

**Forest Enterprise Scotland
Management Board Meeting
Inverness / Edinburgh / Dumfries 15 September 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: Jean Lindsay, Director Central Services

1. Minutes of the last meeting and action points

The minutes of the meeting held on the 13 August 2015 were agreed as a true and accurate record.

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. There has been an issue with getting the reports.

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. These aspects will be included in updates as and when going forward.

Discharged

AP3.1: Donna to look at time scale for feedback on the register. This is discussed later in the agenda 15/09/15.

Discharged

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

Discharged

AP 9.0: Donna to liaise with the HMRC consultant about this. We are awaiting a proposal from HMRC regarding tax implications after Donna's

discussion with them.

Discharged

2. FES Structural & Financial Alignment *

Simon Hodge

Simon presented the board with paper MB-30/15.

The key points of the paper were discussed. Simon asked the board for their comments.

It was agreed that a structured approach to managing work force change is imperative. The board discussed how to best take this forward and agreed on the need to:

- We need to scope, evaluate and cost any changes.
- Reassurance staff that we are open to dialogue.
- Be as specific as we can be without going into details that we haven't decided upon.

A full consultation will be required on proposals for change along with the underlying rationale for change. Links need to be made with our financial challenges; changes to the senior management structure; and other ODP projects: Business Services and Strategic Business Planning.

Simon will work with board members to get initial communications and handling under way in September. Board members will then feed in to a communications plan once the programme is up and running.

The board noted the continued emphasis of the Scottish Government on avoiding compulsory redundancies, although legally we are not covered by Scottish governments HR policies as we are still one FC staff group.

3. Finance Report/Financial Management Challenges

Donna Hutchinson

Donna presented the board with the revised budget.

The budget management committee has met and the process of balancing has been undertaken and been finalised in the BMR. The Budget Management Committee agreed to meet on a monthly basis before the FESMB meetings until the end of the year and manage any variances that come up. The Board thanked Donna and the Budget Committee for their work and liaison with cost centre managers on this matter.

Some of the savings that have been taken out need to be put in next year's business plan.

Timber income forecast has stabilised in the last few months.

Simon is looking to secure a further £1m for this financial year to support specific programmes.

The VAT issue is very much in focus. We have secured services from Scott Moncreith to

advise on developing a VAT strategy and differentiating 'business' and 'non business' activity. There could be budgetary implications if a reduction in VAT reclaim is required, but this is yet to be settled with HMRC. These matters are being guided by an FC Tax Working Group.

4. Establishing Corporate Services Programme *Michael Hymers*

Michael Hymers presented papers prepared by Zoe Stephens. This initial draft brief is supported by the FCSMB.

Michael highlighted Annex D on page 16 of the project brief.

Corporate Service leads have been agreed with FCS – with the Head of Business Services taking the overarching lead for FES. However, Jo Ellis will lead on IFOS - standards and guidance will not be transferred to countries but some aspects of mapping will be.

AP4.1: The board requested a change in the wording in Annex F - item 9 from TUS sign off to 'TUS consultation'.

The actions proposed in MB31/15 were discussed. It was decided that we should move forward with the timetable proposed.

5. Shared Service Update/Discussion *FESMB Members*

The board agreed that H&S should sit with Brent, Business Services. It would not become the sole responsibility of the service function but it would administratively sit within that function. In the short term we need to identify resources to draft a business case.

Brent will join the BSG group, representing FES.

We need to include costs associated with shared services in our business plan. The board noted the desire of Wales to terminate their agreement with the FC, and the potential knock-on impacts to service costs. This is unlikely to be acceptable to FES or the SG.

6. Risk Management *Donna Hutchinson*

Top Risks:

- VAT: This will be looked at again when we update the register and will need rescoring.
- Restock: Staffing capacity will be added into this risk and the rating increased.
- Renewables: To be removed from this register as the issue has been mainstreamed.
- Procurement: Covered in item 9 on the agenda.
- Land registration: Remains as a top risk. Laurie is going to look at future resources going forward. Richard Frew is leading on land registration for Registers of Scotland. He has offered to meet with Simon and Laurie to have a discussion about this.

- Coal site restoration should remain as a top risk however the position is progressing positively.
- DNB: Risk scores to be reduced as the threat has now been mainstreamed.

Emerging risks:

The following will be elevated to top risks.

