

**THE FORTY-SEVENTH MEETING OF THE EXECUTIVE BOARD
HELD IN THE SILVAN HOUSE BOARDROOMS
ON WEDNESDAY 3 NOVEMBER 2010**

MINUTES

Members: Tim Rollinson (Chairman), Keith Gliddon, Wilma Harper, David Howat, Jean Lindsay, Frank MacCulloch, Bob McIntosh, Trefor Owen, James Pendlebury

Guests: Roger Coppock (Agenda Items 9 and 10), Mike Cowan (Agenda Item 5 only), Simon Hodge (Agenda Item 7 only), Simon Hodgson and Nicky Whitaker (Agenda Item 7 only)

Secretary: Stephen Bennett

1. Minutes of the last meeting and matters arising

The minutes of the meeting held on 1 September 2010 were agreed.

One matter arising was discussed:

- **International Forestry Policy**

EB members were advised that Defra Ministers had decided that Defra would take responsibility for international forestry policy. The Forestry Commission would still be involved but would have a different profile from now on. The FC and Defra would have to work closely together on this in the future but the details of how this would work remained to be formalised.

2. Finance and Accounting Issues

Director, Finance was considering the impact of the recent Voluntary Early Retirement/Severance Scheme on the budget for 2010-11. This would be circulated to EB members for information.

Director, Finance was also finalising a financial profile for the four-year spending review period incorporating all of the changes agreed at the recent business planning meetings. This would be circulated for agreement week commencing 8 November.

It was confirmed that the FC was on target to deliver the Westminster Government commitment to publish on-line all new spend over £25,000.

With regard to the Clear Line of Sight (CLoS) project, although initial discussions with Defra had taken place to determine the respective roles and responsibilities of Defra and FC staff to deliver the CLoS requirements, further discussions would be necessary to achieve full implementation by April 2011. The situation for FC Wales remained unclear. Legislation prevented the consolidation of FC Scotland into the Scottish Government resource accounts.

The EB was informed that although the carbon reduction commitment was originally estimated to cost the FC £150K, spending review changes may have increased this, possibly as high as £1m. The EB would be kept informed.

EB members were advised that Business Sustainability information on travel and energy was now in an auditable condition but issues remained about gathering the information on waste and water consumption.

Actions: Keith Gliddon

EB members were reminded that the Director General had issued a note to the Senior Staff Group instructing that any savings must be capitalised upon and realised and not simply used to fund additional, alternative expenditure.

Action: EB members

3. Public Sector Spending Cuts

The Executive Board had a confidential discussion about the impact of public sector spending cuts on the Forestry Commission.

It was obviously vital to make cuts across the entire FC during the current Spending Review period. Until definitive advice was received, this was being based on cuts of 25% across FC England, Forest Research, the Shared Services and the GB core.

To support these budget cuts, staff would be reminded of the need for austerity with regard to purchasing IT equipment, meeting locations, meal provision, etc during this time of public sector spending cuts.

Action: EB members

EB members expressed the view that although difficult and challenging, the organization could cope with 25% cuts. As the pressure on staff would be great all across the FC it was important for everyone to support each other through the changes. The EB was responsible for ensuring the best outcome possible for the FC.

Action: EB members

4. HR Update

Director HR, highlighted the following issues from her paper:

- **Non-pay Benefits**

It was agreed that a full review of staff non-pay benefits would be carried out. Office outings would still go ahead as long as they were related to the FC business.

- **Performance Management System**

It was agreed that now was not the time to introduce a new PMS system to the FC and this project would be delayed for at least two years. Therefore, the FC would continue to utilise the existing system for the foreseeable future.

- **Civil Service Compensation Scheme (CSCS)**

Discussions between the civil service unions and the Government on a new CSCS had been concluded. All of the unions except PCS had agreed to put the new arrangements to their members. Under the new CSCS voluntary redundancy terms were more attractive than compulsory terms. Once the terms of the new CSCS had been finalised, discussions would be held with the FC Trade Unions about establishing a VER Scheme that was available all of the time as opposed to a succession of one-off Schemes.

