THE FORESTRY COMMISSION ENGLAND EXECUTIVE BOARD
MINUTES OF THE 101ST MEETING
Conference Room, National Office, Bristol
1 June 2015

Attendees:

Ian Gambles
Mark Funnell
Mike Seddon
PK Khaira-Creswell
Richard Barker
Richard Britton
Richard Greenhous
Sarah England
Simon Hodgson
Steve Meeks

Andy Goodsir, Bill Rogers and Meirion Nelson for Item 5
Josh Roberts – Minute Secretary

1. Welcome

Ian Gambles opened the meeting.

2. Minutes and Actions

The minutes of the meeting on 21 February were reviewed and agreed as a true record.

Mark Funnell reported all of his actions as being complete.

Richard Barker confirmed his action was complete.

Sarah England and Mike Seddon confirmed their action was in hand. Mike confirmed he was intending to hold further talks with District staff following the meeting.

Richard Greenhous confirmed that Dom Driver had completed his action.

3. Finance report

Steve Meeks updated the Board on the financial position as at the end of May 2015.

The overall financial position was on target with the exception of a £150k forecast overspend which related to a Defra budgeting error and which will be regularised as part of the Supplementary Estimate budget switching exercise in the autumn.

The Board discussed the forecast against the £30.5m RDPE budget and Richard Greenhous queried whether we were going to spend the full amount.

Action: Steve Meeks to discuss with Ben Walker whether the grant funding budget was on target for the year.

Steve informed the Board of a possible delay to laying the Annual Report and Accounts before Parliament on 11 June. This was due to a delay in obtaining accurate pensions information from MyCSP. Although the financial figure was relatively small, the issue was material by nature rather than value and the NAO would not certify unless the disclosure is corrected. Sarah England confirmed that incorrect figures had also been received from my CSP for staff who had recently been offered Voluntary Exit and inaccuracies from myCSP remained a concern.

Steve Meeks reported that the HMRC compliance audit remained ongoing and had been discussed by the ENC and the ARAC.

Ian Gambles asked Richard Greenhous about the potential overspend to wood fuel grants which may be scheduled to occur in Forest Services. Richard Greenhous reassured the Board that the risk was being adequately managed.

4. General election results and implications

Ian Gambles gave a presentation, providing his assessment of the overall future direction, the drivers for change and the challenges ahead for the Forestry Commission. These included devolution and the spending review. Nothing had been confirmed at that point, but it was possible the spending review would require significant organisational reform.

Key next steps included further discussions with Ministers, official level discussions with colleagues in Defra and the Scottish Government, a review and refresh of the Woodland Policy Enabling Programme, consultation on proposals to establish corporate services provision at country level, further progress on proposals to establish a refreshed Forest Research agency and consider options for future business models for it, and securing a viable spending review settlement for the Forestry Commission in what would be an important period of change.

Mark Funnell stressed the importance of communicating clear explanations of change, initially with senior managers so that they could focus their discussions with staff. The Board agreed.

Richard Greenhous brought the Boards attention to the importance of making it clear to staff, government and external stakeholders what the Forestry Commission would continue to deliver and what it would need to stop doing as a result of continued financial pressures. The Board agreed that it would be essential to recognise in negotiations that any reduction in resources would be coupled with a reduction in activity. This needed to be clear to all parties and managed appropriately to uphold statutory obligations and deliver value for money.

5. Analysis of Forestry Business Support

Richard Greenhous introduced Paper 12. The successful engagement with the sector was discussed and welcomed. However, there was some concern that barriers to converting the initial contacts into funded projects had still to be overcome. The next stage in the process, to maintain momentum, was discussed. It was suggested that focusing on a smaller number of large projects and making those successful would provide better value for money than targeting a large number of smaller businesses and individuals. The Board agreed that that would be the case and this should be a primary focus for Forest Services with its delivery effort.

6. Business cases review

Andy Goodsir (WPEP Programme Manager) and Bill Rogers (Consultant) were welcomed to the meeting, along with Meirion Nelson (Financial Controller). Andy Goodsir and Bill Rogers gave a short presentation which summarised the process of formulating and reviewing the business cases. They discussed the interrelatedness of the different functional areas being assessed and the relationships with Forest Services and Forest Enterprise. Bill Rogers explained that if the assumptions underpinning the appraisal of one option changed or proved incorrect, this would have implications for the other areas under review, primarily due to economies and diseconomies of scale.

