

Forestry England Board Meeting Agenda

3 March 2022 09:30 - 12:15

MS Teams

Attendees

Forestry England Board: Julia Grant, Tristram Hilborn, David Hodson, Peter Latham, Jennie Price, Gurch Randhawa, Mike Seddon, Chris Simpson, Richard Stanford, William Worsley (Chair)

In attendance: Mari Sibley (Item 3), Hayley Skipper (Item 5), Alice Cheyne (Item 6)

Secretariat: Rachel Mackintosh

NO. / TIME mins	Start time	ITEM (Materials)	OUTCOME REQUIRED	LEAD
Welcome				
1. 10 mins	09:30	Chair's Welcome and Update		Chair
2. 5 mins	09:40	Declarations of Interest Approval of minutes, matters arising and action log. Matters Arising	For information	Chair
Items for Approval				
3. 25 mins	09:45	Estates strategy - Property portfolio	Discussion & steer	Mari Sibley
4. 30 mins	10:10	Business Plan approval with objectives for FY 2023-2024	Approval	Tristram Hilborn/ David Hodson
5. 10 mins	10:40	Commercial Sensitive item	Discussion & steer	Mike Seddon
	10:50-11:00	10 min Break		
6. 20 mins	11:00	Board action plan mid-year review	Discussion & steer	Mike Seddon/ Rachel

				Mackintosh /Alice Cheyne
Management Accountability				
7. 30 mins	11:20	CEO report	Discussion & note	Mike Seddon
8. 20 mins	11:50	M10 Finance Report	Approval	David Hodson
Concluding items				
5 mins	12:10	AOB		Chair

Future meetings:	
9-11 May 2022	Meeting and Visit - Yorkshire
20 July 2022	Virtual
19-21 Sep 2022	Meeting and Visit - Forest of Dean
6 Dec 2022	Virtual
All proposed visits are subject to Government guidance in place at the time.	



Forestry England board meeting

7 December 2021 10:00- 13:15

On MS Teams

Attendees

Forestry England Board: Julia Grant, Tristram Hilborn, David Hodson, Peter Latham, Jennie Price, Gurch Randhawa, Mike Seddon, Chris Simpson, Richard Stanford, Sir William Worsley (Chair)

In attendance: James Simpson, Darren Broadhead, PK Khaira-Creswell, Mari Sibley, Mat Maguire

Secretariat: Rachel Mackintosh

Agenda items

1. Welcome | Item Lead: Sir William Worsley

The Chair welcomed members to the fourteenth full meeting of the Forestry England board. There are no apologies for this meeting.

Chair's update

The Chair provided the following updates:

- The joint Natural England and Forestry Commission conference was held 2 December on the shared objectives of the two organisations.
- Chair gave the closing address at the Trees for the Future Event in Birmingham.
- The biannual ministerial review had taken place with Chair FC CEO and Lord Goldsmith which set out the FC priorities.
- Forest Services updates provided on current plant health outbreaks, stakeholder engagement, the England Woodland Creation Offer, and enforcement of Regulations.
- Forest Research updates provided on the inaugural science seminar, meeting with the Russian COP26 delegation and the Alice Holt lab has now been handed over.

2.1 Declarations of Interest

The Chair noted that various updates to the Register of interests had been received and these would be reviewed at the Board of Commissioners on 9 December.

There were no declarations of interests for this agenda.

2.2 Approval of Board minutes

The minutes of the Forestry England Board meeting held 22.09.21 were agreed as a true record.

2.3 Actions

The updated action log was reviewed and agreed as written.

2.4 Matters Arising

Mike drew to the Board’s attention the additional information provided around delegated authority following the action from the July Board meeting. He noted a meeting on this had taken place with Chris Simpson in September the outcome of which was to share these documents at the December Board meeting.

In the discussion that followed it was noted:

- The additional information was helpful and should be included in the induction pack for all newly appointed non-executives.
- A gap was identified around a financial management strategy connected to the financial delegations. Mike suggested this be considered in light of the business plan item scheduled for March 2022.
- Regular review of the Framework Agreement was required to reflect any change to key objectives and KPIs. It was noted the document has a three yearly review requirement.

