

7 April 2016

ANNUAL RETURN TO ENGLAND NATIONAL COMMITTEE FROM THE FOREST ENTERPRISE STRATEGY BOARD

Purpose

1. The following paper presents the annual report of the Forest Enterprise Strategy Board to the England National Committee (ENC).

Background

2. The Forest Enterprise (FE) Strategy Board was established in February 2015 as part of new governance arrangements during the Forest Enterprise England (FEE) Plus programme.
3. The Board has met five times since its formation and is chaired by Simon Hodgson (Chief Executive Forest Enterprise), with seven additional executive members and at least two non-executive members, Mark Pountain (from February 2015 to present) and Keith Oates (from February 2015 to February 2016).

Key Achievements of the Strategy Board

4. The Strategy Board undertook a one year review during its February 2016 meeting, including an assessment of the achievements of the Board to date. The following table compares the requirements from the original ToR to the Strategy Board's achievements in each of the areas to date:

Requirement from Original ToR	Strategy Board's Achievements to Date
Set the overall direction for FEE (including FEE Plus direction)	<p><u>FEE Transition Process</u></p> <p>The Board discussed and supported the management and function changes for FEE, including changes to the FEE Communications and Marketing function as well as broader changes to the National Office teams including the transfer to, or creation of, a number of new FE-based roles in HR; Finance & Business Support; Information Services and within the Executive Office. The Strategy Board will continue to play an integral role in managing the change process as FEE becomes more autonomous. The change process, particularly with the movement of shared functions and services to England, continues to progress despite there being no changes to the legislation</p>

	<p><u>Releasing our Potential (RoP)</u> The Board reviewed and supported the 'strategic prospectus' which became the published 'RoP' document distributed to all staff in September 2015. RoP has been integral in initiating culture change, reaffirming our values and setting out actions to move forward; all key aspects of the FEE+ transition programme.</p> <p><u>Strategic Measures</u> The Board supported the concept and identification of 'strategic measures' (core strategic information to show what we are delivering for people/nature/economy). Updates are now provided to the Board on a regular basis to show the progress of the measures and therefore help the Board assess FEE's overall performance.</p> <p><u>Management Information Dashboard</u> The 'Dashboard' of indicators was reviewed and agreed by the Board during the first year. The Dashboard is now complete and a fully-functioning document updated monthly/quarterly. The Board receives regular updates on the Dashboard, alongside the Strategic Measures, to monitor achievements and help ensure FEE is moving in the right direction.</p>
<p>Input to and sign off the FEE Strategic Plan (Inaugural year 2015/16)</p>	<p>The Strategy Board highlighted the need for the new 'Strategic Plan for the Public Forest Estate' to take an improved forward look over the longer term. Work is now in progress for this new plan with completion anticipated by autumn 2016.</p>
<p>Provide Board sign off to the FEE Annual Report and Accounts</p>	<p>The non-executive members have reviewed and agreed the Annual Report and Accounts within their roles at the National Committee for England (ENC) and the Audit and Risk Assurance Committee (ARAC)</p>
<p>Take responsibility for ensuring that FEE has systems and procedures in place to manage risk</p>	<p>The Board reviews and agrees the current risk register at each Board meeting and advises David Hodson of any new risks or changes, as well as providing feedback on the existing record of risks.</p>

appropriately as an Executive Agency	The register has been improved over the course of the year, with a number of updates made and individual FEE cost centre risk registers reintroduced, with the administration now being managed by the FEE Governance Officer role.
Determine investment priorities for FEE, and approve FEE's Asset Management Strategy (including a schedule of investments)	The Board were introduced to the new Capital Programme which aimed to include, not only the development of existing sites, but also acquiring new strategic land with future priority delivery potential. An update on the programme was brought to the Board in February 2015, and the Board approved the programme of Capital Expenditure to go forward in 2016/17; the majority of which were visitor-based. The Board will continue to support the programme during the 2016/17 transition year and aims to encourage more innovative input, an even wider-reaching programme and greater use of external funding sources.
Appropriately escalate information and issues to the FC ENC if they cannot be managed within FEE	The non-executive members report on outcomes and discussions of the Strategy Board at each ENC meeting (and also bring issues to the ARAC if required)
Provide a non-executive report to the ENC annually on the benefits the Strategy Board approach has brought to FEE's delivery and the extent of achievement of the objectives	Achieved with this report to the ENC.

Issues to be Further Addressed

5. The main challenges of, and main issues for, the Strategy Board to address during 2016/17 are the following:
- Setting the long term direction and a vision for the future - the recent Executive Team Away Day started to address this and work is now underway with the topic initially discussed by the Board at the February 2016 meeting. A refreshed strategy for future planning will be brought to the Board in the coming months.
 - Strategic direction - The Board agreed that FEE programmes (for investment) were not yet far-reaching enough and need to be even more dynamic to prompt a

further cultural shift and more innovative proposals. The FEE Executive Team is working on a Strategy document to address this. The document will be developed over the coming months to provide the narrative on FEE's strategic direction.

- Defining the new organisation - further internal work and changes (that can only be carried out with external changes) are still in progress to define the new organisation and a more autonomous FEE. We are working with Defra to achieve more formal internal changes.

Risk Assessment

6. As mentioned in section 4 above, the Strategy Board plays a key role in keeping sight of the FEE corporate risk register and ensuring this is reviewed and updated at each meeting.
7. The current, substantial risks for FEE identified in the register, i.e. those which are still considered as 'significant' in their 'residual' risk are the following:

Lack of medium to long term funding agreement with FC/DEFRA

Mitigation controls - develop a publicly visible and agreed strategy for non-forestry development projects and ensure appropriate resources are in place to deliver and maintain key delivery partnerships.

The outcomes of the controls so far are the asset management strategies and new income streams having been developed under clear policy, as part of FEE+ project.

Major VAT and Tax issues

Mitigation controls – An effective dialogue has been maintained by FC and FEE teams via a Tax Working Group which has now been set up. Work packages and project streams have also now been agreed with the Working Group and improved guidance and training for the relevant personnel is in place.

Outcomes of these controls so far have included external advisors (PWC) having been appointed and board papers/ business reports now required to fully take tax implication considerations into consideration.

Recommendations

8. The ENC are asked to consider the information included above and raise any queries with the Strategy Board members, if required.

PK Khaira-Creswell
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