The Board discussed the importance of consulting with FCTU and staff on the proposed changes. The Board agreed that this needed to be done in a structured and constructive manner to avoid consultation fatigue.

The Board reviewed and discussed the recommendations of each of the businesses cases in turn.

<u>Human Resources</u>
Richard Greenhous questioned the calculation of the financial figures for the different HR models between Forest Enterprise and Forest Services. Bill Rogers provided initial explanations but agreed to discuss Richard's point further outside the meeting.

Bill Rogers explained that there were working practice implications of some systems changes, in that some tasks currently undertaken by HR staff would need to be carried out online by staff and managers. Mark Funnell asked if having managers maintaining and learning HR systems rather than dedicated professionals may lead to higher costs overall, as the work would be dispersed in the salary costs of those managers. Bill Rogers agreed that there were hidden costs associated with having members of staff take on additional responsibility which it was not possible to fully account for at this stage. The financial savings were an estimate which would need to be refined following more detailed work.

Provisionally, the Board agreed the recommendations of the HR Business case.

<u>Finance</u>
Bill Rogers introduced the finance business case, highlighting the degree to which the results would need to be revisited if changes to the assumptions occurred. While true for all service areas, it would be particularly relevant to the HR and Finance business cases.

Richard Greenhous queried the assumptions which the FS finance model was based on. He agreed to discuss it after the meeting with Bill Rogers and Andy Goodsir.

Action: Richard Greenhous to discuss with Andy Goodsir and Bill Rogers the assumptions and methodology underlying the Forest Services' Finance models used in the HR and Finance Business Cases.

Provisionally, the Board agreed the recommendations of the Finance Business Case.

<u>Procurement</u>
Provisionally, the Board agreed the recommendations of the Procurement Business Case.

Safety, Health and Environment
Richard Barker raised the point that it was important to consider the high costs associated with accidents and injuries and the potential savings related to organisational reform of S,H&E were modest compared to these. The Board agreed that this was the case and that the professional status and standing of Health and Safety should be maintained and enhanced by any change.

Provisionally, the Board agreed the recommendations of the Safety, Health and Environment Business Case.

Internal Audit
The Board agreed that the Business Case should be reviewed at a later date as per the recommendation.

Communications
Richard Britton discussed the details in the communications model for the future requirements of Forest Services.

Action: Richard Britton to discuss with Andy Goodsir and Bill Rogers the assumptions about the future requirements, current situation and availability of resource for Forest Services in relation to the Communications Business Case.

Mark Funnell brought to the Board's attention the issues he had with the Business Cases. Namely these were that current roles within the communications team did not map to the future roles of the communications team in the Businesses Cases. This would raise significant Human Resources implications as a result and could cause distress to existing staff. There were also future functions which would be needed and capacity required to deliver those functions and the costs of these were not clearly enough highlighted in the businesses cases. Sarah England elaborated on the HR resource mapping issue and the implications it would have for the FC.

The Board discussed the Defra Network Capability Review which was currently underway. The Board agreed that a decision should not be made until the outcomes of the Capability Review had been agreed and could be accounted for in the Communications Business Case.

The Board therefore agreed that they were content with the Business Case in principle, subject to the outcome of the Capability Review and that the role mapping would need to be carefully handled.

Implementation
The Board discussed the level of dependence the implementation plan had on Government's decisions on legislation for the establishment of the Public Forest Estate Management Organisation. The Board agreed that it would be possible to tweak the plan to fit alternative outcomes, but any changes to the envisaged position of the FC would have implications for the scenarios in the business cases.

Ian Gambles gave the view that the main focus of work should be the achievement of milestones to be met by April 2016, which could be progressed without the need for legislation.

He summarised the discussion, thanking the Board for their endorsement in principle of the outline business cases, and noted that a decision would need to be taken on the timing and content of a staff consultation, that Sarah England would progress the HR Services business case, that Steve Meeks and Andy Goodsir would progress the procurement of professional support for an IT business case and develop proposals for an England Corporate Services Programme team to take forward the next stage of work on detailed business case development..

7. Senior Managers' meeting

The Board considered the draft agenda for the meeting, which was agreed subject to confirmation that the external speaker was available and other minor adjustments.

Action: Mark Funnell to develop a title for the FCE Senior Managers meeting which conveyed a theme.

8. AOB

No other business was raised.

Ian Gambles closed the meeting.