

Forest Enterprise Scotland Management Board Meeting

15 June 2016

Attendees:

Simon Hodge, Chief Executive
Trefor Owen, Head of Land Management
Michael Hymers, Head of Corporate Support
Michael Ansell, Head of Estates Development
Alan Stevenson, Head of Community and Visitor Services
Brent Meakin, Head of Business Services
Rosetta Forbes, HR Business Partner
Donna Hutchinson, Head of Finance and Procurement
Jennifer Roberts, Minute Secretary

Present:

David Hair, National Services Scotland (Item 3)
Lucy Fergusson, National Services Scotland (Item 3)
Jo Ellis, Head of Planning & Environment (Item 4)

1. Record of Meeting of the 17 May 2016

Minor comments to the minutes were received. The Board agreed that the record of the 17 May 2016 was held to be a true and fair record of the meeting.

2. Action Points and Matters Arising

Ref:	Action	Who	Target Date
5/06	Arrange for the Board to participate in a risk workshop, prior to the next revision of the risk register.	DM	26 July 2016
5/11	Escalate concerns about content/management of the intranet to Scotland EB.	MH	28 June 2016
5/22	Review FES service contracts to clarify potential status of those providing services, feeding back to functional leads.	RF, AM & JM	31 July 2016
6/01	Produce a draft all staff e-mail to provide update of change management within FES for circulation to the Board for comment.	SH	17 June 2016
6/02	Provide JE with clarification as to what the delivery functions require from an analysis of Scotland's National Forest Estate.	SH, TO, MA & AS	31 July 2016
6/03	Provide DM with clarification of required changes to COGNOS prior to the start of the Business Plan	TO, MA, AS, BM & MH	31 July 2016

Ref:	Action	Who	Target Date
	process.		
6/04	Provide feedback to SH on the draft NCS Finance Paper.	TO, MA. AS, BM & MH	15 July 2016
6/05	Amend the current wording associated with Action 4 & 6, making the actions more generic.	RF	17 June 2016
6/06	Provide any additional feedback on the draft Action Plan to RF.	FESMB	17 June 2016
6/07	Feedback thoughts on the format and attendance at future SMM's.	FESMB	31 July 2016

Action Points: 3/06, 4/01, 4/05, 5/01, 5/02, 5/03, 5/04, 5/05, 5/08, 5/09, 5/10, 5/12, 5/13, 5/14, 5/15, 5/16, 5/17, 5/18, 5/19, 5/20, 5/21 are discharged.

3. End-of-Year Finance Update (i.e. FY 15/16)

The summary position in net cost terms for 2015/16 was as follows:

Net Cost	Approved Funding £m	Actual £m	February Forecast £m	Variance over App. Funding £m	Variance over Feb Forecast £m
Net Cashflow Deficit	31.3	10.3	11.5	-21.0	-1.2
Net Expenditure	29.9	12.1	13.2	-17.8	-1.1
Less Depreciation	3.7	4.9	3.7	1.2	1.2
Net Accrued Expenditure	26.2	7.2	9.4	-19.0	-2.2

Note: Accrued budget does not include £0.3m VME lease payments.

Our approved net cash funding from FCS for FY 15/16 was £21.7m with an additional £2m agreed with FCS and a carry forward from FY 14/15 of £7.6m. The total approved funding is therefore shown as £31.3m. The actual cash outturn is £10.3m resulting in a carry forward of £20.8m.

The carry forward of £20.8m has been allocated and is outlined below.

The £20.8m includes £8.8m of ring fenced funding

Restoration coal bond	£1.75m
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Repositioning	£7.0m
Total Ring fenced funds	£8.8m

The balance of £12m includes the following programme allocations:

Restock	£2.0m
A82	£0.5m
Land Registration	£0.5m
Environment - Rhod clearance	£0.3m
Recreational infrastructure C&V	£0.3m
Phytophthora Roding	£1.0m
Protection and Maintenance	£0.2m
Roads maintenance	£0.2m

The remaining balance will be held in reserve to cover timing differences, programme carry over, VAT contingency, cost of change and protection from further timber fluctuations.

4. Risk Management

Updates on top risks are as follows:

Risk No	Risk	Responsibility
9	Failure to meet Scottish Ministers direction to complete registration of all public land by 2019. This continues to be of significant concern. FES is meeting with RoS on the 23 August to discuss the project capability.	Michael A
10	Consequence following the failure of the Scottish coal industry, including liquidation of companies benefitting from leases on the NFE, resulting in potential loss of income, increased expenditure in restoring opencast sites and criticism of FES by stakeholders. Alternative restoration projects are being examined.	Michael A

Updates on emerging risks are as follows:

Emerging Risks	Responsibility
Bruntis Loch – prior to taking any further action, a fully costed proposal will be drafted for MA, TO & AS to consider.	Michael A

5. Organisational Change / Portfolio Management

National Services Scotland presented the board with a paper providing information on an alternative model for managing organisational change (i.e. portfolio management) including establishing an approach, resources, benefits and challenges.

