

THE FORTY-SECOND MEETING OF THE EXECUTIVE BOARD
HELD IN THE SILVAN HOUSE BOARDROOMS
ON THURSDAY 10 DECEMBER 2009

MINUTES

Members: Tim Rollinson (Chairman), Michael Ansell, Keith Gliddon, Wilma Harper, Paul Hill-Tout, Jean Lindsay, Bob McIntosh, Trefor Owen, James Pendlebury

Guests: Kirstie Brady (Agenda Item 5 only), David Felstead (Agenda Item 8 only), Colin Sobota (Agenda Item 5 only), Alice Streatfeild (Agenda Item 5 only) and Richard Williamson (Agenda Item 6 only)

Secretary: Stephen Bennett

1. Minutes of the last meeting and matters arising

The minutes of the meeting held on 4 November were agreed, with no amendments.

Five matters arising were discussed:

- **Senior Staff Appointments**

The appointment process of the new Chair of the FC was well advanced, and an announcement would be made soon.

Interview Board members for the vacant Scottish Non-executive Forestry Commissioner had now been agreed with the Office of the Commissioner for Public Appointments. Adverts would appear in the press early in the new year.

Actions: Wilma Harper

- **DECC Funding**

FC England had been awarded £1.47m to implement carbon reducing exercises.

- **Sustainability Reporting**

Due to increasing demands from central Government, this area was currently under-resourced.

Action: Wilma Harper

- **Biosecurity**

A submission for Defra Ministers that outlined all current biosecurity threats was close to completion. The strategic review of this issue would need to be completed soon if the FC intended to bid for appropriate resources to tackle these threats in order to link into the

Defra business planning process. The timetable for the strategic review would be circulated to EB members for approval.

Action: Wilma Harper

- **Public Sector Finances**

The FC would need to plan to cope with cuts in public sector budgets. Cuts of up to 10% had been mooted. As there would be no central funds available for redundancy packages, etc, the FC would need to have a serious dialogue with Ministers about what they wanted from the FC and which programmes of work would be halted. The FC was in a strong position at the moment in terms of the Government's agenda.

2. Finance and Accounting Issues

As there had been no significant changes to the financial position since September, budget expenditure for 2009-10 remained on track.

Final agreement was close to being reached on shared service expenditure for 2010-11. However, FC Wales remained concerned about certain elements, including IS expenditure. It was agreed that Directors, Finance and Wales would meet to discuss and reach a resolution ASAP so that the 2010-11 business plans could be finalised.

Action: Keith Gliddon & Trefor Owen

3. Grants and Regulation Work

EB members recognised that grants and regulation work was now a country issue and that there was no need for continuing resource within Silvan House. Country Directors England and Wales advised that they would be reviewing the delivery of grants in 2010 and would give serious consideration to adopting a similar process to the Scottish system of a co-ordinated countryside grants scheme delivered by the Scottish Government.

Although there was a need to maintain the legacy IT systems for some years to come, under the circumstances, any further IT development would be examined closely as major investment would not be cost effective.

Action: Keith Gliddon

4. HR Update

Director HR, highlighted the following issues from her paper:

- **Reform of the Civil Service Compensation Scheme**

The Government proposals had been amended as a result of negotiations with the unions and would now be implemented from 1 April 2010. The forestry unions had issued a note to all staff. This note stated their opposition to the Government proposals and advised that the central unions would be seeking legal advice.

- **Equality and Diversity**

The Forestry Commissioners had commended the work carried out to date by the Diversity Team. In order to further diversify the FC's staff it had been agreed to focus on several key objectives during 2010. These targets or objectives would be discussed and agreed early in the new year. EB members would be informed at the appropriate time.

- **Removal of the Mandatory Retirement Age**

After consultation with the business, a policy and procedure on this issue had been prepared. Several details remained to be worked through, including advice on occupational requirements and encouraging movement in senior roles at the appropriate time in people's careers. The HR Policy Team would consider options.

Actions: Jean Lindsay

5. Staff Survey Results

EB members received a summary report of the results of the staff survey and were encouraged by the results and positive about the improvements that had been made since the previous survey in 2005 e.g. with internal communications.

Areas requiring further work were also identified and although there were some corporate actions to be taken forward, local managers would be empowered to engage with their teams about cost centre results and develop an action plan to take forward.

The summary report of results would be published on the FC's Intranet and publicised via the Connect Bulletin. EB members would approve the wording of this, which would cover GB issues, next steps and advise staff where to find the reports. ORC International, the company who administered the survey, would make presentations to management boards if requested.

It was agreed that the staff survey would be conducted every two years from now on.

Actions: Colin Sobota

6. Rewards for Inventors' Scheme

Although the FC was required by Treasury guidelines to implement a Rewards for Inventors' Scheme, it would still be at the FC's discretion to decide which inventions qualified and the payments received.

Therefore, the EB approved the proposed Rewards for Inventors' Scheme with the initial proviso that only products that could be patented and licensed would be eligible.

It was also agreed that income received through new inventions would be accrued by the Unit/Division/Cost Centre that owned the patent.

Action: Richard Williamson

7. FC Office Accommodation Issues

The EB accepted the conclusion of the paper that it would not be good value for money for either Forestry Business Units Head Office or Forestry Civil Engineering Head Office to move to Silvan House at the present time.

