

**Forest Enterprise Scotland
Management Board Meeting
Inverness / Edinburgh / Dumfries 13 August 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)

1. Minutes of the last meeting and action points

The minutes of the meeting held on the 23 July 2015 were agreed as a true and accurate record.

AP 2.1: Donna will clarify carryover cash/programme with Jo/Les so it can be factored into the FY 15/16 Programme.

Discharged

AP 2.2: Donna will look into the accrual expenditure for the February forecast and actuals and provide Simon with feedback. (First bullet point)

Discharged

AP 2.3: Donna and Laurie will get back to Simon on the estates variance.

Discharged

AP 3.1: Donna will maintain a list of proposed changes to the main Risk register when it is updated in October.

Discharged

AP6.1: AP 6.1: Board members will feedback prior to the next Board meeting any other Targets, Indicators or Commitments that should be flagged as amber or red, and proposed recovery actions. Only feedback from Jo Ellis has been received so far. The board will get back to Michael with any other feedback before the next meeting.

Discharged

AP2.1: Simon to write to and convene teleconference with Cost Centre Managers.

Discharged

- AP2.2:** Les Bryson to establish and chair a Budget Management Committee.
Discharged
- AP2.3:** Rosetta to consider the position with STA's.
Rosetta has conducted an analysis of STA's and FTA's. This information to be sent to cost centre managers, however no manager is to act without HR involvement.
Discharged
- AP2.4:** Jennifer to arrange teleconference.
Discharged
- AP2.5:** Laurie to update Simon on the status of capital buildings projects.
Discharged
- AP2.6:** Les to update Simon on VME commitments.
Discharged
- AP2.7:** Les to establish the legal position regarding the current tenders.
Discharged
- AP2.8:** Les and Jo to review current schemes and provide options to Simon by end of July.
Discharged
- AP3.2:** Donna to circulate the risk register to districts in October after the next revision.
Discharged
- AP4.1:** Board members to give feedback on first cut business plan by 30th July.
Discharged
- AP4.2:** Donna and Simon to consider options for strengthening Board level financial oversight.
Discussed in item 6.
Discharged
- AP5.1:** Michael Hymers and Alan Chalmers to roll out new corporate templates and associated guidance.
Discharged
- AP6.1:** Graham to liaise with Scottish Government.
Discharged
- AP6.2:** Graham to present a final paper to the 12 November Board meeting.
Discharged
- AP6.3:** Rosetta to consider staffing aspects.
Discharged
- AP6.4:** Michael to liaise with Nicky Whitaker on FCS governance aspects.
Discharged
- AP7.1:** Rosetta to provide information on approval of claims above subsistence limits. England, Forest Research and Central services have agreed in principal so it is likely that it will happen here. Rosetta will come back with update.
Rolled Over
- AP7.2:** Rosetta to provide further analysis of sick absence data with a view to examine

underlying causes. Rosetta is waiting on this analysis coming back and will forward to cost centre managers when she has it.

Rolled over

2. Finance Report/Financial Management Challenges

Donna Hutchinson/Les Bryson

With the information that has come in from the districts it looks like we will be able to recover what is required financially. The new budgets will go out to cost centre managers. There may be handling issues and with this risk. A holding note on any decisions will be issued to cost centre managers. Les will write out to all who contributed thanking them.

We will move to a monthly BMR process with a more detailed quarterly BMR.

Simon requested a table showing the sale of properties in the style of the dispatched income table for the next board meeting.

Simon explained how he is liaising with Scottish Government regarding our financial pressures.

3. Risk Management

Donna Hutchinson

The board discussed current top and emerging risks. The register is due to be formally updated in October. This register has gone to the last ARC meeting and will get back to ARC in November.

Top risks:

- On VAT, our HMRC audit scheduled for September will now be delayed.
- On renewables, Michael Ansell has conducted an exercise to assess the impact on financial sustainability. On shore wind schemes are not economically viable as things stand so they will look at a revised target.
- Procurement is discussed later.
- On Land registration, Gordon Archibald is due to move into his new post so resources could become an issue hence risks are increasing. There is a broad plan but there is no PID in place, Laurie is to finalise our proposed plan with Registers of Scotland at meeting on 19 August.

Emerging Risks:

On rural development, Alan Stevenson will review this once the Scottish Government's position is clarified.

The board identified the following emerging risks to be moved to the main register.

