

Forest Enterprise Scotland (FES) Management Board Meeting

25 October 2016

Attendees:

Simon Hodge, Chief Executive
Trefor Owen, Head of Land Management
Michael Hymers, Head of Corporate Support
Michael Ansell, Head of Estates Development
Donna Hutchinson, Head of Finance and Procurement
Rosetta Forbes, HR Business Partner
Rhondda Salmond, Secretariat

Others:

Rebecca Boenke (Items 7, 8, 11 & 12)
Liz Walker (Items 7 & 8)

Apologies:

Brent Meakin, Head of Business Services
Alan Stevenson, Head of Community and Visitor Services

1. Minutes of last Meeting 22 Sept 2016

The Board agreed that the record of 22 Sept 2016 was held to be a true and fair record of the meeting.

2. Action Points and Matters Arising

Ref:	Action	Who	Target Date
9/07	Ensure all accidents and incidents are reported on AIRS, enabling the generation of lessons learned reports for communication to all staff.	AS	18 Nov 2016
10/01	Provide feedback on quarterly finance reporting dashboard.	All	11 Nov 2016
10/02	Provide update on Roding costs.	TO	22 Nov 2016
10/03	Liaise with Nicky Whitaker (FCS) in preparation for presenting FES risks at next ARC.	DM	11 Nov 2016
10/04	Provide feedback on new approach to risk management, and suggestions on expanding capability across the organisation.	All	11 Nov 2016
10/05	Budget Management Committee will meet to agree a balanced budget for 2017/18 and 2018/19.	DM, TO, AS, MA, & BM	18 Nov 2016
10/06	Ensure all KPI/OPI factsheets are complete, or provide CEO with mitigation reasons.	All	18 Nov 2016
10/07	Present paper on baseline and ongoing Programme & Project Office requirements, and staff upskilling.	MH	20 Dec 2016

Ref:	Action	Who	Target Date
10/08	Organisational Design Programme Board to be commissioned and inaugural meeting arranged.	TO	18 Nov 2016
10/09	Provide confirmation of the governance arrangements for the Organisational Design work and present to next FESMB either a unified Programme Brief or Project Briefs for the individual projects.	TO	18 Nov 2016
10/10	Develop agreed lines to take for describing and communicating change management, portfolio management and business improvement.	RS	18 Nov 2016

Action Points: 9/01, 9/02, 9/03, 9/04, 9/05, 9/06, 9/08 are discharged.

3. Chief Executive Update

Simon Hodge and the wider senior leadership team's engagement with Fergus Ewing MSP (Cabinet Secretary for Rural Economy and Connectivity), and his office, continues to develop, including working together on building procedural relationships.

The Spending Review 2016 is underway with Simon leading on submissions for ENFOR, which has included consideration of elements that have an impact on or contribute to wider forestry and/or land management, for example timber transport, etc.

The Cabinet Secretary has now delivered two Forestry Summits, and Simon and Jo O'Hara (FC Scotland) have attended. The events were focused on woodland expansion and wood processing sector but also recognised the wider public benefits of forestry.

The Mackinnon Review on forestry regulation is progressing and a FES contribution has been submitted. The final report and recommendations are due to be submitted to the Cabinet Secretary 31st Oct 2016.

In preparation to respond to the outcomes of the Scottish Government consultation on the Future of Forestry in Scotland, a SG Forestry Devolution Programme is being scoped. This will be led by Scottish Government but will have substantial FC involvement. FES will have a lead role in the project to support the establishment of Forestry and Land Scotland.

4. Finance Update FY 16/17

Donna Mortimer presented a finance reporting dashboard to the Board outlining the proposed approach going forward. The proposal is that full financial monitoring for each functional area will be presented quarterly for discussion; financial reporting outside of the quarter will be by exception only.

AP 10/01: Board members to provide feedback on quarterly finance reporting dashboard

The net expenditure forecast is £25.2m which is £5.1m below budget and £1.5m below previous forecast. A number of investments made at year end have been released resulting in a projected cash balance of £21.5m (which includes ring fenced reserves of £8.8m).

Our approved net funding for 2016/17 is £21.7m and we carried forward £20.8m. An additional £1m has been agreed with FCS for tree health resulting in a total approved funding of £42.5m. The cash budget approved this year is £27.3m.

We have existing pressures awaiting approval of £9.7m and the Budget Management Committee (BMC) will be meeting to discuss the possibility of investing in these pressures. Work on a long term financial plan and financial strategy will also continue to feed into this decision process. BMC will also be discussing the need to balance the business plan for 2017/18 and 2018/19 which currently has a shortfall of £8m and £10m respectively.