It was confirmed that there were no viable re-accommodation options within the FC Scotland, Forest Research or Corporate and Forestry Support teams either.

However, National Audit Office had confirmed that the FC would not have to take any accounting action in the annual accounts as a result of the second floor of Silvan House remaining vacant.

8. Information Services (IS) Governing Principles

The EB was informed that the Information, Communications & Technology (ICT) Service Board had reviewed and agreed the IS Strategy.

The EB agreed six governing principles for the IS function, as follows:

- The ICT Service Board would be responsible for the Forestry Commission's IS Strategy;
- IS would be responsible for the availability, integrity, security and legal compliance of all ICT solutions for the Forestry Commission;

- IS would specify, purchase and own all Forestry Commission ICT assets;
- IS must be involved in the development of all new information systems in the Forestry Commission;
- Information systems must be designed to support the devolved Forestry Commission whilst delivering the benefits of a single, large organisation;
- Common corporate data would be used across the organisation whenever possible.

EB members were clear that IS would need to actively work with the business to meet its needs, through this framework. The IS team would have to work to understand the FC business needs and engage directly with the business. This cultural shift would be encouraged and supported. The Head of IS advised that service delivery managers would be engaged as an integral part of this process.

Actions: David Felstead

Director, Finance would engage closely with the ICT Service Board to ensure that the Board's financial responsibilities were being fully met.

Director, Finance would also consider the future accounting implications of dealing with the depreciation of IT hardware.

Actions: Keith Gliddon

9. External Income for the FC

It was clear that the FC should be developing sources of external income.

In order to explore the types of income streams that should be developed and the legal position around this, an experts Forum would be established. One of the key considerations was whether the FC had sufficient commercial skills available to develop appropriate sources of external income and the subsequent impact on Learning and Development. Directors, Business Units and Scotland and Chief Executive, Forest Research would produce an agenda for the first meeting of this Forum.

Action: Michael Ansell, Bob McIntosh & James Pendlebury

After consideration of the draft agenda, EB members would consider who should be members of the experts Forum.

Action: EB members

10. Forest Research (FR) Progress Report

There continued to be difficulties with the FR budget. However, Director, Finance confirmed that FR would not have to make a repayment to Defra in respect of funding for the Voluntary Early Retirement Scheme carried out earlier this year.

The repairs to the roof at Alice Holt had been completed. Work would commence soon on installing solar panels.

Although it was proving to be quite stressful for staff, the target for external income had almost been secured, if not yet invoiced.

FR had signed the shareholder and license agreements for C-Cure Solutions Ltd and secured external, non-executive expertise to support and advise the business.

Actions: James Pendlebury

11. Forest Holidays

EB members noted the progress in the development of the Forest Holidays business and the arrangements to fund the next phase of development.

There were two main options suggested to secure future investment:

- Site by site investment deals. Preliminary discussions suggested that existing partners might be willing, but would have a preference for purchasing some of the equity in the cabins business.
- Enter into a joint venture with a funder to run and develop the cabin sites. Potential partners had indicated that they would be interested in entering into a 50/50 joint venture with Forest Holidays with regard to the cabin business only.

EB members were content to explore these two main options to secure future investment in the Forest Holidays business but wanted to review the accounting and cash-flow implications before making any final decisions. To that end, the two options outlined would be explored further and modelled prior to a future discussion to decide on the way forward.

Actions: Bob McIntosh

12. Future Engagement with Service Boards

The Heads of Shared Services had discussed the future engagement of the EB with the Service Boards.

It was suggested that formal Service Board sessions with the EB should not be regularly scheduled and would only happen by exception e.g. an unresolved disagreement between Service Board and service provider. EB members were content with this. Service Boards would be advised accordingly.

Action: Wilma Harper

It was clear that the remit of the Service Boards needed to be clarified. Service Boards were required to determine shared service priorities against a clear mandate and to monitor delivery against key objectives. They would also need to establish efficiency savings in line with the business planning exercise and timetable in the countries and Forest Research. In order to achieve this, the business planning exercises for the countries and Forest Research would need to be synchronised. Service Boards would then be able to advise the EB of new service priorities, what work would not be completed as a result and what the consequences would be. Therefore, the Service Boards required a clear message on priorities and affordability over a three-year period.

Director, Finance would draw up a process to achieve this and circulate to EB members for approval, prior to the next EB meeting on 24 February 2010.

Action: Keith Gliddon

13. Any Other Business

Three items of any other business were raised:

- **Operational Efficiency Programme in England**

Director, FC England advised EB members that the Government remained committed to retaining a public forest estate in England and to sustaining the public benefits it provides. A number of projects to examine and improve the efficiency of the estate were currently underway, but essentially HM Treasury were content with the current business model. Therefore, attention would now focus on the future direction and potential for development of the two main strands on business - wood production and visitor centres. The possibilities of how to maximise income and yet maintain 'public interest' would be explored in the context of sustainable, long-term business development. The EB would be kept informed of developments.

Action: Paul Hill-Tout

- **Forest Renewables**

It was agreed that this would not be referred to as 'FR' in official documents, websites, etc. EB members would inform their teams accordingly.

Action: EB members

- **Cost of Capital**

Director, Finance confirmed that there were no changes to the current arrangements for the accounting treatment of cost of capital.

14. Date of next meeting

The next meeting of the EB was scheduled for 9am, Wednesday 24 February 2010, in the Silvan House Boardrooms.