- Funding for roading
- Slope stability
- Items 7 -10
- Business continuity

The following have no change:

- West Loch Awe Timber Haul route: Still live. Les will look at the wording.
- Lone working

News emerging risks to be added:

- SR15 potential impacts.
- Cost of woodland creation.
- Evaluating the cash flows associated with land management plans.
- Overarching risk around risk of Business failure due to resource pressures.

The following to be removed as an emerging risk:

- Rural development
- Item 6
- Repositioning

7. FC People Strategy

Rosetta Forbes

Rosetta presented the board with Allie Walker's slideshow on the FC people strategy. Rosetta noted that there have been a couple of workshops with the HR board that have informed this presentation. Rosetta asked for feedback.

The board discussed if we need taglines at all. Some staff may see this in cynical terms. The language is very HR heavy. The board would want to translate this to language that will engage people.

Rosetta noted that duties required by Scottish public bodies will impact on our E&D. Rosetta will come back to the board at a later stage on this.

8. HR Update

Rosetta Forbes

Rosetta presented the board with an update from HR. the following items were highlighted and discussed:

- Recruitment panel.
- Staff Survey: Encourage staff to participate.
- Holiday pay in overtime.
- Reporting problems regarding overtime. As a result there are varied degrees of monitoring across cost centres. Rosetta has a simple spreadsheet to help those CC managers who have no monitoring system in place currently. The unions have formally brought up concerns on overtime restrictions and over-reliance on TOIL.
- Relocation: Stamp duty was replaced with land and buildings transactions tax in Scotland which is impacting on relocation allowances to staff.
- Merger between FoRe and estates: The second consolidation meeting went well. Structures are being finalised.
- Core housing: We have 12 core houses. HMRC have asked for cases to be drawn up for each house. Donna has requested a template.

9. Procurement Structure

Graham Godzman

Graham updated the board on the progress of the focus group. Two options were presented:

- A core procurement team in a single location.
- A cluster delivery model (centrally managed procurement units across the country serving local needs).

Options for potential delivery units and how they might be best placed to deliver across the organisation will be looked at by the focus group going forward. The board agreed that Edinburgh should definitely be included in the locations.

This left 2 options:

- Inverness, Dumfries and Edinburgh
- Inverness and Edinburgh

Graham sought the endorsement of the board for:

- A PB4 in order to meet Scottish Government regulations and deliver the procurement framework. (Graham noted that he is in talks with Scottish Government to see if any of the framework can be delivered by smaller pay bands.)
- A PB3 Procurement manager to be put in place to deliver specialist support and strategic direction.
- An additional 2.3 people (cost) to support this team.

It was suggested that there was no requirement for a category specialist on each function.

The Board agreed with these proposals. The Business Case is being finalised for consultation with the TUS, and Graham is liaising with Rosetta in readiness for recruitment.

The board noted their thanks to Graham for all his work.

10. Organisational / Functional Update

FESMB Members

Simon presented a paper from the recent SCS leading together event.

Corporate Support:

- RAFF digital strategy has been signed off and will be put to the RAFF delivery board. This will shape how FES manage digital requirements post devolution.
- ENFOR will be leading a review on hunting dog regulations.
- The ombudsman have chosen to review a complaint in Scottish Lowlands.
- An FOI recipient has queried apparent anomalies in information provided. Brent noted that the questions were framed differently in the first request to the second request.

Finance:

- Cara Miller will be joining us for 6 months to support the procurement work.

Recreation:

- We will be publishing new guidance shortly arising out of the 'community health check' work.
- The current NFLS scheme will close and FES will take responsibility, develop and implement the new scheme.
- Leanachan master plan: This has been received well by highland council officials. We are now working with partners to present the investment opportunity.
- Glentress masterplan: Forest Holidays interest in a cabin development is growing. The LTA is in circulation and NCS will be briefed about the proposal.

Strategic business planning will need to be discussed after the next meeting as there is no room on the October agenda. The board agreed we should park this until we are clearer on our positions anyway.

Estates:

- We are engaging with the SG on deer aspects of the Land Reform Bill.
- Options are being costed for the Bruntiss Loch dam (reservoir close to Kirroughtree visitor centre). We will need to determine which business area is responsible for this based on the rationale for maintaining the loch.

11. AOB

- The next Board meeting is confirmed as 30 October 2015.

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