- Roding
- Water Management
- Restock
- Timber Income
- Civil Engineering

New planting can be removed from register.

The board identified the following to be added to the emerging risks:

- Concerns over continuity of Lone working system. Les/Emily.

AP3.1: Donna to look at time scale for feedback on the register.

4. FES Quarterly Project Update

Sylvi Ker

Sylvi Kerr updated the board and explained the new diagram showing current projects. The board agreed they like the new graphic (Annex 1). They would like to keep the table in addition to the graphic with the table re-organised.

There are a number of issues coming through the built asset management board. We need a simple sign off and PID but should avoid smaller items being included in the project table.

The PID for the A82 needs revised and updated. This should then be presented to the to FESMB meeting in December

There has been a £1.9m Peatland action fund bid submitted to SNH. This will provide income rather than require expenditure, and has been judged to be a low risk project. However, Jo has asked Chris Nixon for a report on subsequent implications of doing this restoration, to understand better the commitments that may follow the initial work. There has been a FOI from RSPB regarding the management of our repositioning programme and the remediation of sites. A response is being prepared.

Gourdie starter farm has been removed from the programme and will be removed from the project register as the tenant has pulled out. It will be resumed as a project in three years time.

Julia Garratt has taken on the Productive broadleaves programme management initially for 6 months but her line manager has agreed she can continue to work on this. This

project's risk rating will change to red when Julia ceases work on the programme. It will be reviewed at the programme board meeting in September.

The Glentress masterplan; we are looking at delivery against the masterplan and this will be built into the table next time round.

5. HR Update & Staffing

Rosetta Forbes

Decentralising of central services: HR services consultation is ends next week and we about to move into the transition period. We now have no equality and diversity team. As a result this will speed up the governance process. Rosetta is working with colleagues to get a consultation on procurement underway. Scoping continues for L&D and H&S. Rosetta will pick up IT with Michael.

Operation pay: There was previously a review that was parked and was to be included in the pay discussion. Ali walker has indicated operational pay should be separate to the pay discussion and she will pick this up. Rosetta will keep the board informed.

Workforce planning exercise and scenario planning has been concluded and we need to work through this. We are in a position to progress on this if necessary.

There are still recruitment requests coming in but we are encouraging people to rethink options. If requests do proceed to a business case they must speak to the relevant board and get board approval. HR business partner team: Janette is going on maternity leave as of December so Rosetta will have to recruit backfill to support the south Scotland region. Rosetta has agreement from Jo for SCS to fund a HR project manager.

Rosetta will bring a paper to the FCSMB regarding the skills programme. The apprentice scheme is only funded until March 2016 so we need to work through potential implications on how we deal with this. Once the paper is presented, L&D will be informed as to what our requirements are.

AP 5.1 Simon will write to Jean about proposals for shared services business plans. Formal timetable for business plan process.

Overtime: We are currently liaising with solicitors. We are proposing an approach and will write to the unions one final time. This will go to the unions by the end of august. After that if they decline we will get a date for the tribunal; we are preparing for this.

6. FES Structural & Financial Alignment

Simon Hodge

Simon shared thoughts on future FES structural and financial alignment in response to current pressures and external drivers.

7. Establishment of Corporate Services - Procurement

Donna Hutchinson

The complexity of project and timeline means additional pressures on resources. Graham's post is due to come to an end. Simon is keen to ensure we get the capacity in place to see this project through. Simon is happy to support Donna in discussions.

Simon will keep Bridget posted.

8. Organisational / Functional Update

FESMB Members

Operations: There has been a proposal from England to transfer Newton nursery over to us. Les is to meet England in order to start the transition process and understand what we are taking on board.

Les had telecom with GSK who have a factory in Ayrshire and are in the market for 200000T of wood fuel. This is flagged this as a Hot issue.

Renewables: Strategy business Planning; the future of renewables income will be discussed in the planning session taking place in October.

9. AOB

- **'Draft' Tax Impact Assessment**

The board discussed how we incorporate this into the organisation's activities. We will ask for this to be included in the advice we get from an external consultant.

There are issues regarding business and non-business activity. We cannot have a partial recovery so we can either claim VAT or not. Depending on HMRC's decision this could have a significant financial impact. We need a good case to put forward which is why are tendering for an external consultant.

AP 9.0: Donna to liaise with the HMRC consultant about this.

- **The next Board meeting is confirmed as 15 September 2015.**