### Agenda Item 9 Commissioners’ Meeting Memo No 11/18 21 June 2018

### DIRECTOR CENTRAL SERVICES’ REPORT

**Purpose**

1. To advise Commissioners of developments within the FC’s Central Services and the progress made to achieve the key actions and priorities as set out in the Forestry Commission England (the Cross Border elements only) and Forest Research Corporate Plans 2017-18.

### Cross Border Activities and Corporate Plan Update

**Resilience: Climate Change and Economics**

We will protect our woodland resource and increase its resilience to the impacts of climate change so that our woodlands continue to deliver a wide range of economic, social and environmental benefits.

2. Forest Research (FR) were commissioned to assess the value of the existing forest estate across Britain for flood alleviation. The draft report indicates a value in the order of £300-400 million annually. This is likely to be an underestimate due to data constraints which we hope to address in subsequent work. This marks a significant step in attaching a value to this crucial ecosystem service. FC are in discussions with the Office for National Statistics and Defra on using this work as the basis for providing estimates for use in ONS Natural Capital Accounts. The study has also generated values for the public estates in England, Scotland and Wales and offers the opportunity to use the values in corporate natural capital accounting.

3. Work on EU exit analysis continues, including potential future trade arrangements. A document has been drafted on non-tariff barriers and how these may affect UK forest industries after Brexit. Such barriers include rules of origin, procurement, health & safety, phytosanitary and border controls. The paper is intended to ensure that we and colleagues in other government departments are adequate sighted on such issues. It has been shared and discussed with relevant teams in Defra.

**Standards and International**

We will set the standards for sustainable forest management in the UK, within the framework of international agreements, and promote them domestically and internationally.

4. Current work is focussing on the handover of responsibility for technical support for international forestry to Defra.  We have arranged meetings with Defra and provided briefings and files. A further meeting involving representatives in England, Scotland and Wales is proposed for June.

5. Defra did not attend the UN Forum of Forests meeting in New York (7-11 May). The UK was represented by a staff member from the embassy in New York. The main outcomes of the meeting were to confirm arrangements for funding the forum and to ensure forestry played its full part in delivering the Sustainable Development Goals.  There was also emphasis on social inclusion in relation to forestry initiatives and consultations.

6. The next roundtable meeting for Forest Europe will be at the end of September when the future of a legally binding agreement (LBA) on forests will be discussed.  We have asked country forestry teams to provide input to Defra on this.

7. We have been working to publish the UKFS Practice Guidance, and in particular ensuring that it fits within the wider UKFS framework and that it is clear and succinct.  UKFS seminars are planned for Forest Enterprise Scotland and for the Forest Service in Northern Ireland.

8. A new Chair of UKWAS will be elected in June. UKWAS 4 has now been adopted by FSC-International and the new web site will be launched shortly. UKWAS 4 is the most comprehensive review of UKWAS since it began in 1999.  It remains consistent with the UKFS. It has been made more user-friendly through a more logical structure and greater clarity on requirements, verifiers and guidance.

**Evidence**

We will ensure that there is a robust evidence base available to the forestry sector across the UK to underpin its policies and operational decisions.

9. We are continuing to oversee the seven research programmes delivered by Forest Research and to provide direct management input where required. We are also planning to commission a number of research studies from external providers in the current 2018-19 year – these will cover timber and wood products, economic values from forestry’s role in natural capital, and forest resilience.

10. The research commissioning function will be carried out by the Welsh Government from April 2019. A proposal drafted by the Cross-Border Working Group forms the basis of current discussions about how research commissioning will operate in future. We are meeting with colleagues in the Welsh Government in June to arrange the transition of the function. We are seeking input from relevant groups such as the Strategic Publications Group in order to take views on how the arrangements in place after April 2019 can work effectively.

Forest Research Activities and Corporate Plan Update

11. FR continues to progress its transition to its new standalone corporate arrangements for post-April 2019 against its detailed programme of work and has now signed up to its preferred supplier (the Scottish Wide Area Network) for its future IS interconnectivity (WAN & LAN) connections; signed a contract for the supply of it’s IS infrastructure requirements and is in the final stages of negotiating the contract for the supply of its new corporate management software systems system.

12. The Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs had a private visit to Alice Holt on the 23rd February. Sir Harry also attended.

