

Forestry England Board Meeting Agenda

1st March 2023 10:00 - 13:00

Virtually via MS Teams

Attendees

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

In attendance: Mari Sibley (Item3) Josephine Lavelle and Katy David (Item6) James Simpson (Item7)

Secretariat: Rachel Mackintosh

Observer: Andrew Stirling

Apologies:

NO. / TIME mins	Start time	ITEM (Materials)	OUTCOME REQUIRED	LEAD
Welcome				
1. 10 mins	10:00	Chair's Welcome and Update		Chair
2. 10 mins	10:10	Declarations of Interest Approval of minutes, matters arising and action log. Matters Arising	For information	Chair
Items for Approval				
3. 15 mins	10:20	Commercial Sensitive	Decision	Mari Sibley
4. 20 mins	10:35	M9 Finance Report	Approval	Amanda Grist
5. 30 mins	10:55	Commercial Sensitive	Discussion & Approval	Tristram Hilborn and Amanda Grist
	11.25-11.35	10 min Break		
6. 20 mins	11:35	Benchmarking Forestry England business performance	Discussion & Steer	James Simpson
7. 20 mins	11:55	Commercial Sensitive	Discussion & Steer	Josephine Lavelle and Katy David

Management Accountability				
8. 30 mins	12:15	CEO report	Discussion & note	Mike Seddon
9. 10 mins	12:45	ARAC Chair report verbal update	Discussion & note	Julia Grant
Concluding items				
10. 5 mins	12:55	AOB		Chair

Future meetings:	
9 - 11 May 2023	Visit and meeting - Thetford, East District
19 June 2023	Extra meeting to approve Annual report and Accounts
18 July 2023	Virtual
9 - 11 October 2023	Visit and meeting - North District
6 December 2023	Virtual



Forestry England board meeting minutes

6th December 2022 09:30- 12:35

MS Teams

Attendees

Forestry England Board: Julia Grant, Amanda Grist, Tristram Hilborn, Peter Latham, Jennie Price, Chris Simpson, Richard Stanford, William Worsley (Chair)

In attendance (in part): Josephine Lavelle and Meera Hindocha (Item 3), Andy Venn and Hayley Skipper (Item 6), Paul Johnson and James Simpson (Item 7), Mari Sibley

Secretariat: Rachel Mackintosh

Apologies: Gurch Randhawa, Mike Seddon

Agenda items

1. Welcome

| Item Lead: Sir William Worsley

The Chair welcomed members to the nineteenth full meeting of the Forestry England. The apologies of Mike Seddon and Gurch Randhawa were accepted.

Chair's update

The Chair noted:

- recent meetings held with the new Secretary of State and Forestry Minister, and their engagement with the work of Forestry England and the wider Forestry Commission, in London, Rendlesham and Whinlatter forests.
- his visit to Wild Ennerdale for its declaration as a National Nature Reserve
- the recent decision by the Commissioners on a disputed case.

Forestry commission family updates noted:

Forest Services: issuing of £10m under the Woodland Carbon Accelerator Fund, the opening date of next round of applications to the Development Woodland Officer programme, oversubscription to the first round of the Seed Sourcing Grant and involvement in the development of the Local Nature Recovery scheme.

Forest Research: filming of Countryfile at Alice Holt, the appointment of the new Head of Science centre, and the publication of the UK Forestry Standard Practice Guide on designing and managing forests and woodlands to reduce flood risk.

Forward look: the next meeting of the Commissioners is 8 December, FC CEO will be speaking at the CONFOR conference on 8th December and Chair and FC CEO will be attending the Woodland Trust 50th Anniversary reception at the Houses of Parliament 20th Dec.

2.1 Declarations of Interest

There were no declarations for the meeting.
Updates to William's register noted.

2.2 Approval of Board minutes

The minutes of the Forestry England Board meeting 21.09.2022 were agreed as a true record.

2.3 Actions

The updated action log was reviewed and agreed. It was noted that 3 additional briefing papers were included with the papers that addressed actions 88 and 103.

