### Agenda Item 11 Commissioners’ Meeting Memo No 28/18 13 December 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) Corporate Plan 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. The economics team has let a study to EFTEC (Economics for the environment) consultants to improve our understanding on the value of forest biodiversity. DEFRA has contributed part of the funding for the study.  The work will examine whether it is feasible to place values on forest biodiversity and, if so, will propose suitable ways to do this. The team is also in discussion with colleagues in England and Scotland on valuing forestry’s contribution to improving mental health – the team plans to commission a scoping study to explore how this might be done.

3.       The economics team is contributing to work by the FC and DEFRA on EU Exit issues – key issues at present include the implications for forestry of different trading arrangements in future, and the design of new support mechanisms for forestry. The team is leading a programme of analysis on the proposal for a Forest Carbon Guarantee which was recently announced in the Chancellor’s Budget.  The Guarantee is intended to provide a boost to the forest carbon market – and thereby forestry’s contribution to Government Greenhouse Gas emissions targets - and to levels of woodland creation.

**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.       Further discussions have been held with DEFRA on the technical support function for international forestry. Further work is needed to determine the scope of this function in future and it will not, at present, form part of the new arrangements for collaborating on certain services across England, Scotland and Wales from April 2019.  In the meantime, staff in CFS are continuing their current work on international initiatives, notably through expert working groups on valuing forest ecosystem services and on adaptation to climate change.

**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.

5.            The CFS team is continuing its work to develop the evidence base to support forestry policy and operations. It is overseeing the seven research programmes delivered by Forest Research and providing direct management input where required. The team is also managing research studies commissioned from external providers in the current 2018-19 year, before this function transfers to the Welsh Government in April 2019. The Cross Border Working Group has agreed a set of proposals for how the Welsh Government will deliver this function with input from relevant colleagues in England, Scotland and Wales – these proposals cover research design, management and monitoring and recognise the contribution that is required from experts across the three countries.

### Ways of Working

**Shared Services**

6.       Work to establish the new corporate service arrangements in for England, Scotland and FR remains ongoing.  Although there has been significant progress across all programmes it remains the case that all parts of the FC remain fully reliant on current FC infrastructure and none have yet achieved independent capability. The most significant change in the last few months is that whilst the Scotland programme is now making swift progress there is a real risk that they will not achieve independent capability in time for the establishment of the new agencies on 1st April 2019; consequently we are preparing contingency plans which will allow FC to provide continuity services to Scottish Ministers for a maximum of three months to end of June 2019.  The England and FR programmes are similarly on track to establish most major systems by 1st April 2019; however the work to replace all of the smaller (but no less important) systems along with their reliance on the core network may stretch into the late Spring.

7.       The process for establishing the new arrangements has entailed central consultation on 24 separate business cases and we are grateful to the FCTU for its hard work in responding to all of these and for their support, in the spirit of our Partnership Agreement with them, in ensuring that FC has the best possible organisational arrangements going forward.

8.       The next few months will continue to prove particularly challenging for the Shared Services teams.  The primary responsibility continues to be maintaining the existing business-as-usual services for as long as they are required as well as supporting the country and FR transition programmes and releasing existing staff into new roles, particularly to Scotland.  By the end of December Shared Services will have approximately 40 staff (plus some contractors), down from an original complement of 220.

9.       It has been agreed that Central Services, as an organisational entity within the FC, will be wound-up on 31st March 2019 in line with the Future FC model.   From 1st April the remaining staff (approx. 25) will be established as the ‘closedown team’ and a separate cost centre within the England Director’s Office. The team will oversee a range of normal end of year activities as well as the final closedown of the Shared Services by no later than 30th September 2019.

**Cross Border Functions**

10.       Work on the MOU to replace the existing cross-border functions continues to progress well and a separate paper detailing progress will be presented to the meeting.

11.       As part of the new cross-border arrangements it has been agreed that Scottish Forestry will provide the UKFS, Woodland Carbon Code and Economic Advice functions.  We have now completed an internal consultation on establishing these new services and the last four members of CFS will transfer into FCS on 1 January 2019.

Shared Services

**Pay 2018**

12. Government Pay Policy remained capped at between 1-1.5%. Pay talks with the Trade Unions concluded in November with the rejection of the FC’s pay offer.

13. Through Director Central Services, the Executive Board worked closely with the Trade Unions and considerable effort was made to take their feedback into account.  This feedback included ensuring everyone would receive a consolidated pay increase and that no increase should be less than 1.5%.

14. The Annual Pay Award is being implemented by administrative action and the details of the award were communicated to staff in December, with covering letters from CEO’s and Directors.

15. After a delay in receipt of the guidance, we were able to implement the Office Holder and Senior Staff Pay Awards in October and November.

#### Gender Pay Gap Regulation

16. From March 2017, all public sector organisations with more than 250 employees were subject to a new Specific Duty under the Equality Act 2010 to publish information about their gender pay gap.

17. The Duty requires public sector employers to publish annually (i.e. by no later than end of March), the following six categories of information: the mean and median gender pay gap; the mean and median gender bonus gap; the proportions of men and women getting a bonus; and, the proportion of men and women in each of four pay quartiles.

18. The FC published its information in early December in a central Government co-ordinated approach. At that point, the FC had a mean Gender Pay Gap of 6.3%. This is a slight increase from last year, due to two highly paid contractors.

**Silvan House**

19. Following many discussions with the Scottish Government and working jointly on an options appraisal, agreement has been reached on a preferred option for the future of Silvan House. The preferred option is for Scottish Ministers to take over management of the building from April 2019. Final confirmation of the preferred option is subject to Forestry Commissioners and Scottish Ministers reaching agreement on liabilities. The negotiations were due to commence in early September but the process has been frustrated by the Scottish Government not fielding a negotiating team until November. A fuller update will be given at the meeting.

Jean Lindsay

Director Central Services

December 2018