- **Disclosure of Salaries**

The Government had decided to publish the salaries of Permanent Secretaries and staff in senior pay bands 2 and 3 only. The FC had published this information.

- **Recruitment Freeze**

Since the current recruitment freeze had started there had been minimal external recruitment. As a result, the FC's FTE (full-time equivalent) was now 159 below the agreed baseline. The EB was advised that so far the business seemed to be coping well with this reduction and no major problems had been reported.

- **Voluntary Early Retirement/Severance (VER/VES) Scheme**

The VER/VES Scheme had concluded. There had been 84 applicants and funding was available to fund packages for 69 individuals. As a result of additional funding from Defra, a limited scheme would now be offered within Forest Research.

- **Redeployment**

There were currently 14 members of staff in the redeployment unit. Director, HR confirmed that management postings within FC business areas were still possible.

Actions: Jean Lindsay

5. Review of Travel and Subsistence

The EB was advised that HM Treasury had produced revised Civil Service principles with regard to expenses reimbursement for implementation by Government Departments by April 2011. The revised principles were designed to achieve greater transparency and

value for money. Therefore, the revised principles were based on the reimbursement of actual expenditure and not another system of allowances.

In order to progress the development of the FC's Travel and Subsistence Policy, the Executive Board agreed that the FC would adopt the principle of claiming for actual expenditure only but within a framework of new expense limit provisions.

Action: Jean Lindsay/Mike Cowan

EB members were advised that, as it was an FC imposed rule, advice would be issued to staff to allow GPC cards to be used to pay for meals.

Action: Keith Gliddon

6. Governance of the Diversity Function

The EB discussed the Diversity Technical Group and considered that it had fulfilled its terms of reference and met its objectives. Therefore, it would be disbanded with immediate effect.

Action: Stephen Bennett

Executive Board members expressed their gratitude to the members of the Diversity Technical Group and commended them on a job well done.

In the future, the EB would receive an annual progress report on diversity issues. This would include an update on legal compliance and FC workforce monitoring co-ordinated by the Diversity Team. It would also include a report on mainstreaming and customer initiatives from each of the three countries.

Action: Stephen Bennett & Country Directors

7. Review of the Business Units

As agreed at a previous meeting of the EB, the Civil Engineering function had now been integrated into country structures and reporting lines established. The existing Head Office staff had been redeployed or had received VER. A new central, supporting civil engineering team had been established at Northern Research Station. The funding of this had been agreed.

With regard to the Nurseries, a project group was drafting the Pre Qualification Questionnaire (PQQ) as a first stage in the procurement exercise. This was expected to be finalised in late November. The procurement exercise would involve a 'competitive dialogue' with interested parties and a compulsory supplier briefing day to explore solutions with suppliers.

No information had been received about potential management buy-outs but interested parties would have an opportunity to formalise a bid at the POQ stage.

After an analysis of the options it had been decided to split the MES outsourcing exercise into three categories: light vehicles; harvesting/specialist machinery; sundry machinery.

As the outsourcing exercise for the light vehicle fleet was likely to be the most straightforward, this would be progressed through a current government wide OGC procurement exercise.

However, for harvesting and sundry machinery, a devolved but collaborative approach between countries was considered to be the best solution, given the high degree of uncertainty about future FC business requirements. Therefore, the Steering Group was recommending that the MES function should be split out to the countries for ongoing management and the local outsourcing of harvesting and sundry machinery. This would involve the transfer of all maintenance, workshops and country management, including the management of light vehicles to the countries. In addition, a GB resource would need to be retained for procurement, capes management and the maintenance of the DRIVE system until the outcome of the light vehicle outsourcing exercise was known.