13. FR met 20 out of its 22 Key Actions from its 2017-18 Corporate Plan with the two remaining actions being rescheduled for delivery in 2018-19. FR secured £7.7 million of non-core income for 2017-18 and had (subject to final audit) a net operating surplus of £10,000 in 2017-18 which was within the target set by Director Central Services. FR’s primary financial objective set out in the Framework Document is to recover the full economic costs of its operations from the sale of services to customers. In 2017-18 the recovery rate was 100.1%

14. In May FR secured approval from Defra for £463,000 of scientific capital investment for 2018-19 which equated to 21 out of the 23 bids made which is a good result. In addition, the planning and specification work in respect of our new quarantine facility is in its final stages and the build should commence this year.

FR Science Priority: Protect Our Trees and Forests

15. FR worked with an editorial panel to shape the Action Oak Knowledge Review Synthesis into a report for Defra (and Action Oak) - this assessment of the current evidence on oak health, identification of evidence gaps and prioritisation of research needs should form the basis for future research commissioning through a framework contract. This report was well received by Defra despite and produced to a very tight timescale by the end of March.

16. FR is making good progress in getting the *Rhizophagus grandis* breeding programme established at NRS.

17. IFOS have issued modelling data to Cambridge Modelling to help assess investment strategies for Phytothora Ramorum, they have also supplied them with generic outbreak data for 10 species.

FR Science Priority: Enhance Forest Ecosystem Resilience and Service Provision

18. FR has completed the analysis for a report on "Lyme disease risk perceptions and actions" (Forestry Commission Scotland, England and Forest Research staff survey). The report considers staff attitudes on actions, barriers and clinical issues concerning Lyme disease in the workplace.

19. FR continue to lead a EU COST (Co-operation in Science & Technology) action programme on Payments for Ecosystem Services (involving 175 participants from 32 countries)

20. FR’s Climate Change Science Groupheld a Workshop on Peaty Soils Management on 25/26 April at Bellingham Northumberland; it was attend by 16 stakeholders from FES, FCE, NRW, DARDNI, SNH, Natural England, Northumbrian National Park plus 4 FEE district staff

FR Science Priority: Ensure Sustainable Management and Adaptation of our Forests to Climate Change

21. FR gave a presentation at a Land Use, Land Use Change & Forestry (LULUCF) workshop.

22. By the end of March 2018 FR had surveyed 2,106 hectares of forest land for the National Forest Inventory against an annual target of 1,500 hectares.

23. FR managed a programme of Forest Operations in Holt Pound and Willows Green (Alice Holt Forest) to create three new ‘Climate Change Adaptation Demonstration Areas’; activities included discussions with contractors and the District Team, photography and filming of the harvesting / thinning operations, communication about the operations and their purpose (internal and external).

FR Science Priority: Publish Official Statistics and Effect Knowledge Exchange

24. IFOS issued the 2017 Public Forest Estate internal production forecast reports for all three countries in early May.

25. FR’s Forest Management Grouporganized a ‘Free Growth of Oak’ day in partnership with Woodland Heritage, FC and NRW addressing the question: can you grow oak to 60 cm DBH in under 100 years in Britain? The day was a great success and the results of the long-term experiment being celebrated will be published in the July issue of Quarterly Journal of Forestry.

26. The following Official Statistics were released in March and April and are proposed for release in May:

* *Woodland Carbon Code Statistics: Data to March 2018* released 19 April. This is the last quarterly release of this output, with future editions to be released on an annual basis from 2019.
* *UK Wood Production and Trade: 2017 provisional figures* and *Timber Price Indices: Data to March 2018* will be released on 17 May.

27. FR’s Statistics team have also started work on international reporting for the *Forest Resources Assessment 2020* and the pan-European Indicators for Sustainable Forest Management (to be reported in the *State of Europe’s Forests 2020*). They have also participated in Defra workshops to develop indicators for the 25 Year Environment Plan

28. FR hosted a successful visit from FCS Conservators to our NRS site– providing an opportunity for them to be updated on various aspects of our work after their business meeting. They are keen to make it an annual event – which is good for future connectivity

29. FR co-organised the Woodland Creation & Ecological Networks (WrEN) conference in London - blog here <http://www.wren-project.com/blog/a-blog-from-the-first-ever-wren-conference-in-london>.

30. FR provided the two animations from the BBC documentary on the oak tree to Defra to help design the Gold Medal winning ‘Action Oak’ exhibit at RHS Chelsea this year.

31. FR carried out and completed the 2nd project for Northern Ireland Forest Service - rainfall runoff modelling of catchments draining into Omagh to investigate effect of woodland expansion on flooding.

32. A recent evaluation of the impact of pesticides on alternative conifers has been published. Ten conifer species with the potential for wider use in British forestry show some tolerance to six commonly used pesticides. *Quarterly Journal of Forestry* **112** (2), 84-91.