2.4 Matters Arising

Julia noted she had attended the Christmas Tree Lights switch on and reception in Houses of Parliament with trees supplied from Kielder Forest. Julia met with Mark Spencer MP who had offered a meeting.

Action Items	Person responsible	Deadline
Follow up with Mark Spencer MP. William and Richard would like to meet him in the New Year.	Julia Grant	31.12.22

3. Official Sensitive: Commercial item

4. M7 Finance report

| Item Lead: Amanda Grist

Amanda took the Board through the M7 Finance report. She noted that since the previous Board meeting in September measures had been put in place to manage both pay and non-pay costs. Whilst this resulted in gains, these had been offset by a fall in timber prices and losses in PSS, which resulted in a trading income £3.7m less than forecast, with an overall deficit of £9.5m to budget. We are maintaining the £7m cash floor, there is £35m free cash.

The following points were raised in discussion:

- How timber is presented in the accounts -Amanda noted comments. The new management accountant will consider this.
 - Review of cash floor of £7m to be considered as part of the Business Plan submission
 - Current discussion on ASL and future funding options noted
 - Question asked at what point do we decide not to catch up on underspend - This has been considered as part of recent financial interventions. It was noted that deferring some works may result in overall higher costs over the long term (e.g. re-stocking)
-

5. Official Sensitive: Commercial item

6. Official Sensitive: Commercial item

7. Official sensitive item

8. Risk Appetite Statement

| Item Lead: Rachel Mackintosh / Tristram Hilborn

Rachel presented the Risk Appetite statement for approval, having taken into consideration the input of the Board at the July meeting and conversations with the Senior Leadership Team in October.

The Board approved the Risk appetite statement requesting one adjustment to bring the appetite for Operations generally to the same level as that for Health and Safety.

Action Items	Person responsible	Deadline
Amend the Risk appetite statement to align the overall Operations risk appetite with that of Health & Safety.	Rachel Mackintosh	01.03.23

9. CEO report

| Item Lead: Tristram Hilborn

Tristram drew attention to the following:

- Official Sensitive: Commercial item
- Winter contingency planning taking place for blackouts, strikes and rise in covid infections, ensuring staff have plans if they need them.
- Official Sensitive: Commercial item

The discussion that followed included:

- Official Sensitive: Commercial item
 - Greater understanding sought on the significant issues surrounding the SSSIs at Thetford and the relationships involved. Tristram explained the current Forest Resilience work and negotiations with Natural England.
 - Clarification on how costs were covered that supported Forest Services and its growth, Amanda explained the approach taken.
 - There was a query on the risk register about planting targets and the discussions with Defra. Tris updated. William noted his optimism from progress in discussions to be able to acquire freehold which would make a huge difference to our ability to deliver.
 - Official Sensitive: Commercial item
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10. ARAC Chair report

| Item Lead: Julia Grant

Julia updated on the recent ARAC away day and meeting, 23/24 November 2022. Topics covered included and update on change in regulation on leases, risk appetite, timetable and content for the Annual report and Accounts, materiality, and audit findings on emerging themes of single points of failure, record keeping and systems and processes.

AOB

The Chair noted the quality of papers in this meeting that had allowed good timely discussion of significant issues.

The meeting ended at 11:46



1 March 2023

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

1 March 2023

Paper Title: Forestry England Finance Report

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1st March 2023**BOARD PAPER****Paper Title:** Bench marking the efficiency of Forestry England's operations**Author/Presenter:** James Simpson

Decision Required	For Approval	Information Only	Official/Commercial Sensitive
X			

Paper requirement and action required by Board:

1. To consider, and comment on, the proposal to award a consultancy contract which will provide bench marking information on our operational efficiency.
2. To provide a steer on areas of bench marking investigation which are most likely to provide valuable insight into our operational efficiency.

