

**Forest Enterprise Scotland  
Management Board Meeting  
Inverness/Edinburgh/Dumfries**

**20 January 2016**

**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  
Michael Ansell, Head of Forest Renewables  
Alan Stevenson, Head of Communities, Recreation and Tourism  
Brent Meakin, Head of Business Services  
Hilda Todd Minute Secretary

**Present for item 6:** Sylvi Kerr

**1. Minutes of the last meeting and action points**

The minutes of the meeting held on the 17<sup>th</sup> December 2015 were agreed as a true and accurate record.

**AP7.1: Rosetta** to provide information on approval of claims above subsistence limits. It was noted that HR would not be increasing the subsistence limit now, due to the financial situation. Rosetta will provide the board with data regarding claims above subsistence limits.

**Discharged**

*Rosetta will send out a reminder to the cost centre managers on adhering to accommodation limits.*

**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**

**AP 8.1: Simon** and **Donna** to have a conversation about land registration costs.

**Discharged**

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

**Discharged**

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

**Discharged**

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

**Discharged**

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

**Discharged**

**AP5.2: The Board** will send Michael A any feedback they have on the document.

**Discharged**

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

**Rolled over**

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

**Rolled over**

**AP7.2: Donna** to secure agency procurement capacity.

**Discharged**

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

**Discharged**

**AP10.1: The Board** are asked to make Michael H or Claire Martin aware of any completed projects.

**Discharged**

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

**Discharged**

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

**Discharged**

## **2. Finance Report FY 15/16**

**Donna Hutchinson**

Donna presented the board with the finance report.

There are a few differences in significant expenditure as the Barracks sale is now in the forecast. Investment in renewables has been removed with VME and roading inserted. The net expenditure forecast is £13.6m, £12.7m below the July re-forecast.

£21.6m is forecast for carry forward with an additional £1m received from FCS. Much of this is disposals and bond carry forward, and much of the rest is hypothecated against deferred programmes, particularly restocking.

Donna will speak to the FDs before the year-end on their variances. £6.5m balance is available to go into next year's programmes.

It was suggested that the opportunity be taken at staff meetings to explain how we are using carry forward to try and smooth income and expenditure imbalances through the timber price cycle. We need to ensure the managers have a clear and consistent message to pass on to staff.

### **3. Business Plan FY 16/17**

**Donna Hutchinson**

Donna presented the 16/17 Business Plan. Simon, Les and Donna have met to finalise allocations. The FESMB agreed the BP for 2016/17. Work continues on clarifying the VAT provisions that may be required.

### **4. Risk Management**

**Donna Hutchinson**

Risk registers should be sent to Stephen Day, if not already. Les informed the board of a fatality at Callander mill. Donna is meeting Scott Moncrief to move forward VAT questions. Recruitment of additional forester and supervisor posts is underway in the locations where this is limiting our ability to achieve restock programmes. Les reported that the UKWAS audit was very good and as a result, we could reduce the risk at the next review. Renewable income risks have now been mainstreamed into income forecasts and Michael Ansell gave an update on restoration provisions – a renewables paper will go to the February NCS. Rosetta advised on the imminent recruitments for formation of the new procurement service. On *Phytophthora ramorum*, Les advised the board of the possible cost of the outbreak on Raasay. Brent advised on the recruitment of the head of our country Digital Services capability.

On Emerging Risks:

*E-sales:* A replacement auction programme is in place and requires a reworded tender. Will look at digital strategy to check is compliant with SG direction of travel. Risk remains till we go to a new system

*Lack of capital for the vehicle fleet:* Brent advised that he had ordered white vans which would be provided with black branding. Alan supported by Les were of the view that we should maintain full branding either through respraying the corporate shade of green or the application of a suitable vehicle wrap. It was accepted that the latter is still experimental but could be tested on some further vehicles, otherwise the policy should be upheld.

*NFLS and the Community Empowerment Act* risk can be removed. Rebecca Carr has been appointed to project manage the development of the new NFLS to take account of the provisions of the Community Empowerment Act and to work with the Scottish Government on guidance to public bodies.

*Failure to meet policy and targets on water:* Chris Nixon is working with SEPA and the board discussed how we could best develop this collaborative relationship. Recent flood events is reminding us that this needs to focus on water quantity and well as quality, with further exploration needed of how the NFE can contribute to sustainable flood management.

**AP 4.1: PS to CEO** will initiate a meeting with SEPA.

*Internal Communications:* Michael Hymers raised concerns about Comms capacity during the current period of rapid change.

## **5. Organisational Development Programme      Michael Hymers / Simon Hodge**

Simon went through the presentation being prepared for the forthcoming staff meetings, including the six emerging directions from the Organisational Development Programme. The board discussed the need to give staff an indication of emerging whilst also making it clear that decisions on future structure will be made only once a full consultation has been undertaken.

The Board also recognised the need for clearer messaging on the need for change, links to our current financial situation and the need to reduce core costs. Also messaging on the role of the ODP as a means of co-ordinating in assisting with decision making, not as the source of change in itself. The board discussed the potential role of external service providers in helping FES to delivery effectively going forward.

The board recognised that cost centre structures need to be decided on in the late spring of the year before implementation to take into account the Business Planning cycle.

## **6. FES Quarterly Project Update      Sylvi Kerr**

Sylvi updated the Board on the portfolio of projects, with 3 projects on hold and 26 active projects. The peatland restoration project is now fully underway with the release of £1.2m from the Scottish government. Cuningar Loop is on hold awaiting construction of the footbridge over the Clyde, which should allow full opening at the end of July. The Board discussed the increased cost estimates for the South Loch Ness timber haul route, and welcomed the securing of additional funding from the STTS. It was agreed that the interim lessons learned exercise for this project was helpful. A lack of project and civil engineers for South Loch Ness and problems over budget is due governance prior to the project.

## **7. HR Update      Rosetta Forbes**

Rosetta shared the monthly staffing MI and sought comment on the most recent draft of the People Strategy, requesting comments as soon as possible prior to presentation at the Executive Board by Ali Walker.

A recent audit on 'recruitment resources conduct', in line with the Civil Service guidelines revealed concern in the appointment of STTAs. This can be linked to TRAs, which are on the increase as we work through the structure review. The duration of TRAs has caused some concern with the Unions, particularly the small number that extend over 18 months. The board were reminded that if TRA goes on for more than 6 months it should be flagged with the Unions and that beyond 2 years substantive promotions claims might be made.

Rosetta flagged a rise in sick absence rates in December and Rosetta is undertaking further analysis and preparing a session on 'Preparing for Change' for the Senior Manager's meeting.

## **8. Organisational / Functional Update**

## **FESMB Members**

Michael Hymers: asked for feedback on potential media opportunities

Les Byson: flagged that a successor is needed for the FESMB link on the FES H&S Committee and FC H&S Strategy group.

Michael Ansell: updated the Board on the proposed Loch Goil community investment at Donich Water hydro scheme and PFR's success in getting planning permission on appeal for a 20MW wind farm at Camilty in Scottish Lowlands.

Brent Meakin: updated the Board on the formation of the Business Services function and progress with the decentralisation of corporate services; indicated the need to review FES accommodation in Silvan House; and advised the Board of the support being drawn in from the SG Digital Transformation team as we shape our vision for future digital services.

Jo Ellis: advised that a carryover facility has been agreed for the Peatland Action Fund resources, and gave an upbeat report of the 2015 UKWAS audit.

Simon: briefed on the planned meeting Minister in a couple of weeks, which he hoped would cover repositioning, resilience and timber markets.