Action Items	Person responsible	Deadline
Include the additional briefing on delegation and Framework Agreement in the Induction pack for newly appointed non-executives	Rachel	31.12 21
Consider financial strategy as part of business plan discussion, March 2022	Mike / Rachel	3.3.22

3. CEO report

| Item Lead: Mike Seddon

Mike introduced the report drawing attention to:

- Additional items not in the report:
 - His meetings with potential new partners in taking forward Forestry England’s aims for woodland creation and wilding.
 - The impact of Storm Arwen in the North, particularly in Cumbria and Kielder. The priority was the safety of staff, the public and local communities, ensuring there was utility access for local communities and supporting our team in the North District. Assessment of the damage was underway, early indications are that it is locally significant. Going forward Forest Plans would have to be rewritten, there would be an impact on the timber market and income. The March report will provide a clearer picture.
- Within the report he noted:
 - Progress made with the Forest Holidays Framework Agreement and CITF business case
 - The commitment to end the purchase of peat for use in the nurseries by the end of the current parliament in 2024, testing of alternate solutions is underway.

The following issues were raised by members and discussed:

- Storm Arwen: the update was welcomed. It was noted that the Forestry England response keeping people safe had received a positive response in the local press.
- Partnerships: there was a discussion of appropriate funding and resourcing of Forestry England’s ambitions for partnership work. Mike noted decisions around this would be part of the business planning discussion. He noted the external funding in place for specific partnerships.
- Volunteering: the discussion focused on recognising the dependence the organisation had on its 3000 plus volunteers, and the resource to manage them. It was felt there was a strategic discussion to be had by the Board. Mike agreed to



add a discussion on volunteering to the forward plan. He also noted that resourcing volunteering was another of the choices for the business plan.

- Dams and reservoirs: in response to a query Tris provided further detail on the incident at Lower Cannop Dam, noting an internal enquiry was underway. On a national level we had an engineer dedicated to our reservoirs who was concluding an assessment and triage of all the reservoirs on the estate, the report was coming to ET in the new year. It was requested the engineer was asked specifically about seismic risk, Tris to take forward.
- Social media: the current perception of Forestry England on social media was largely due to the impact of the trail hunting verdict.
- Shortage of foresters: concern and response to the shortage of foresters was discussed. Mike noted the development of the trainee and apprenticeship offer that had taken place and continued to be expanded in response, this was also a focus of the business plan.
- Visits: The question was asked what was being done to build on what was good about the pandemic, noting the return to more formal visits than those seen during the pandemic. Mike noted that the casual visits arose from people having nowhere else to go so not surprised there was a bounce back, he would investigate this further.
- Motor Sports: following a question it was discussed the approach taken was the results of the 2020 Motorsports review that concluded that motorsports would continue whilst minimising environmental impact.
- Forest Resilience: Peter noted his attendance at the Forest Resilience conference and how informative he found it. The discussion was on the balance of top down standards to combat plant health with the ability of local areas to identify bespoke solutions. Tris noted that the model was to provide the tools to enable local solutions.

Health & Safety

Tris drew attention to:

- One new RIDDOR incident reported - the team are confirming that the risk assessment and response was in place.
- New software was in place to support the discharge of statutory duties under COSHH.
- Electricity Guidance on awareness of underground / overhead supplies is being refreshed in response to a number of incidents in the sector.
- Apprenticeships are thriving. 15 out of the current 21 apprenticeships are forest operatives, which is key for our early careers' development programme. Each place attracts massive demand, the aim would be to extend the programme.

A question was asked if volunteers were included as staff or public in incident reported, and to consider separating them out. Tris to confirm they are in the staff figures and noted the recommendation

Performance report

Tris noted:

- The employee turnover rates were tracking at normal levels, this was masking the current issue around recruitment and retention of foresters.
- Membership numbers are buoyant and doing well, but the transfer of Bedgebury friends to membership has inflated December figures.
- Visitor to hubs figures are strong and showing growth on last year's high figures, current expectation is that they will be even higher this year.



The discussion that followed included:

- Request to have a drill down item on people issues
- Several comments on improving the data and how it is represented to support the Board’s work.
- Update provided by Richard on Your Offer.

