

**Forest Enterprise Scotland
Management Board Meeting
Inverness / Edinburgh / Dumfries 17 December 2015**

Attendees:

Simon Hodge, Chief Executive
Les Bryson, Head of Operations
Jo Ellis, Head of Planning and Environment
Rosetta Forbes, HR Business Partner
Donna Hutchinson, Head of Finance
Michael Hymers, Head of Corporate Support
Laurie Tyson, Head of Estates
Michael Ansell, Head of Forest Renewables
Jennifer Roberts (Minute Secretary)

Present for Item 3: Stephen Day, Audit Manager

Apologies:

Alan Stevenson, Head of Communities, Recreation and Tourism
Brent Meakin, Head of Business Services

1. Minutes of the last meeting and action points

The minutes of the meeting held on the November 2015 were agreed as a true and accurate record.

The Minutes were agreed as a true and accurate record.

AP4.1: Michael Hymers to liaise with Ginny Gardner to ensure that board members are directly connected into relevant Scottish Government distributions.
(Discharged)

AP7.1: Rosetta to provide information on approval of claims above subsistence limits. It was noted that HR will not be increasing the subsistence limit at the moment due to the financial situation. Rosetta will provide the board with data regarding claims above subsistence limits.
(Rolled Over)

AP4.1: The board requested a change in the wording in Annex F - item 9 from TUS sign off to 'TUS consultation'.
(Discharged)

AP6.1: Sylvi to investigate and get a summary report on the South Loch Ness Timber Haul Route prepared for the next board meeting.

Update Dec: Doug Mitchell and Les met with Sylvie. The decision was to pull a lessons learnt session and paper in time for the March board. Project will be 95% complete in the New Year so wait till then.

(Discharged)

AP6.2: Sylvi to change the Land Registration Project and South Loch Ness Timber Haul Route to red.

(Discharged)

AP6.3: Any projects involving our own building stocks should come under business services. Sylvi will amend the tracker to reflect this.

(Discharged)

AP6.4: Sylvi, Brent and Donna will discuss the basis for how to represent an overview of total resource costs as well as financial costs in the quarterly highlight reports.

(Rolled Over)

AP7.1: Les to speak to the relevant people to get required posts to the recruitment panel.

(Discharged)

AP7.2 Donna to agree with Laurie and Donald whether the sale of the Barracks should be included in this year's forecast.

(Discharged)

AP7.3: Simon, Brent and Donna to give further consideration on the remit of the Budget Management Committee and come back to the board with an update. **Discussed in paper.

(Discharged)

AP7.4: Les to check with the team that there is no potential for further in-year restock before Brent orders more vehicles.

(Discharged)

AP8.1: Simon and Donna to have a conversation about land registration costs.

(Rolled Over)

AP8.2: Laurie to feedback income figures to Donna.

(Discharged)

AP11.1: Laurie to pass on paper regarding the Banchory Development proposal to Simon.

(Discharged)

AP11.2: Laurie to pass on paper regarding impact of wind-farms in M&A to Simon.

(Discharged)

2. Finance Report FY 15/16

Donna Hutchinson

Donna presented the board with the finance report.

Restocking and Road construction are major programmes with resources issues and limited capacity.

Recruitment and retention of civil engineers continues to be a critical challenge. The board agreed that sector benchmarking was needed, along with consideration of what approach we might take to securing this critical resource.

AP:2.1 Les and Rosetta to review recruitment and retention options for civil engineers.

On restocking, the Board agreed that the critical posts be approved through the Recruitment Panel as soon as possible.

The Board discussed likely resource shortfalls next year, how this related to the 16/17 pressure flagged in the SG system, and how these pressures might be reduced by use of any carry over of resources. The A82 project was included in this discussion.

It was noted that if the Barracks completed in the financial year, we would need to advice SG that our carryover limit would be technically exceeded.

AP2.2: A decision on the A82 funding will need to be made in January.

Queries were raised about an apparent mismatch between the timber income and despatch figures, which appeared to be an error in the summary table.

There market is currently very flat, but that is not unusual for this time of year. The board will revisit forecast outturn at the next meeting in January.

New planting targets: Jo Ellis is confident we can meet our KPI this year. Jo will also be looking at how we capture natural colonisation into our spatial systems.

3. Risk Management

Donna Hutchinson

The board welcomed Stephen Day from Internal Audit and thanked him for attending.

The Board agreed that top risks 39 and 79 will be downgraded at next revision, and the risk definitions of 62, 74 and 76 reviewed.

SG budgets have been protected for next year, relieving an emerging risk. New emerging risks are:

- Lack of capacity to support Land Management Plans. The planning team are working on how to mitigate the issue.
- Employee relations during this time of uncertainty and continued pay restraint.

4. Business Plan FY 16/17

Donna Hutchinson.

Donna presented the board with the business plan for 16/17. Donna asked the board if there were any further adjustments required. The board agreed that the BP be finalised at the January meeting.

AP4.1: Donna, Simon and Les to meet before the next FESMB to discuss final BP allocations.

5. Strategic Business Planning Update

Michael Ansell

Michael Ansell presented the board with a draft Strategic Business Plan for Estate Development as a basis to explore how we develop plans for each of the national functions. It was recognised that the capacity and timings around this will have to recognise the current focus on the Delivery Structures Project. As a contribution to the work, Leona Wilkie is currently working on a new performance framework for 16/17 to define delivery KPIs and agree a set of internal operational performance indicators for each function. The Board welcomed Michael's work, made suggestions on how it might be finessed to create stronger linkage with national priorities, draw out the key issues and directions, and to more fully reflect workforce planning aspects.

