve primary legislation in Scotland and either primary or secondary legislation in England.

The financial workstream was in the process of being organised.

The strand of work to review the future of Forest Research was underway. Ministers' views would be sought on a range of options with the pros and cons of each clearly identified.

The Forestry Governance Board had endorsed the ongoing work of the Legal and Corporate work underway.

3. Legal and Corporate Project

The EB was briefed on the early stages of this project to identify the issues for consideration, examine them through the lens of three key scenarios (FC England becomes FC, Forest Enterprise England becomes the FC or there is no FC) and develop subsequent solutions. Legal advice had been taken on many of the constitutional issues.

4. FC England (FCE) Change Programme

Defra was being re-structured at a senior (Directors and Deputy Directors) level. Shirley Trundle would remain as Director of Countryside and Nature including responsibility for forestry policy. The process of selection for the four Deputy Directors was underway.

FCE was currently reviewing their current IT processes and developing plans for their future requirements with a view to establishing their own services by April 2017. Consultants had been engaged to complete this review. As there were many IT interdependencies, Forest Research would also need to be engaged in this process in the same timeframe as the rest of the FC. Discussions would take place on how this could best be achieved. The consultants' report would be shared with EB members.

Action: Ian Gambles

5. FC Scotland Change Programme

Scottish Government officials were working with FCS to consider the issues associated with the future of forestry in Scotland, including international activity. Firm proposals or options were unlikely to appear before summer 2016. Forestry in Scotland was currently receiving a lot of positive attention from both media and Government due to the launch of a report quantifying the gross value added (GVA) associated with forestry in Scotland. The report was launched on 30 November by the Minister with a headline figure of £1billion GVA and 25,000 jobs.

With regard to the internal change programme, the FC Scotland team were currently considering cross border issues along with other corporate services.

Financially, timber trading conditions were worsening with a significant impact on FES. The FC Scotland team was currently considering a range of future financial scenarios in preparation for the spending review.

The Forest Enterprise Scotland (FES) Organisational Development Programme was underway with progress made on the four key projects:

- Delivery Structures – remapping structures in order to streamline;

- Strategic Business Planning – looking beyond the annual exercise to the longer term;
- Business Services – would interphase with the work of the Business Strategy Group;
- Financial Structures – reworking these (e.g. cost centres) and allocating resources as necessary.

The Programme was working to a tight timeline with key decisions required by the new financial year.

6. FR Refresh

The Implementation Plan had been completed and shared with staff. Workshops had been scheduled to discuss various key issues such as culture change and a meeting had been held with IFOS staff to discuss their concerns. The budgets and SLAs were being examined and new financial arrangements would be put in place as necessary. This work would be shared with the country finance teams. EB members were reminded that the refresh of FR would be cost neutral.

Action: James Pendlebury

The Service Forum would continue to set out the programme of work, and the associated costs, for IFOS.

The Intellectual Property issues would be examined as part of the due diligence exercise when exploring different models for FR going forward. It was acknowledged that the different Governments may have different positions on this.

The remainder of CFS functions not being absorbed into FR had been included in the Business Strategy Group process.

7. Spending Review 2015

The Chancellor's Autumn Statement had outlined cuts of 15% in real terms by 2019-20 for Defra. It remained unclear what this settlement would mean for the Forestry Commission. This information was expected in January 2016. However, it was clear that the FC would have to make a contribution to achieving the 15% cuts, including exploring participation in the integration of corporate services within the Defra 'family'.

The Chancellor had stated that funding for public forests in England would be protected.

The Government had committed £130m to Defra science estate capital spending. Forest Research were now awaiting to see what, if any, of this approved capital would be allocated to them.

In Scotland an announcement was pending on the budgets for departments. It was likely that the implications for FC Scotland would not be known until late December. Meanwhile, trading income remained challenging and the rural affairs portfolio had also been impacted negatively due to exchange rates reducing the money received from Europe for the CAP. The implications of this were being worked through.