Action Items	Person responsible	Deadline
Include a strategic discussion on volunteering to the forward plan	Mike / Rachel	3.3.22
Raise seismic risk with reservoir engineer	Tris	3.3.22
Consider what was happening with nature of visits post-pandemic	Mike	3.3.22
Confirm where volunteers appear in the accident figures and consider separating them out	Tris	3.3.22
Include a session on staff issues on the forward look	Mike/Rachel	3.3.22
Consider suggestions on improving data and its presentation on scorecard	Tris	3.3.22

4. Finance Report and Business plans

| Item lead: David Hodson / Tristram Hilborn

David led the Board through the finance report. He drew attention to:

- Overall the position is healthy with a significant improvement in the budget.
- There are various issues that impact on where the finances will go. These will become clearer in the M9 report and for the next Board report. These include:
 - Price inflation for contractors and supplies. However, noting improvement with contractors now coming forward for tenders.
 - Exceptional tree health issues, which can be afforded through income.
 - Storm Arwen - impact will be clearer over coming months.
 - Impact of the new light event at Delamere.

David noted the business plan paper updated on the outline approach being taken, the objective was to get to a sound underlying financial position.

Tristram noted that there was a lot of cost pressure in the plan, whilst strong growth in recreation income with some off set due to timber income levels. Allocation has been made to deliver Growing the Future aims, but there were pressures and difficult choices in the plan, noting the pressures between staffing for critical programmes with investment in infrastructure. He also noted that the impact of Storm Arwen and Your offer were currently not in the plan, both would pose additional cost pressures.

The discussion that followed included:

- Sustainable finances: it was discussed what was meant by this and what was the aspiration. David noted for him it was not to return a underlying deficit, and to hold £7m in the bank.



- Use of public funds. It was noted Commissioners needed to see more explicitly what the public funding was allocated to and the long term aim for this money. Mike noted that this being written into the business plan commentary.
- Stewardship of the nation’s forests: it was noted that this was a big issue that needed more thought and must not be lost. Mike agreed that we needed to consider what does financial sustainability look like in terms of stewardship of the estate, and where the government funds fit into that context, and the impact on relationships this would have in the medium to long term e.g if there were no public funds how that influences the public duty.
- Functionality costing. Request was made for presentation of figures and forecasting by functionality/ area. David agreed this could be prepared.
- Business planning objectives: although the Board had seen and signed off the current business plan objectives, it was requested that this given more discussion time for the next round.

Action Items	Person responsible	Deadline
Include allocation of public money in the Business plan	Mike	3.03.22
Include strategic financial direction discussions in forward plan	Mike / David	3.03.22
Prepare functionality costings	David	3.03.22
Board to approve next business planning round objectives	David / Tris	

5. ARAC report

Item Lead: Julia Grant

Julia, Chair of ARAC, reported on the November ARAC. She reported that the main items of discussion were:

- Covering the strategic finance resource personnel issues. She thanked David for his extra work in covering this. She noted that an interim appointment to FC Finance Director had been made to start in January.
- The following internal audit reports were noted:
 - End user device - very positive report
 - Health & Safety - she noted the ARAC’s discussion on the moderate assurance given, noting that GIAA had considered but not duplicated the management actions that were already under way. There was an explicit link into the strategic risk register until those actions were completed.
- Annual report and accounts. Early milestones were being watched, but currently planning to lay them pre-recess.
- Risk: the FC register had been reshaped to bring closer to the Forestry England risk register, and for the purposes of escalation to Defra. There were a few tweaks to the Forestry England risks.
- Assurance mapping: it was decided to use this strategically as a tool where management felt it would add value.

6. Health & Safety Culture

Item Lead: James Simpson / Darren Broadhead

James provided background to the project.

Darren from Broadhead Consultancy outlined the approach taken and next steps taking the project forward.

