

Department for Environment, Food and Rural Affairs

New Public Forest Estate Management Organisation:

Governance Premises Summary

July 2013

New PFE Management Organisation: Governance Premises Summary

1. This paper summarises the **initial assumptions and working premises** informing the development of the new Public Forest Estate Management Organisation (PFE MO). It is a work in progress and no elements are irrevocably fixed. Content will be finalised over the coming months taking on board the views of staff and stakeholders and in line with established public bodies principles and guidance.
2. Primary legislation will be required to establish the proposed body. Its establishment will therefore depend on the parliamentary timetable, and is subject to the will of Parliament.
3. The Government's objectives in establishing the new body are set out in the Forestry and Woodlands Policy Statement, published in January 2013, and are based around the more effective, focused management of the Public Forest Estate by a body with sufficient independence and freedom to maximise its economic opportunities while maintaining high levels of public benefit.
4. Our working assumption is that the new PFE MO would be evolved from Forest Enterprise England and be similar in size. It would be a statutorily-based Public Corporation within the public sector operating at arm's length from Government. It would not be a Crown body and its staff would not be Civil Servants.
5. The PFE MO would have a number of statutory powers and duties based around the fundamental function of managing the Estate for the benefit of people, the economy and nature. Its draft mission and objectives, on which these powers and duties would be based, are set out in **Annex A**. The PFE MO's mission and objectives could be reflected in a public-facing charter, setting the body's remit for a 10-year period.
6. The PFE MO would take over ownership of the Estate and be entitled to acquire and dispose of its assets as appropriate, subject to an overall duty to maintain the integrity of the Estate. Our working assumption is that the integrity of the Estate would be defined in terms of the overall size of the land holding, its economic value, environmental condition and social utility, and the use of any asset receipts by the PFE MO for beneficial reinvestment into the Estate in pursuit of its mission and objectives. In the case of proposed significant¹ acquisitions and disposals, the PFE MO Board would be required to consult both the Guardians (see below) and the Secretary of State prior to entering into the transaction. The cumulative impact of smaller transactions would also be kept under regular review to ensure that the integrity of the Estate was maintained.

¹ Significance would be determined by the size and value of the transactions in relation to the overall estate.

7. The PFE MO would have a strong focus on generating income through trading and commercial activities, including timber production. It would, accordingly, have a range of commercial freedoms to help it to achieve this. These could include the ability to hold and invest funds for commercial purposes; to undertake non-forestry activities on the Estate; to enter into joint ventures and partnerships; to establish subsidiaries or other bodies, including charities; to carry funding over from one year to the next; to lend, make grants or provide services to others; and to charge fees for goods or services rendered.
8. The PFE MO would be accountable to Parliament via the sponsoring department (Defra). Government investment in the PFE MO will be predicated on the delivery of commissioned outcomes in terms of public benefits in areas such as access, recreation and biodiversity. Broad expected outcomes would be set out in a multi-year Framework Agreement with Defra.
9. The PFE MO **Board** would be wholly responsible for all aspects of managing the organisation. It would comprise people with suitable skills and experience. The PFE MO's Chair would be appointed by Defra Ministers in line with existing practice and guidance. Non-executive appointments to the Board would be for 3 years and attract appropriate remuneration. The Secretary of State would have a reserved power of direction for use if it appeared that the body was not meeting its statutory remit.
10. In addition to the Board, there would be a group of **Guardians**, drawing on the interests and expertise of Estate users, to advise on and support the delivery of the body's remit. However, there would be no question of the Guardians being a second Board for the PFE MO or having responsibility for managing the organisation in any way. Their role would be focused on the outcomes that the PFE MO delivers against its statutory remit and publicly-stated objectives. Their attention would, therefore, be directed towards the environmental condition of the estate, the public benefits that the PFE MO is delivering and the question of significant acquisitions and disposals.
11. PFE MO would employ its own **staff**, under its own terms and conditions and TUPE is likely to apply to existing FC staff. Detailed discussions on the transfer of existing staff into the new organisation, including full consultation with staff and their trade union representatives, would take place at an early stage.

Annex A: New PFE Management Organisation

Mission

- To protect and improve the public forests, woodland and other land assets held on behalf of the nation* for the benefit of people, nature and the economy.

Objectives

Overarching Objective

- The sustainable management of the estate to balance and maximise the benefits to people, nature and the economy.

Economic Objectives

- To generate income for the long term sustainable management of the estate.
- To encourage economic growth and business development both on and around the estate.
- To deliver value for money in the management of the estate.

Social Objectives

- To enable widespread and equitable access to woodlands for responsible enjoyment by all members of society.
- To enable recreation, healthy activity and learning on the estate.
- To engage local communities and interest groups in the governance, management and enjoyment of the estate.
- To sustain, protect and improve the cultural heritage of the estate.

Environmental Objectives

- To maintain and enhance the natural and historic assets comprising the estate.
- To protect, manage and conserve the wildlife, associated habitats and ecosystems on the estate at a local and landscape scale.

*These public forests, woodland and other land assets are defined as those held freehold or leasehold by the PFE Management Organisation and are generally known as the "Public Forest Estate". For brevity, they are referred to elsewhere in this document as "the estate".

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