### Agenda Item 9 Commissioners’ Meeting Memo No 17/18 27 September 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. 2018-19.

### 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. Prof. Ian Bateman’s team at the University of Exeter has been commissioned to review the latest evidence on the economic values of forest ecosystem services. This updates earlier work by them for the FC (see <https://www.forestry.gov.uk/forestry/BEEH-AS4J2W>) which included a Woodland Valuation Tool (a searchable database of relevant studies) and which was referenced in the Government’s recent revision of the Treasury Green Book.  The latest report will be edited and put on the FC website shortly.

3. The evidence base for natural capital accounts continues to be built. FC is working with DEFRA and the Office for National Statistics (ONS) to explore whether and how further work should be undertaken to value forest biodiversity. A report commissioned from Forest Research on the flood alleviation value of the existing forest estate will be released in the autumn. These values will be assessed with a view to incorporation into future natural capital accounts, both for the ONS and for Forest Enterprise England.

4. The economics team is supporting colleagues in the FC and in DEFRA on EU Exit issues, including evidence to support future forestry support schemes and trading arrangements. The team is working with DEFRA and Department for Business, Energy and Industrial Strategy (BEIS) on proposals in the 25 Year Environment Plan for domestic carbon offsets (such as under the Woodland Carbon Code) - when the Paris Agreement comes into force - and for new forest investment mechanisms to attract private finance.

5. A milestone has been reached in the development of the UK forest carbon market under the Woodland Carbon Code.  Verified credits are now available for purchase - following the first tranche of Year 5 checks for Woodland Carbon Code projects - meaning that buyers can compensate immediately for their emissions. This offers a new opportunity for businesses. Previously carbon credits were only available for purchase in advance of them being verified, meaning the buyers could only make Corporate Social Responsibility claims about their purchase.

**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.

6. A series of meetings have been held with DEFRA and FC colleagues about the arrangements for providing technical support for international forestry from April 2019.  DEFRA is anticipated to develop its proposals further during the autumn.

7. 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.  Country forestry teams have been asked to provide input to Defra on this.  The FC is continuing to participate in expert working groups to support the current Forest Europe work programme, specifically on valuing forest ecosystem services and on adaptation to climate change.

8. The FC’s role in other international initiatives is being maintained, including the New Generation Plantations programme, a WWF-led initiative which promotes high standards of plantation management around the world.

9. Work is ongoing to publish UKFS Practice Guidance, ensuring that it fits within the wider UKFS framework and is clear and succinct.

**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.

10. The remaining CFS team are continuing to oversee the seven research programmes delivered by Forest Research and to provide direct management input where required. Research studies are being commissioned from external providers in the current 2018-19 year – these will cover timber and wood products, economic values, and forest resilience.

11. The research commissioning function will be led by the Welsh Government from April 2019, and proposals for how this will operate have been drafted by the Cross-Border Working Group. Colleagues in the Welsh Government have been engaged to arrange the transition of the function, and the Strategic Publications Group has been asked to examine options for handling publications in future. The team is also working further with colleagues in England, Scotland and Wales to consider their appropriate involvement in research design, management and monitoring once the new arrangements are in place.

Forest Research Activities and Corporate Plan Update

12. Forest Research 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 for the supply of its new corporate management software provision (Unit 4).

13. FR’s 2017/18 Annual Report & Accounts were laid before Parliament on 21 June 2018 with FR meeting 20 out of its 22 Key Actions (with the two remaining actions being rescheduled for delivery in 2018/19) and making a net operating surplus of £10,000.

14. The total expenditure budget for 2018/19 amounts to £19.9m (including £2.4 million of transition costs) and the current indicative forecast for the organisation for the year anticipates that the break-even target will be achieved, although this will need to be carefully monitored throughout the year and income will need to be secured and delivered to achieve the organisation’s annual break-even target.

15. Estates capital funding of £1.1m and scientific equipment capital funding of £0.5m have been approved by Defra for spending on specific items during 2018/19.