The discussion that followed included:



- **Engagement:** this was key. James outlined plans to move quickly with a series of face to face workshops in 2022. Aim is to take four actions to the workshops and then co-create next steps with that wider engagement and discussion within teams. Senior leadership engagement is critical.
- **Impact:** a discussion on how we would know if we had made a difference and use of qualitative and quantitative data to do this.
- **Reporting:** the approaches taken to overcome the reluctance to report on colleagues were discussed, noting the elements needed to create the culture for the ability to speak up. Also considered was the encouragement of self-reporting but essential to this was having the culture of trust and reward for reporting, responding with learning, not blame.
- **Wider culture changes:** it was noted that this culture change project was not happening in isolation, and that there were wider culture discussions taking place in FC.
- **Messaging:** Daren and James noted it would take time to get new messaging across, it was necessary to reach everyone whether at start or end of career. They noted that it will take time for the new messaging to replace the old messaging that has been in place for many years.

The Board supported this important work and agreed with the direction of travel.

7. Official Sensitive Commercial

8. Official Sensitive Commercial

9. Official Sensitive Policy

AOB

The proposed visits for 2022 to Yorkshire and Forest of Dean were agreed

The meeting ended at 12:57

BOARD PAPER

Paper Title: Estates Strategy

Author/Presenter: Mari Sibley

Paper Requirement: To seek approval on the strategy for managing non forestry assets

Decision Required	For Approval	For Steer	Official/Commercial Sensitive
	X	X	

Executive Summary of key points and action required

- Forestry England’s *Growing the Future* sets goals of financial and net zero sustainability for the next four years, together with 6000ha of rewilding.
- The Estates strategy, and Strategic Asset Management Plan (the Plan), details how these goals could be met
- Other estates activity is detailed in the paper, and points are raised for discussion and steer
- The Board is invited to provide a strategic view on management of assets and to approve the Plan.

Core messages for the non-executives to promote

There are no core messages associated with this paper

Content
1. Purpose and context

The purpose of the paper is to advise the Board on the nature and extent of non-forestry asset classes and to agree the strategy for managing them. The asset classes discussed in the paper are the built estate, the agricultural estate, the telecoms portfolio and mineral agreements.

2. Discussion
(i) The Built Estate

Forestry England manages 804 built assets within our 1500 forests and woodlands. The assets largely comprise offices, workshops, recreation buildings and houses where colleagues, volunteers, tenants, and customers spend a large proportion of their day.

Operational buildings

Our buildings fulfil our operational needs. Forestry England has a duty to ensure that all buildings in our care are fit for purpose, safe, efficient, secure, sustainable, and good value for money. A draft Strategic Asset Management Plan for the built estate has been produced and is appended to this paper at Annex 1. It sets out the property governance, management and appraisal framework required by the Government Functional Standard for Property and details how we will meet the goals set by *Growing the Future* over the next four years.

The Board are invited to input to and comment on the draft plan. Section 3, Built Asset Appraisals, describes the criteria against which buildings will be scored in the next two years. The Plan has also been submitted to the Forestry England Senior Leadership Team for comment and shaping and will be signed off by Executive Team at the end of March, following Board input.

The Housing Portfolio

203 of our buildings are homes to colleagues and tenants. 57 of these houses are occupied by staff, of whom 22 are key workers who need to live in those locations for the performance of their duties. 46 properties in the New Forest are reserved for occupation by New Forest commoners and are not available on the open market, as a result of the review of commoning agreed with the Minister in 2019. 1 property is let for holiday accommodation with a further 2 under conversion to holiday lets. The remainder are let on the open market where we achieve best value as per our obligations under *Managing Public Money*¹ to achieve a commercial return on the use of a public asset. Residential rents total £1.15m per annum but, as we are not able to receive housing benefit, we receive less than market value for a small portion of houses. The housing review planned for 22/23 is detailed at section 3.1(6) in the appended Strategic Asset Management Plan.

(ii) The Agricultural estate

Forestry England manages 6,900 hectares of agricultural land on a mixture of agricultural holdings act and farm business tenancies, conservation grazing and traditional grazing licences. When land was acquired from large estates for planting, some parcels were occupied by tenants with secure tenancies and so the land remained in agricultural production. Forestry England also manages agricultural land in the New Forest and is rented to practicing commoners to support this culturally and environmentally important activity. The rent from the portfolio of agreements is circa £333k per annum. *Growing the Future* sets a goal of an additional 6000ha where rewilding activity is integrated with forest management. We have developed a new conservation grazing lease of rights that is crafted to ensure compliance with UKWAS, and will be assessing

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994901/MPM_Spring_21__without_annexes_180621.pdf

agricultural land, as tenancies expire, for its potential to take back in hand and manage in a different way.

