

Agenda Item 6

Commissioners' Meeting

Memo No 10/15

10 June 2015

FORESTRY COMMISSION SCOTLAND REPORT

Political Environment

Following the UK election result, little new has emerged from Scottish Government with direct relevance to forestry. It is likely that political parties will use the summer to prepare for campaigning for the Scottish elections in May 2016, so there is likely to be a protracted period of heightened political activity from the Autumn onwards.

Scottish Government Developments

A new 'Rural Affairs, Food and Environment (RAFE) Board' met for the first time on 30 April. Chaired by Richard Lochhead and supported by Bridget Campbell and her team, the board brings together the heads of all the rural delivery bodies in Scotland – including FCS and FES – along with some non-execs to ensure cross-government alignment and shared endeavour to deliver Ministers' priorities. The initial areas of business for the Board will cover implementation of the Pack Review into red tape in agriculture, rural economic development, health and inequality, climate change, and corporate services and planning (including a digital strategy).

Lesley Evans has been announced as the new Scottish Permanent Secretary, to replace Sir Peter Housden who retires at the end of June.

New Grant Scheme

The new SRDP was opened for applications in March. Feedback from staff and stakeholders has been very promising, and the IT for application purposes appears to be working satisfactorily. Concerns remain about the ability of the system to issue new contracts in time for 2015 back-end planting, however, a working contingency is being developed to allow Conservancies to issue a 'letter of comfort' to applicants to allow them to start work in advance of a formal contract being issued.

Initial feedback from conservancy staff is that there has been a noticeable increase in questions and interest around productive planting models, which is encouraging, given our policy intent

Economic Study

Over the next few weeks we will be publishing a new study into the GVA associated with Forestry and the NFE in Scotland. The study updates the 2008 forestry figure of £670m, and is likely to show a substantial increase due to increasing harvest volumes and significant capital investment by the processing sector over the period. A communications strategy is being developed around the publication of the report to maximise the profile, following feedback from Ministers, senior officials and others that the economic case for

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Forestry in Scotland needs to be emphasised more. ConFor have been involved in the study throughout, and SG economists approved the methodology (which does not include non-market benefits).

Land Reform

A Land Reform Bill is due to be introduced to the Scottish Parliament before the July recess. It is unlikely to contain any specific proposals relating to forestry, however measures relating to deer management are anticipated, and could have an impact on both private and public sector forestry. Although consultation responses were largely favourable with regard to expanding the role of public bodies such as FES, it is likely that any change to public bodies will now be taken forward via a different route.

Tree Health

Chalara has now been confirmed at three new locations within the sheltered zone, likely to have become established in the wider environment as a result of infection from introduced planting stock. As a result we are likely to remove the protected status of this zone, and treat it the same as the rest of Scotland. Phytphthora Ramorum helicopter surveys are underway, and initial reports are that expansion is limited, and to a similar pattern observed in 2014. The important thing is to maintain our current strategy to ensure inoculum levels are minimised in case future weather conditions once again favour more aggressive spread. Low numbers of Pine Tree Lappet Moth have been identified within Caledonian Pinewoods near to the known population in plantation pinewoods near Kiltarlity. Rapid containment is required, but needs to be carefully handled due to the environmental sensitivity of the site. We are currently working with FR to identify the boundary of the new population.

Change Programme

There are three key stands of organisational change for FCS, in addition to our shared role in changes affecting the wider FC:

1. FES Organisational Development Programme – to establish a robust and flexible model for FES to manage and run its business under a range of possible future scenarios. Michael Hymers is the project lead for this.
2. Corporate service provision – to establish FCS processes for the provision of services currently provided by Central Services. Zoe Stephens is the project lead for this.
3. Establishing probable landing points for FES and FCS within the Scottish Public Sector – SG are currently leading this, with input from Simon and Jo

FES

The on-going weakening in timber prices as a consequence of the weak Euro presents a significant challenge for FES going forward. Income from renewables continues to grow steadily, however this still only represents a minor revenue stream overall. Given the pressure on public finances and the resources needed to deliver change programmes, it is

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unlikely that extra public money will be forthcoming, so FESMB are reviewing business plan assumptions and contingency plans for 15/16 and 16/17 as a consequence.

Acquisitions and disposals continue to generate considerable political interest, with for example recent media coverage of a small area of land associated with the development of Carbisdale Castle. This highlights the sensitivity surrounding all matters relating to public and community land ownership.

FES continues to receive plaudits for its handling of land-slip risks associated with steep sites adjacent to public roads.

Staff Communications

The senior team have just completed a tour of 8 events around the country for all staff. The theme of the events was largely around change, and most staff appeared welcoming of the prospect of change addressing the uncertainties of recent years. The main concerns were around pay and conditions, progression, remaining in the public sector, and the prospect of an 'NRW-type' outcome.

National Committee

Amanda Bryan is the new Chair of NCS. Gordon Mann will be standing down in July, and a process to recruit his successor is underway. Bridget Campbell will have an open invitation to attend NCS meetings, but will not be a formal member.