16. The current project plan for the new Entomology & Pathology Quarantine Laboratory (EPQL) building at Alice Holt highlights that construction will be complete in early 2020. While there are no capital funding guarantees from Defra for the scientific equipment required for the building, FR is now busy drafting relevant business cases in readiness for the 2019/20 round of Defra scientific capital funding.

17. FR’s new website ([www.forestresearch.gov.uk](http://www.forestresearch.gov.uk) ) went live on 7 June 2018.

FR Science Priority: Protect Our Trees and Forests

18. The Action Oak partnership has now been publicly launched (press release available [here](https://www.gov.uk/government/news/campaign-branches-out-to-protect-uks-mighty-oaks?utm_source=a25b0e55-44f9-4efe-9015-6de3d1a71662&utm_medium=email&utm_campaign=govuk-notifications&utm_content=daily)) and the associated display at the Chelsea Flower Show was awarded a gold medal. It is now hoped that funders are attracted to contribute to the research programmes which the partnership is keen to fund.

19. FR staff took an Emerald Ash Borer (EAB) ‘road trip’ in the USA with colleagues from Fera and the Tree Council – visiting a range of sites representing time since invasion – finishing with the most recent outbreaks in Boulder, Fort Collins and Denver in Colorado. Approaches were studied to engaging with communities over replacing or preserving (through stem injections) ash street trees (now dying from EAB) which were originally planted to replace elms that died from Dutch Elm Disease. The group noted big differences between the USA and UK over resources available for urban trees and how local authorities are funding EAB management.

20. The partnership to support Phase 2 of the Observatree Project has been established with Commissioner Dr Mary Barkham as Chair and there has been a fresh round of training for Observatree volunteers involving many FR Tree Health staff. The most recent events in NE England (22 June) & Scotland (4 July) involved quite a number of new volunteer observers this year who certainly have a steep learning curve ahead of them.

FR Science Priority: Enhance Forest Ecosystem Resilience and Service Provision

21. There is ongoing dialogue with Defra’s SofS’s Policy Advisor re use of cube sats (miniaturised satellites) to monitor tree loss in towns. FR has agreed to be part of a task force to look at wider monitoring issues and opportunities post Brexit.

22. Reports on the role of urban tree stature and age on ecosystem service delivery by large,

medium and small tree species over their lifespan have passed internal review and are with FR’s publications team. The third research note on the management implications for urban tree ecosystem service delivery is still being written, aiming to be in internal review by October 2018.

23. FR attended the kick-off meeting of the B4EST EU Horizon 2020 (climate change and tree breeding) project in Orléans, France. FR is leading tasks related to climate change projections for Europe and vulnerability assessment/ sensitivity analysis for eight tree species.

24. FR’s monitoring and evaluation of the Active Forest (AF) pilot programme played a key role in providing evidence that the programme was suitable for wider mainstreaming. The five sites in the pilot were joined by three further sites in 2017/18 and six more in 2018/19 taking the total to date to 14 sites across England. A further four urban-focused sites will be included in 2019/20 with work in this financial year to get them ready. In terms of the monitoring and evaluation four further case studies of specific AF activities have been undertaken including buggyfit, table tennis, Nordic walking and pilates and these are available as two-page summaries on the [AF evaluation webpage](https://www.forestresearch.gov.uk/research/active-forest-programme-evaluation/).

25. FR chaired a successful meeting of the Payments for Ecosystem Services (Forests for Water) (PESFOR-W) *Forests for Water Quality Payments for Ecosystem Services* European Co-operation in Science and Technology (COST) Action in Norway from 2 – 5 July, with over 40 participants from 25 countries represented. The next meeting will be in Bulgaria from 25 – 27 September.

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

26. FR contributed to the Second Order Draft of the 2019 *Refinement of the Intergovernmental Panel on Climate Change Good Practice Guidance* on compilation of Greenhouse Gas Inventories, and is the second author on Chapter 12 which covers harvested wood products.