Discussion point: outside the New Forest, should our agricultural portfolio be used for rewilding activity where this supports a wider wild landscape, or should we seek to continue to support agricultural businesses where possible?

Potential for sales of natural capital products and Biodiversity Net Gain units

Conversion of agricultural land to an alternate use will result in a reduction in the rent roll. However, a significant portion of the agricultural estate is in North district and is generally at a higher elevation and does not attract high rents. The Environment Act makes the acquisition of biodiversity net gain units a legal requirement for some types of development from November 2023. The Central Association of Agricultural Valuers website notes that market analysis published to coincide with the launch of Defra's BNG consultation uses a working assumption that 50% of BNG will be carried out off-site, creating an annual demand of 6,200 units per annum, at a value of estimated at £135 million.

Similarly, converting land from intensive agricultural use to woodland creates a nutrient credit for nitrogen and phosphate that is valuable to developers who are increasing the nutrient load in sensitive catchments. Forestry England's pilot nutrient credit pilot on Pleasant Farm in Kent has produced 1069 units which are being marketed for offers in the region of £2500 -£3000k per unit. We currently have expressions of interest on 161 of the units.

A paper on BNG activity and natural capital product sales, together with an assessment of the results of the Pleasant Farm trial will be put before the Board for steer and discussion in the May meeting.

(iii) The Telecoms portfolio

The estates team manages 105 agreements for telecommunications apparatus with rents of circa £1 million per annum. The agreements are with all of the major Mobile Network Operators. The new Code for telecoms apparatus has a revised valuation formula which has resulted in a significant reduction in rental income for a mast. The revenue that Forestry England receives from masts can be expected to reduce by as much as 60-70% over the next 10 years, as existing leases come to an end. We have mitigated against the loss of income as much as possible by agreeing portfolio deals with the operators and encouraging them to consider Forestry England as a preferred partner when seeking sites for new masts, to fulfil government objectives to increase telecommunications coverage and roll out the 5G network. We will also be providing several new sites for the rural network improvement project.

(iv) Mineral agreements and quarrying

The estates team manages a variety of mineral agreements in the forests; the portfolio of agreements pays an average of £700k per annum to Forestry England. Examples are the large Tarmac quarry in the Forest of Dean and sand and gravel extraction in South district.

We respond to approaches from developers but do not currently actively seek consents for quarries for third party use. We have a proposal from a third party operator for a new quarry in Central district and, prior to responding, we will approach the mineral planning authority to ascertain the need for the quarry for the area, to ensure that we support local plans that identify the need for strategic reserves.

Discussion point: should we promote mineral development sites through local development plans to increase our commercial activity rather than respond reactively? Should we also promote sites for other commercial activity, such as the proposed development at Blunt's Farm?

Forestry England use of minerals

Opening Dunwich quarry in East district has resulted in savings of approximately £300k per year on stone purchases and reduced emissions through haulage of stone. A strategy that prioritises in-house production of stone could make a significant contribution to net zero goals.

This activity is already practiced in areas such as Kielder Forest, which has 3 large quarries and circa 6 smaller borrow pits to provide stone to the road network.

3. Recommendations

The Board is recommended to note and approve the current strategy for managing non forestry assets and to provide steer on future activity, as per the discussion questions.

4. Resource implications

The impact of the strategic built asset plan on district property teams is described in the Plan in Annex 1. Other asset classes are managed by the same team, but there may be a need for specialist consultancy advice if we move towards the provision and sale of BNG units.

5. Risk management

The Plan and new property layer on GIS represent have been created to reduce the risk of managing the built assets. All new projects will be presented to the PMO and risk assessed accordingly.

6. Equalities analysis

Analysis will be undertaken as required during project development.

7. Communications

Most of the activity described in the paper is ongoing. A communications plan will be developed for new activity, such as BNG unit trading.

8. Attachments

Annex 1: Draft Strategic Asset Plan for the Built Estate.