8. Progress with establishing new Corporate Service Arrangements

EB members noted the progress with the co-ordinated approach to service transition and the current position of the overall programme of change. It was agreed that the 'swim lanes' diagram was very useful. A separate timeline would be completed for Forest Enterprise England in time for the next Business Strategy Group meeting and added to this diagram. The necessary information would be provided by the Chief Executive.

Action: Simon Hodgson

EB members agreed that the transition of services was complex and time-consuming and would need to be resourced and funded appropriately going forward.

As monitoring progress on establishing new Corporate Services was an issue for the Business Strategy Group, in the future the EB would discuss this when significant issues arose or there were any conflicts to resolve. However, EB members would review for information the 'swim lanes' diagram every quarter.

Action: Wilma Harper

9. Shared Services Update

Director Central Services briefed EB members on the following issues:

- **Direct Debit Payments**

Using the Direct Debit facility for some of the 12,000 payments that the FC received and processed manually would create efficiencies. The payments included commercial activities in timber, venison, tourism and recreation and land and property-based transactions for permissions, rents and other considerations. Customers had also asked for this facility with regard to transactions such as the Discovery Pass in FC England. All organisations using the Direct Debit Scheme must be sponsored by their Bank and were required to go through a careful vetting process before they were authorised. Approval of the highest authority in

the FC was also required. EB members supported this development and agreed that the approval of the Board of Commissioners would be sought to proceed with this.

- **Pay Award 2015**

As the FCTU had formally rejected the FC's Pay Offer, EB members had agreed that they had no choice but to impose the pay deal. As the FCTU objected to the move to pay ranges, the pay deal had been amended slightly to refer to pay scales rather than ranges.

- **Holiday Pay**

The exercises to pay enhanced holiday pay to employees for 2014-15 and 2015 to date had been completed. A system had been developed and implemented to enable staff to claim enhanced holiday pay going forward.

- **HMRC Audits**

Revised management arrangements for the handling of tax had been implemented. This included the creation of a formal Tax Project headed by a Tax Advisory Team. A range of sub-projects would be created to ensure each issue was formally analysed, that all options were considered and that long term solutions were in place. The new arrangements would also consider what would be required for each part of the FC to take on their own tax affairs as part of the devolution process.

- **Lone Working**

The exercise to procure a new system was underway.

- **Health & Safety Executive (HSE)**

HSE had visited West Argyll District as a result of a Hand Arm Vibration Syndrome RIDDOR report. The Health and Safety team supported the District through the initial visit and subsequent correspondence, including the Notice of Contravention. The issue was a result of incorrect recording of actions, rather than not carrying out the correct procedures themselves. HSE were also investigating a case in FC England where staff and contractors had potentially been exposed to asbestos.

10. Staff Survey 2015 Results

The Executive Board were presented with an overview of the FC's results from the Staff Survey run in September 2015.

EB members noted the results, particularly the highlights, potential areas for change and areas of low scoring. EB members were particularly concerned about the number of people who did not have a Forward Job Plan and the cluster of negative scores about

Cost Centre/Units. Detailed responses and action plans would not be developed until the cost centre reports had been received.

The Reports breaking down the results by business area and cost centre would be available in January and would be dispatched to EB members in the first instance.

Action: Alex Hunter

11. New People Strategy

Executive Board members had reviewed the draft outline of the new People Strategy and requested several amendments including stronger links to the FC Values, consistency of language, using more positive language, removing the PESTLE analysis, more detail about the imminent changes to the FC's structure and more forward looking text.

Director HR would be asked to work through this with the HRMB and then the HR Business Partners would present the draft amended text to their respective management boards.

Action: Allie Walker

12. Arrangements for FCTU Secretary Post

Executive Board members agreed that the FCTU Secretary post would be reduced to a 50% FTE role in order to bring the FC into line with the Government's Framework on Facility Time and to future proof with regard to employment legislation arising from the Trade Union Bill.

13. Any Other Business

No items were raised.

14. Date of next meeting

The next meeting of the EB was scheduled for 10.30am, Tuesday 19 January 2016, in the West Boardroom of Silvan House.