33. The move of Forester web from on premise infrastructure to cloud based architecture was successfully implemented in early April. This was technically challenging, with not only the move to a cloud hosted infrastructure, but also a move from Oracle to an open source database and to the latest versions of the Esri software and of Forester. A seamless move, minimal impact on the service and commended at a high level in FES and FEE.

FR Business Priority: Grow Our Business

34. FR has submitted a proposal to Highways England submitted to deliver potential Natural Flood Management measures to reduce runoff to reduce 3 flood-prone areas of highway in Devon and Cornwall

35. FR’s proposal to FES/SNH for investigating the effects of peatland restoration on water quality focusing on aqueous carbon losses measured using novel continuous monitoring sensors was successful. The contract is worth c.£110k (including about £60k for monitoring equipment) over two years.

36. FR has led a successful application to The European Forest Institute’s (EFI’s) Network Fund to work on software platforms for wind damage using ForestGALES. FR will be coordinating the project, which includes other EFI-affiliated institutions in Portugal, Spain, Sweden, Latvia, and Poland, and a non-EFI organisation (DTU - Danish Technical University). The total contract value is 88k Euros of which FR will retain about 39k Euros over two years beginning next month

37. NRW have contacted IFOS as one option to help address the risk that that they are running business critical systems (i.e. Forester Desktop) on unsupported software. NRW are therefore seeking an alternative, sustainable, software platform to reduce business risk and to increase efficiency and effectiveness. The team have provided two demos of Forester web and NRW have requested costs for the provision of a Forester web managed service. We have provided two order of magnitude cost scenarios to NRW and the NRW Project Board charged with replacing Forester desktop will review these (and those from other potential providers) at their meeting on 26 April. We are seeking more detailed feedback, at this stage it appears that NRW will go to open procurement

38. FR has signed off an Service Level Agreement (SLA) with the National Arboreta for England for £40k to cover specific scientific support to Westonbirt and Bedgebury and includes coordinating collections information for 13 other sites in England, Wales and Scotland.

39. The FR FEE Advisory SLA for 18/19 has been agreed and the FR-FES SLA is currently under negotiation. A draft SLA has been sent to FC Scotland but so far there has not been a response.

40. The detailed 2018-19 work programme for the Scottish Government Climate Exchange (CXC) contract, worth £85k is currently under discussion.

41. FR are also still involved in discussions with esri uk on the commercialisation of Forester.

### Ways of Working

**Shared Services**

42. Progress on establishing new corporate service arrangements for the countries and FR is ongoing and, as previously reported, is now anticipated to continue throughout 2018/19. The start of this financial year saw FC England successfully transition to their new Finance and HR systems. However, Scotland, England and FR are still fully reliant on current FC infrastructure and none have yet achieved independent capability. We continue to support Scotland and FR as they develop their infrastructure and begin testing new systems and processes. Each of the establishment programmes is working to finalise their timetable for transitioning the remaining services and systems and it is therefore currently unclear whether this will be completed by April 2019. The next few months will continue to prove particularly challenging for the shared service teams as we balance the need to maintain current services, support the country and FR transition programmes and where possible release existing staff into new roles, particularly in Scotland. As at the end of May Shared Services and CFS will have approximately 62 staff, down from an original complement of 220. The primary responsibility continues to be maintaining the existing business-as-usual services for as long as they are required.

**Cross Border Functions**

43. Last Autumn’s coordinated announcement by all three Ministers on the future arrangements for the provision of cross-border functions (CBF) including FR has provided the clarity required to make significant progress in developing new arrangements for 2019 and beyond. An overarching MoU setting out how the three Governments and the Forestry Commissioners will continue to collaborate on the provision of CBF is in advanced draft form. The draft has recently been reviewed by the FCEB and Deputy Directors from all three Administrations. Transition plans for the various functions are being put in place and as part of these the line management of Plant Health transferred to FC England on 1 April 2018.

Shared Services

**Pay 2018**

45. Pay Guidance is delayed until June this year. Guidance for Senior Staff and Office Holder Pay for 2018 has been delayed until July. Those affected have been informed.

**Silvan House**

46. As a result of the ongoing transfer of Shared Services/CFS functions the Forestry Commission has no requirement for Silvan House (or a building of this size) much after April 2019 when FE and FC Scotland move into the Scottish Government.

47. Future options are currently being assessed and we are working with the Scottish Government with a view to them retaining their current ‘footprint’ in the building, which will include the new Forest and Land Scotland and Scottish Forestry Agencies. We are hopeful that after some negotiation we will reach a decision that best meets the needs of all the parties.

Jean Lindsay

Director Central Services

June 2018