Estates Strategy

Author Mari Sibley

Title Estates Strategy

Date 16th February 2022



3 March 2022

Paper Title: Commercial Sensitive

Under the freedom of information act 2000, exempt information this paper has been withheld from publication as per Section 43(2): Prejudice to commercial interests.

If you wish to request this paper please contact Rachel Mackintosh at
Rachel.mackintosh@forestryengland.uk



3 March 2022

Paper Title: Commercial Sensitive

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BOARD PAPER

Paper Title: Board action plan update with focus on Stakeholder relations
Author/Presenter: Mike Seddon / Rachel Mackintosh with Alice Cheyne, Relationships and Engagement manager

Paper Requirement:

Decision Required	For Approval	For Steer	Official/Commercial Sensitive
		x	

Executive Summary of key points and action required

Following the 2021 Board self-evaluation annual exercise the Board identified four areas of their work that they would like to develop and strengthen over the course of 2021-22. This paper provides a mid-year update on progress against these areas, with a particular focus on strengthening the Board's understanding of Forestry England's stakeholder relations and management. The Board is asked to provide a steer on:

1. The direction and progress of all identified action areas
2. Our approach to stakeholder engagement as well as the opportunities that exist for Board members to help build our relationship with key stakeholders.

Core messages for the non-executives to promote

The annual process of self-evaluation and continual improvement is a key mechanism for the Forestry England Board to achieve its aim to be a top performing board.

Content
1. Purpose and context

In July 2021 the Forestry England Board completed its second annual self-evaluation exercise. The exercise identified many areas in which the Board assessed its performance as having significantly improved. Four areas were identified for focus and improvement for 2021 - 2022. The actions fall under the following sections of the self-evaluation:

- Performance Management
- Stakeholder relations
- Risk Management
- Board Development.

The purpose of this paper is to update and discuss progress with the Board the progress on the actions in general, with a focus on the stakeholder relations actions.

Board Action plan: mid-year update

2. Discussion and Recommendations

i) Mid-year update on progress

The action plan attached at annex 1, Item 6 Paper 6.2, sets out progress to date. The Board is asked to review and steer progress made.

i) Focus area: Stakeholder relations actions with Alice Cheyne, Relationships and Engagement manager

A paper updating the Board on the approach and work with stakeholder relations is attached at annex 2, Item 6 Paper 6.3 and is accompanied by a schedule of stakeholders annex 3, Item 6 Paper 6.4, and Defra stakeholder analysis annex 4, Item 6 Paper 6.5 for discussion in the meeting. The Board is asked to provide a steer on the approach set out and discuss the opportunities that exist for Board members to help build our relationship with key stakeholders.

3. Resource implications

Additional resource implications will fall under the Board development section, particularly the horizon scanning exercise. A budget for this has been included in the 2022-23 Business plan.

4. Risk management

The purpose of the self-evaluation exercise and resulting action plan is to address greatest areas of perceived weakness in the Board's performance and is the major mitigation against the risk of poor governance, Board performance and leadership.

5. Equalities analysis

Decisions will be reviewed under the Board's responsibility for inclusion and equality of access.

6. Communications

This is an internal exercise that is communicated with the Board, reporting from it will be provided to the Forestry Commissioners and GIAA where required.

7. Attachments

Please list any documents attached as appendices here.

Annex 1 Item 6 Paper 6.2 Board Action Plan

Annex 2 Item 6 Paper 6.3 Stakeholders

Annex 3 Item 6 Paper 6.4 Stakeholder map

Annex 4 Item 6 Paper 6.5 Defra stakeholder analysis

Rachel Mackintosh

Title Forestry England Corporate compliance, risk and parliamentary lead (CEO's Office)

Date 17.02.2022



3 March 2022

Paper Title: CEO Report

Under the freedom of information act 2000, exempt information this paper has been withheld from publication as per Section 43(2): Prejudice to commercial interests.

If you wish to request this paper please contact Rachel Mackintosh at
Rachel.mackintosh@forestryengland.uk



3 March 2022

Paper Title: Forestry England Finance Report

Under the freedom of information act 2000, exempt information this paper has been withheld from publication as per Section 43(2): Prejudice to commercial interests.

**If you wish to request this paper please contact Rachel Mackintosh at
Rachel.mackintosh@forestryengland.uk**