27. FR also attended a Joint Research Council workshop in Arona, Spain – this addressed technical issues related to the reporting of greenhouse gas (GHG) emissions and removals from the Land Use, Land Use Change and Forestry (LULUCF) sector.

28. Satellite imagery has now been collated (from Sentinel-2 and DMC) to provide as clear as possible summer image for 2017, and National Forest Inventory processing of the 2017 image has started with the generation of potential change polygons complete for Scotland. The processing of England/Wales is being timed with ongoing completion of the 2016 NFI dataset with eCognition and is underway now.

29. Work is continuing on developing a remote sensing (RS) strategy for FR. Two workshops (at NRS and Alice Holt) were held to review FR capacity/existing work and future aspirations. A significant volume of information and ideas for products/services was gathered from these workshops. We are now meeting with users to determine their RS needs. The current focus is on other parts of the FC. While user meetings have so far identified expected products/services, they are providing insights into the requirements of these products and users perceptions of FR in terms of product/service delivery.

30. FR is making excellent progress on developing improved models for predicting the development of top height with age for major UK tree species. The relationships of top height against age for Sitka spruce have been completed and the approach will now be used to establish relationships with other UK species or species groups.

FR Science Priority: Publish Official Statistics and Effect Knowledge Exchange

31. The following Official Statistics were released in May and June:

* *UK Wood Production and Trade: 2017 provisional figures* and *Timber Price Indices: Data to March 2018* were released on 17 May
* *Woodland Area, Planting and Publicly Funded Restocking: 2018 Edition* was released on 14 June.

32. Work is ongoing 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*)
* *Forestry Statistics 2018* and *Forestry Facts & Figures 2018* due to be released on 27 September
* *Nursery Survey: 2018 edition* released in September
* Timetable of scheduled publications is available [here](https://www.forestresearch.gov.uk/tools-and-resources/statistics/forthcoming-publications/).

33. The FR report *What Forest Managers want to know about Adaptation* by Atkinson & Ambrose Oji, 2017 was recently published on the FR website and an article about the new Climate Change Adaptation Trail in Alice Holt was published in the June edition of Forestry and Timber News.

34. Channel Four’s visit to NRS to view FR’s work on juniper and *Phytophthora austrocedri* was shown on their *Food Unwrapped* programme on 18 June.

35. The ICF blog post of FR’s role in the EU’s EIP-Agri work led to the ICF approaching us to be regular contributors to their blog.

36. FR are working closely with FC, DEFRA and APHA on increasing the coverage of our science around ash dieback, supporting a wider plant and tree health campaign across England during the summer and early autumn.

37. This year’s Royal Welsh Agricultural Show took place on 23 - 26 July and FR’s stand was visited by the Welsh Government’s Minister for Environment Hannah Blythyn AM on the Monday of the show.

38. FR is the lead author on a paper in the prestigious science journal, *Nature*. The work is largely based on previous research at Imperial College and RBG Kew but includes FR staff as co-authors - *Environment and host as large-scale controls of ectomycorrhizal fungi* (2018) Sietse van der Linde *et al*. Nature (2018) doi:10.1038/s41586-018-0189-9.

39. FR staff were presented with the Sir George Campbell trophy for the best article in the Royal Scottish Forestry Society journal *Scottish Forestry* at a presentation at NRS on 20 July for a review of pine tree lappet moth.

40. FR hosted a visit by NRW senior managers to Pickering on 8 June to view and discuss the *Slowing the Flow* at Pickering natural flood management measures. FR also attended a meeting with AECOM (an American multinational engineering firm) to discuss managing flood risk for the village of Clachan in Kintyre.

FR Business Priority: Grow Our Business

41. A two-year Brexit-related inward loan/secondment (HEO/PB4) development opportunity with the Welsh Government (WG) was advertised to all FR staff in December 2017.

42. FR has secured funding from Defra to undertake work on understanding behaviours to improve the management of tree health outbreaks and build resilient treescapes.

43. FR has secured funding from Climate-KIC for a forest restoration project with Edinburgh University, ONF International and Cirad to start in September 2018 and which will run for 15 months. FR will be working on a Scottish case study.

