

**Forest Enterprise Scotland
Management Board Meeting
Inverness / Edinburgh / Dumfries 30 October 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
Alan Stevenson, Head of Communities, Recreation and Tourism
Laurie Tyson, Head of Estates
Michael Ansell, Head of Forest Renewables
Jennifer Roberts (Minute Secretary)

Present:

Bridget Campbell, Director Environment & Forestry Directorate
Emily Ramsay, Head of Health, Safety and Environment

1. FES Financial Overview.

Simon Hodge

Simon presented the board and Bridget with a diagram explaining our financial position. Bridget noted that the diagram is a good way of explaining the financial situation to Scottish government.

The board discussed our financial position with Bridget and how this relates to the business planning process. The business plan was based on the impact of trading income shortfall. SR15 impacts have not been included.

The option of an organisational change in order to reduce costs was discussed. Any changes would need to be funded. Bridget has registered this with the head of financial management. Options would be to:

- Transfer unused FC budget to FES to use next year.
- Cut something else in the allocation of spending review. Bridget supports this however it would be a decision for ministers.

2. Risk Management.

Donna Hutchinson

Top Risks:

- Restocking backlog: Remove from register as this issue has been mainstreamed. This will impact our UKWAS certification (risk 37).
- VAT: No change to this as it is ongoing.
- Procurement: No change to this as it is ongoing.
- Land management planning options and delivery of restock plans need re-scored and removed as a top risk.
- Delivery of policies and planned programmes needs re-scoring.
- Renewables: Remove from register as this issue has been mainstreamed

New Top Risks:

- RISK 24 needs to be elevated to top risks.

Emerging Risks:

- Overarching risk of business failure: Remove as this is covered in the top risks.
- Ability to serve Scottish Government strategic engagement: Remove as this is covered in the top risks.
- Lone working: Removed as the lone working group have moved to a replacement exercise.

New emerging risks:

- E-sales to go on as a temporary emerging risk.
- No capital on the vehicle fleet.
- NFLS and the Community Empowerment Act.
- Failure to meet policy and targets on water.

3. Organisational Development Programme.

Michael Hymers

Michael updated the board on the progress of the ODP.

The governance structure has been amended and the mechanism and formation the group will take forward has been established. Michael Hymers will go out to functional leads for views in the next week.

The board noted that the response from staff has been quite strong. We have had over 70 communications into the ODP inbox. These communications have been constructive and will be fed into the programme.

4. Director's Update.

Bridget Campbell

Bridget updated the board on the completing of the devolution of the Forestry Commission.

AP4.1: Michael Hymers to Liaise with Ginny Gardner to ensure that board members are directly connected into Scottish Government

5. Minutes of last meeting.

The minutes of the meeting held on the 15 September 2015 were agreed as a true and accurate record.

Previous Actions:

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.

6. FES Quarterly Project Update

Sylvi Kerr

The board agreed they were happy with the update being presented in the format of the dashboard. The board would still like access to the spreadsheet for further information.

Projects and issues highlighted:

- Cunnigar loop: Bridge construction has commenced and it should be ready for opening in summer 2016. We are currently looking at facilities and how they are going to source site Management when it is fully open. We need to update key stakeholders, including the minister and wider media on the progress of this.
- Procurement reform: Recruitment for procurement will be challenging as other organisations are preparing for these procurement changes. There is a timing issue as Les needs to know by Christmas if Graham Godsman is coming back to operations as this will impact other staff. A consultation event has been set up for the 16th November.

- South Loch Ness Timber Haul Route: The expenditure on this has increased dramatically.

Actions

- **AP6.1:** Sylvi to investigate and get a summary report on the South Loch Ness Timber Haul Route prepared for the next board meeting.
- **AP6.2:** Sylvi to change the Land Registration Project and South Loch Ness Timber Haul Route to red.
- **AP6.3:** Any projects including our own building stocks should come under business services. Sylvi will amend the tracker to reflect this.
- **AP6.4:** Sylvi, Brent and Donna will discuss the basis for how to represent an overview of resource costs as well as financial costs in the quarterly highlight reports.

7. Finance Report/Financial Management Challenges.

Donna Hutchinson

There are two major Programmes, Restocking and Road construction that have major issues due to a lack of headcount.