The purpose of portfolio management is to encourage the board and the organisation to change and adapt to new environments. This approach will resolve the ODP Gateway review findings and satisfy any follow up requirements. It will ensure all change initiatives are aligned to the organisations objectives and managed in a consistent way with the appropriate governance.

The board approved the closure of the Organisational Development Programme (ODP) and the switch to a Portfolio Management Approach within FES.

The following board comments were noted:

- We would require a small portfolio management office however we need to utilise the resources on the ground currently. The board felt it would be necessary to include a member of the HR team in this group. Training resources would be available via NSS. NSS would provide resources as set out in the SLA. The board agreed FES need to invest in change management capability.
- Prioritisation Tools should be put in place to allow the Board to manage unexpected situations and aid the decision making process.
- The Board agreed that good communication was essential to the process. This is not a rebranding of ODP. ODP has achieved its purpose and highlighted what we need to do better. We need to communicate clearly with staff. The board noted that NSS didn't use the term 'portfolio management' in their communications as it was irrelevant.

AP 6/01 Produce a draft all staff e-mail to provide update of change management within FES for circulation to the Board for comment.

- The board agreed that the organisation needed to invest in a consistent and structured approach to Strategic Business Planning. This must incorporate workforce planning and long-term financial planning as flagged by Audit Scotland.
- A portfolio management approach would be established in a phased approach (Inception, Definition and Delivery). In total 8 steps will be completed across all 3 phases. This process is expected to take approximately 12 months to complete.
- HR / Corp. Support are due to met with the TUS on the 13 June, who are keen to provide members with an update.

6. Spatial Budgeting

The FESMB agree to the following recommendations (with caveats noted):

- There should be no investment in developing technical solutions to spatial budgeting at this stage; however we should present an analysis of the estate.

AP 6/02: Provide JE with clarification as to what the delivery functions require from an analysis of Scotland's National Forest Estate.

- The Landscape Architect team should scope what a national spatial plan should look like, and the process and resources that would be needed to complete it.
- A short-life working group comprising of representatives from the Land Management function should develop low-tech approaches to the financial appraisal of Land Management Plans, and build these into the Land Management process. It has to be financially sustainable at a national level.

The Board indicated that the Portfolio Analysis of the NFE was an important tool for guiding asset-based decision making and hence should be maintained and updated as needed.

7. Business Plan Plenary Discussion

As we already have an existing system in place we should initiate something this year for the Business Plan process next year.

In preparing for business planning, the board agreed they would like to simplify the business planning process, but recognised that this required appropriate planning and change capacity, to be considered as part of the portfolio management approach.

AP 6/03: Provide DM with clarification of required changes to COGNOS prior to the start of the Business Plan process.

SH would like to identify and summarise financial pressures and relievers and how we are responding to these. SH asked the board for their feedback on this so he can prepare his paper to go to the NCS in august. We need to ensure we are not accumulating unreasonable risk in meeting short-term financial challenges. The board agreed the need to capture this pressure in the paper.

AP 6/04: Provide feedback to SH on the draft NCS Finance Paper.

8. Staff Survey Action Plan

RF presented the board with the action plan resulting from the Staff survey.

The survey shows that 77% of staff believe that action wouldn't be taken as a result of the staff survey.

RF identified key themes and actions. The Board felt that the priority areas should be looked at by a focus group rather than at board level.

The group would form an action plan that would provide a basis to communicate to the National Committee how we plan to respond. The response to surveys in the past has been to hold all staff meetings but these have not been scheduled yet. The dates will be raised at the next Scotland Executive Board. The board agreed to organise these meetings for September as a contingency plan and then set the agenda nearer the time.

AP 6/05: Amend the current wording associated with Action 4 & 6, making the actions more generic.

AP 6/06: Provide any additional feedback on the draft Action Plan to RF.

9. AOB

H&S Action Plan: Specific actions have been distributed to the board and specific functional leads to take forward as appropriate. ***See table attached with minutes.***

Senior Manager Meetings: Agreed requirement to review who should attend the senior managers meetings as a result of revised 3+2 Structure.

AP 6/07: Feedback thoughts on the format and attendance at future SMM's.

The date of the next FESMB is 26 July 2016.