44. FR’s bid to FC England’s Research and Development Grant Scheme for automated image analysis for high quality tree seed lots was successful and will secure £50k for FR this financial year.

### Ways of Working

**Shared Services**

45. Following FC England’s successful transition to their new Finance and HR systems at the start of the year we anticipate Scotland and FR to hit a number of milestones over the coming weeks with Scotland gaining access to their new data centre and FR moving to a new external payroll service.  However, all parts of the FC remain fully reliant on current FC infrastructure and none have yet achieved independent capability. 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 August Shared Services and CFS will have approximately 50 staff (plus some contractors), 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.  As previously reported we now expect our support for establishing the new corporate service arrangements to continue until at least June 2019, with a contingency of September 2019.

**Cross Border Functions**

46. Work on the MOU to replace the existing cross-border functions continues to progress well and an inter-governmental meeting in October is expected to approve a near-final draft of the MOU and to authorise the finance officers to begin the process of dividing the existing Defra funding (circa £10M) between the three Governments.  There are four main outstanding areas of work being taken forward by different groups; an agreement on future liabilities for FR, who will provide technical support for the Defra International Policy function, the operational arrangements for Plant Health and FRM functions being provided by FC and the detailed arrangements for the commissioning or research.  The agreement is due to come into effect early in April 2019.

Shared Services

**Pay 2018**

47. A Pay Remit was submitted to the Defra Secretary of State at the end of June. A response is awaited.

48. The Civil Service Trade Unions (FDA, PCS and Prospect) have brought Judicial Review Proceedings against the Minister for the Cabinet Office in response to the lack of consultation with the Unions (in their view) by the Government in developing this year’s pay guidance. A substantive hearing has been scheduled for the first week of October. Meanwhile, Departments have been instructed to continue to implement Pay Remit Guidance as issued in June.

49. Guidance for Senior Staff and Office Holder Pay for 2018 has been further delayed until September. Those affected have been informed.

**Silvan House**

50. We are currently in dialogue with the Scottish Government over the future occupation and management of Silvan House. Both FC and SG have worked together to produce an options appraisal, setting out four possible options. A preferred option was recommended to the FC EB in August and a similar paper with the same preferred option was submitted by the SG to Scottish Ministers for their consideration. The preferred option is for the SG to take over the management of the building up until the end of the lease and marketing the vacant space as it arises in order to get the building back up to full occupancy. Once Ministers have confirmed they are content to progress on that basis, we will enter into negotiations with SG regarding the financial liabilities and an appropriate settlement.

**Legal and Corporate**

51. With the Forestry and Land Management (Scotland) Act 2018 having received Royal Assent on 1st May, Central Services is now working with Defra and Scottish Government to agree a number of further provisions that will support the transfer of Commissioners’ Functions with regard to Scotland.  The first of these is an Order under section 90 of the Scotland Act 1998 which will transfer the relevant assets and liabilities from FC to Scottish Ministers.  In broad terms all of the Commission’s assets and liabilities in or as regards Scotland will transfer to Scottish Ministers with key exceptions being physical assets and liabilities relating to FR, for example NRS, as well as any intellectual property which is either not exclusively related to Scotland or which was developed using Westminster funding, for example the National Forest Inventory.  The second set of provisions will be a further order under section 104 of the Scotland Act 1998 which will make consequential amendments to the Westminster legislation for example by removing the references to Scotland from the Forestry Acts of 1967 and 1979 and make provision to allow for both FC and Scottish Ministers to deliver forestry and plant health related functions on each other’s behalf.  These latter provisions are required to support the new MOU on cross-border working that is being prepared through the Forestry Governance Project Board.  Once the contents of both Orders have agreed the Scotland Office and the Office of the Attorney General will coordinate the process or seeking wider Ministerial agreement across Whitehall and for laying the Orders in the UK Parliament.  Both Orders are due to come into force in April 2019 alongside the main FLM (Scotland) Act.

Jean Lindsay

Director Central Services

September 2018