AP 10/02: Update on Roding costs to be provided at Nov 2016 FESMB.

5. Risk Management / Review of 'New' Risk Register.

Donna Mortimer presented an update on Risk Management.

A review has been undertaken of the risks and each functional area has provided a risk register. These risks have been evaluated and Donna Mortimer presented a revised register of top risks. A high level view has been taken of these functional risks to produce a new proposed FESMB risk register. This will be presented to ARC in November 2016.

Donna Mortimer also presented a dashboard summary of the FESMB risks and proposed that future discussions are focussed on this document and are held on a quarterly basis with emerging risks picked up in AOB monthly.

AP 10/03: Liaise with Nicky Whitaker (FCS) in preparation for presenting FES risks at next ARC.

It was agreed that risk management capability needs to be extended across the organisation, and embedded in wider change culture. It was also agreed that it is important that on a quarterly basis we also review our progress on the actions set out in the register.

AP 10/04: Board members to provide feedback on new approach to risk management, and suggestions on expanding capability across the organisation.

6. Business Planning

Donna Mortimer presented an update on progress with the current Business Plan (BP) exercise.

In preparation for the BMC, Donna will continue to engage with Function leads to rectify anomalies the forecast spreadsheet, and reflect Scottish Government funding once outcomes of the Spending review 2016 are known.

The Board recognised the efforts made to progress BP to this position.

AP 10/05: BMC will meet to agree a balanced budget for 2017/18 and 2018/19.

7. Project & Programme Quarterly Update

Rebecca Boenke provided an update on the current programmes/projects, with the key headlines as follows:

- Land Registration: The project has been upgraded from red to amber following the appointment of a new Project Manager and review of the process.
- Productive Broadleaves: The programme has been upgraded from amber to green following a stocktake and agreement from the Programme Board to close the planning project.
- Greenoak Hill: The project is on track following signing of appropriate leases and completion of enabling works.
- Nevis Mountain Resort: The project status has been downgraded as the Project Manager has left to take up a new role.

8. Management Information (Dashboard Development)

Liz Walker provided an update on the dashboard development for all FES key performance (KPI's) and operational performance indicators (OPI's). To date there are 25 factsheets that still remain incomplete.

AP 10/06: Board members to ensure all factsheets are complete, or provide CEO with mitigation reasons.

The ongoing development of the dashboard needs a balanced approach to presenting visual and narrative information. Also, as the collation process is resource intensive consideration is being given to a systems based approach in the future. The Board were impressed and grateful for the progress being made in presenting MI.

9. Procurement Strategy

Donna Mortimer presented a draft Procurement Strategy, for Board agreement to proceed to stakeholder consultation. The strategy is required as part of meeting Scottish Government procurement regulations and must be published by December 2016.

The Board agreed the document can proceed to consultation.

10. Organisational / Function Updates

Estates Development:

Michael Ansell advised that focus has been on reviewing the processes associated with the Land Registration Project, and ensuring progress remains on track.

Land Management:

Trefor Owen advised that progress continues within Land Management to identify, commission and scope appropriate change/improvement opportunities. This includes investing in Change Management, and how this can be embedded in to job roles going forward, whilst balancing day to day activities.

Human Resources (HR):

Rosetta Forbes advised that the Pay Award 2016 announcement was imminent, and that communications were being prepared for issue to staff.

Finance:

Donna Mortimer advised that focus remains on working with HMRC to progress the VAT report.

Work was also progressing on developing the approach to long term financial planning.

11. Priority Programme/Project Update

Michael Hymers provided an update on progress of the FESMB priority programmes and projects, highlighting the need to upskill staff and adequate resources throughout the organisation to deliver programme and project management.

AP 10/07: Paper for the Dec 2016 FESMB on baseline and ongoing Programme & Project Office requirements, and staff upskilling.

AP 10 /08: Organisational Design Programme Board to be commissioned and inaugural meeting arranged.

AP 10/09: Provide confirmation of the governance arrangements for the Organisational Design work and present to next FESMB either a unified Programme Brief or Project Briefs for the individual projects.

12. Portfolio Interim Delivery Strategy

Michael Hymers presented a paper outlining the approach to continuing the establishment of portfolio management across FES, whilst taking forward priority programmes/projects and opportunities for business improvement.

AP 10/10: Develop agreed lines to take for describing and communicating change management, portfolio management and business improvement.

13. AOB

No additional items were raised.

The date of the next FESMB is the 22 Nov 2016.