EB members expressed concern about this option possibly increasing costs by three but it was pointed out that there would still be a central GB team to take advantage of GB economies of scale.

The EB was also concerned about losing sight of the original aims of the Review. To that end, the EB agreed to support the recommendations in principle only at this stage, but requested to see metrics on the potential costs and savings before proceeding. EB members would then decide if they would proceed with the country split of MES.

If it was decided to pursue the option to divide MES between the three countries, the EB wanted to be able to review progress regularly to ensure that outsourcing options were properly and thoroughly explored.

Therefore, the EB requested that the Steering Group develop recommendations to achieve the outsourcing process and how to monitor this for discussion at the next meeting of the EB, prior to moving ahead with the split of MES. The EB would also need to see some details about the costs and savings of doing this before making a final decision.

Action: Simon Hodge & Nicky Whitaker

The information requirements for DRIVE would be reconsidered and reviewed.

Action: Keith Gliddon & Country Directors

8. Forest Research (FR) Progress Report

EB members noted the content of the Report including the progress made to achieve the key performance indicators and the level of external income now secured.

EB members agreed that Progress Reports would no longer be required from Chief Executive, FR at future meetings of the EB.

9. Biosecurity – Securing Funding for Research

The EB received a presentation about the current increased level of biosecurity threats and the proposals of the Research Strategy Management Board (RSMB) to fund this area of work. Discussion focussed on the proposed bid to Defra Ministers for additional funding of £18m. This bid was currently with Defra officials for comment and would be circulated to EB members for views.

Action: Roger Coppock

EB members also expressed concern about the future funding level for research into *Phytophthora ramorum*. This was funded by, and subject to a joint programme of research with, the Food and Environment Research Agency (FERA). Therefore, this was outwith FC control.

EB members pointed out that more flexibility to adapt quickly to new threats was key to the entire biosecurity programme of work and this would possibly require involving external research providers.

With this proviso, the EB endorsed the approach proposed by the RSMB to secure more funding for biosecurity work and the level of research priorities identified.

Action: Roger Coppock

Therefore, future research provision would need to be structured to meet these priorities. A wider discussion then took place on the options for a future business model for Forest Research.

10. Forest Research's (FR) Future Business Model

EB members had a confidential discussion about the future business model for Forest Research.

Meanwhile, there would be four main strands of work as follows:

- The CFS expenditure on research for the Spending Review 2010 (SR10) period would be clarified as a matter of priority. This would allow Chief Executive, FR to profile head count and expenditure for each of the four years of the SR10 period and make the necessary 25% savings. It was also agreed that the FR external income target would be retained for the time-being.

Action: James Pendlebury & Roger Coppock

- Country expenditure on research during SR10 would also be discussed and clarified.

Action: Wilma Harper, Roger Coppock & Country Directors

- A paper would be drafted by 30 November, for agreement by EB members, drawing together the key issues for the future to determine the direction of travel. This would include transitional arrangements. Although this work would not be subject to a formal external review, external advice and input would be sought.

Action: Wilma Harper & James Pendlebury

- This paper would also include some analysis of the future governance of the FC's research function and the future potential to generate external income.

Action: Wilma Harper & James Pendlebury

As Ministers in all three countries would need to decide on the future funding of Forest Research, this issue would be raised with Ministers at the appropriate time.

Action: Tim Rollinson

11. Any Other Business

One item of any other business was raised:

- **Public Bodies Bill**

It was agreed that the FC would need to develop a mechanism to handle queries on the implications of the Bill for forestry and the Forestry Commission. A clear guide would be produced, including a summary of the legal advice from the FC Solicitor. Information would also be provided to staff via the Connect Bulletin and a Q&A document.

Action: Wilma Harper

12. Date of next meeting

The next meeting of the EB was scheduled for 9am, Thursday 9 December 2010, in the Silvan House Boardrooms. This meeting would be followed by the annual meeting of the Departmental Staff Council.