- **Roading:** We have not managed to recruit and maintain headcount. Our package is not as competitive as Civil Engineering packages in the private sector. Les is working with Rosetta on this issue.
- **Restocking:** Due to posts not going through the system, programmes have been reduced in order to reduce work load. There are manager's not putting forward recruitment requests as there is a perception that their requests will be knocked back.

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

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

Donna sought some clarity for the remit for the Budget management committee going forward.

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.

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

8. Business Plan (i.e. FY 16/17 & FY 17/18) First Cut

Donna Hutchinson

Donna presented the board with an overview and supporting documents of the Business Plans.

The SLA admin charges for CC580 have increased but they have been reduced in the districts.

Les has completed a paper on forest operations activities which he will share with the board.

Land registration legal costs have been added in to the forecast for transparency.

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

The committee agreed the following items should be added into the business plans:

- SR15.
- VAT and programme related risks.
- Income from estate development and development from coal and minerals. Donna will support £200k of this income in the plans. **AP8.2:** Laurie to feedback income figures to Donna.
- Plant costs from the nurseries.
- Repositioning.

Donna proposed to adjust the Business Plan with the revised changes and come back to the board.

9. Health & Safety Leadership Shadow.

Emily Ramsay

The safety climate tool results were discussed. We got positive feedback in health and safety commitments and trust and the least favourable responses were around health and safety engagement, AIRs and usability of procedures.

Emily asked for examples of good leadership areas and examples of poorer leadership areas. Various examples were given and the board discussed lessons learnt and our health and safety culture.

The board agreed that:

- We should be consistent in our message
- We should be leading by example.

- We need to continue to maintain positive leadership shadow especially as we go through changes due to financial constraints and learn from the more negative experiences.
- We need to look at effective ways to convey health and safety messages and continue to engage people; this is critical when people are worried about pressures such as work load.

10. HR Update.

Rosetta Forbes

Rosetta presented the board with the HR update paper.

The following things were highlighted:

- Staff survey: This has been completed and the results will be compared with Scottish Government results.
- Holiday/Overtime pay: HR will set up some training sessions with admin managers and office staff.
- Skills: The board agreed that FES is unable to support mid-year students in 2016. The skills unit are going to colleges in November. The message that goes out should be presented as a FCS project as FCS are taking on mid-year students in 2016
- Decentralising HR services: The board discussed item 10 in paper MB 41/15. There have been discussions about conflict of interests regarding procurement regulations with staff who have secondary jobs and staff who are also self-employed. We should include this information in communications to inform staff.
- ODP: There was a meeting regarding the ODP with the unions on 2nd Oct. There may be a requirement for additional facility time. Rosetta is happy to go forward with this if Simon agrees to sign this off.

11. Organisational / Functional Update.

FESMB Members

Business Services: Brent has been working with the Scottish Government digital team to help recruit the new head of digital and IT and help with our digital strategy.

Estates/FoRe: Two schemes on the NFE have been nominated for the best community project award.

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

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

CRT: We won a runner up award for Queen's view. We were runner up to the overall winner of the competition and the other runner was Stonehenge. The board recognises the innovative work of Phil Whitfield's team. Simon will update the national committee with a few lines on this.

Corporate Support: The Cabinet Secretary's diary may change in the next few months. It is increasingly important to update the Rafe forward planner. Potentially Scottish Government and Rafe will want more support over Xmas than normal.

H&S day: Whilst comments around workloads are appreciated Michael would ask everyone to encourage teams to try and attend. This year the agenda has been driven by the committee and not management.

ODP Communications: We have communicated that something is happening but now staff want more information. The focus of the Senior Managers Meeting is to start the communications again and update Senior Managers on where we are. More communications will go out to staff after the SMM.

Operations: Moray & Aberdeenshire have had confirmed sites of Phytophthora. Currently it appears to be approximately 2000 cubic meters but we will know more when a survey has been carried out.

Les circulated proposed guidance on the long term management of steep slopes. He has incorporated the comments he has received so far. Les ask for any more comments to be sent to him by the 14th November.

CE: Simon has a meeting with the minister on 05 November 2015 and will present the following to the minister:

- Repositioning
- Top 20 community related projects (Map based)
- Resilience
- Finance paper
- Annual review online (web based)

12. AOB.

- Brent has issued a paper to board members outlining what is included in Corporate services and Business services.