AP5.1: Rosetta to send Michael Ansell some observations on workforce planning aspects of the strategic business planning.

AP5.2: The board will send Michael Ansell any feedback they have on the document.

Michael H updated the Board on his involvement with a RAFE Board Working group looking at how the RAFE bodies might align their corporate planning cycles and activities.

AP5.3: Michael Hymers to feed in RAFE aspects to the SBP Project.

6. Financial Management in FY 16/17

Simon Hodge

Simon presented the board with a paper considering FES financial management structures going forward. The board considered the proposed principles for future FES financial management structures and on the implementation proposals. The Board agreed to create a formal ODP project for Financial Management Structures and recognised that financial changes need to be agreed at an early stage of each BP process, for go live on 1 April of the new financial year.

The board discussed options for CC580. Donna advised that it might be possible to split 580 across the 5 national functions at 1 April next year, but no split could be achieved for District budgets on this timescale. Overhead costs would be retained in Business Services.

7. Procurement & Contract / Supplier Management

Donna Hutchinson / Graham Godsman

Graham Godsman presented the board with an update of the procurement project. The business case and recommended models have been endorsed by FES but there are significant risks to the project as we do not have a team in place due to the national consultation process required for the decentralisation elements. Recruitment is unlikely to happen until February.

AP7.1 Graham will come to Board in February with a recruitment plan.

The board agreed Donna should proceed with immediate effect to secure agency capability in the New Year to cover the likely requirement that Graham returns to lead the timber sales and contract management team.

AP7.2 Donna to secure agency procurement capacity.

On unregulated spend, progress has been made on strengthened interim controls. We have output reports from e-fin which we have shared with internal audit. In early 2016 Graham will review the delivery structure for unregulated spend, linking in with the ODP programme.

8. Staff Survey Results Initial Feedback

Simon Hodge

Rosetta presented the board with a presentation of survey responses. These are FC GB Level. Rosetta should receive detailed information by the end of January from the staff survey. Once she has this information the results can be discussed and recommended actions will be put out to the business. Rosetta noted that the survey was conducted shortly before the ODP was announced.

9. ODP Update

Michael Hymers

Since the board had the last update the project team have been pulling together feedback. The ODP team have been meeting with the different function leads to gain knowledge of potential strengths within our current structures and how they meet the critical success factors. In January the project team will review all the feedback and come to the National Committee and back to FESMB with a paper on emerging directions. This, in turn, will inform the SMM scheduled for late January. The role of FESMB in the ODP process was discussed, and a distinction made between the formal governance role, and the wider aspect of considering emerging proposals.

AP9.1: Michael will re-circulate the document that sets out the formal roles and responsibilities of FESMB in relation to ODP.

We have had a good response to the reference group nominations. Every pay band, district and function is represented. There will be groups looking at the following:

- Land Management
- Community
- Estate Development
- Business Services.

There will be a light-touch gateway review of the ODP in February.

10. FY 15/16 Targets, Indicators & Commitments

- The Board reviewed the current year's targets and corporate actions. The main issues flagged where:
Cunningar Loop – As the bridge has not been built we cannot fully open the park. This is out with our control.
- FoRe Income – Marginally below target.

AP10.1: The board are asked to make Michael Hymers or Claire Martin aware of any completed projects.

AP10.2: Michael will speak to Phil to ensure the corporate plan on the internet.

11. HR Update

Rosetta presented the board with a HR update. With help from FAS and central HR Rosetta will gradually reinstate management information. The board thanked to Rosetta and her team for getting headcount change figures despite system issues. An increase in sickness absence was discussed. The Board was advised of an intention by Prospect to carry out a consultative ballot for industrial action. Rosetta will keep the Board informed.

12. Organisational / Functional Update

Estate Development

- Another hydro scheme has been commissioned.
- The new feed in Tariff is 30% less than what was being consulted on.
- The tenancy being offered at Gourdie is progressing well.
- The road sharing protocol will be finished and put out before the Christmas break.
- The new Estate Development team is now in place.

Operations:

- Mike Green will retire on the 31/05/2015.
- Grant Macintosh is also looking at retiring in May.
- The West Loch Awe Haul route dispute is nearing resolution, with the Adjudicator finding in favour of FES on the major issues. Green Power has given us a new timeline for completing the remedial actions however they are still having issues with their contractor.
- Julian Fryer is off for a few Months with Lyme's disease. Ken Sinclair is standing in at the expense of the operations support role.

Corporate Support:

- Board briefed with comms on the Scottish Government Spending Review announcement and asked to feedback on comms opportunities.

AP12.1: Michael Hymers will confirm in January if there are any items to pass on to the Scottish Government communications team.

CEO:

- Updated on SR15 outcomes for FES and other RAFF bodies, some of whom have a 7% cut.

13. AOB

Media opportunities: Landward has been filmed at Tyrebagger and will be shown on 18th December.

Fergus Ewing visited Glentress.

Apprentices: Our key aim is to secure a formal recognised and supported modern apprenticeship scheme for the sector as a whole.

Simon is doing a 20 stop communications tour in February and March.

Trefor Owen: Due to contractual issues he will now not start until 01/04/2016. Trefor will attend the Senior Managers Meeting in January and will be on the panel for the new head of marketing and sales post.

The board noted that this was Laurie's last board meeting. They thanked him for his valuable input to the board.

DRAFT