Communication headlines

- Operational efficiency is an important aspect of Forestry England's performance and comparing ourselves with similar organisations is a useful way to gain insight.
- We last reported on organisational bench marking in 2017, before Forestry England was established under its current Board. We believe the time is right to undertake a fresh investigation of our operational efficiency covering a range of high level organisational metrics and more detailed metrics focused on land management.
- We will appoint a suitably experienced consultant to assist us with this work and task them with reporting back to us in a way which provides both valuable insight and suggestions for efficiency improvement.

Purpose

This paper;

- Alerts the Board to our proposal for a bench marking investigation of our operational efficiency and seeks their input into the development of the final consultant's brief.

- For reference, provides the Board with sight of the previous bench marking report produced by Poyry Consulting Ltd in 2017.

Background

Forestry England wishes to use external benchmark information, building on the work undertaken in 2017/18, to compare and contrast Forestry England's high level performance with private, charitable and public organisations operating in a similar field.

Efficiency benchmarking is a valuable analysis supporting Forestry England's continued business improvement. Since 2010 Forestry England has pursued a strategy to increase its net income from traded and other non-Government sources and is currently c.80% self-financing. The development of new income streams (e.g. additional charged for car parks or nutrient credits) in combination with business practices to reduce cost or gain efficiencies (e.g. regular tendering for services or innovation in PSS reducing labour needs) have contributed to this good performance.

Undertaking efficiency benchmarking at this time can serve two purposes:

- Contributing to factual evidence as to the overall efficiency of Forestry England relative to peers. This is valuable for advocacy within Government and directing continuous organisational improvement at the strategic level.
- Focussing internal efforts to improve net financial performance of the business overall and in specific areas of activity.

While re-assessing the overall efficiency of Forestry England relative to peers, we wish to specifically consider our efficiency of land management activities. The effectiveness timber sales and marketing practices was externally reviewed in 2016, revealing this area of activity to be performing in line with its international peers. However other areas of land management activity have not been subject to external review for over a decade.

We wish to focus on land management activity specifically because significant and relatively recent external consultancy or audit reports have or are contributing to ongoing development and evolution of our recreation, leisure, and estates activities.

Proposal

As described above, we envisage two components to this benchmarking work.

Organisational level efficiency benchmarking. We will steer consultants towards repeating, rather than reinventing, the work done in 2017. We are mindful that the period since the previous study has included both the economic impacts of the pandemic and the war in Ukraine and, therefore, the time period for comparison cannot be described as 'normal operating conditions'.

Work activity level benchmarking. Here we want to develop some deeper insight into the efficiency of land management operations and understand that this will not be possible solely with the use of information in the public domain. Therefore it is proposed that deep dive comparisons on land management are made with organisations who have agreed to share data which will give insights at the operational programme and project level. Forestry and Land Scotland (FLS) and Natural Resources Wales (NRW) have agreed to collaborate with us - we may be able to persuade others to participate at this level of detailed sharing. We expect that some of the data provided by NRW and FLS will be commercially sensitive and that we will commit to only sharing the final report under restricted cover and fully credit the participation of other organisations.

We have identified the following topic area which we wish to investigate in terms of the efficiency of how Forestry England currently delivers these activities;

- Forest regeneration
- Deer management
- Timber production planning
- Timber harvesting and marketing
- Forest roads construction and maintenance

Resources

Completion of this benchmarking work will require time of existing staff and cash funds for consultancy. Both can be afforded from within existing budget resource.

Communications

Completion of this benchmarking work will require engagement from members of Forestry England staff operating in national and regional roles. It will be of broader interest especially to district Heads of Land Management and Forestry Commission Trade Unions. We intend to use scheduled meetings of these groups of colleagues to inform them of the intent to progress this work and, in time, the results. Initially we will base messaging on the communication headlines above.

Next steps

The Board is invited to discuss and provide a steer on this work. With input from the Board we will finalise the consultants brief then issue an invitation to tender and appoint a suitable consultant. We aim to appoint before 31 March 2023.

James Simpson

Director of Operations - Forestry and Land Management

February 2023

Draft - Consultant Tender Brief

Background

Forestry England manages over 250,000 hectares of public land and is the largest land manager in England. We are a DEFRA 'arms length body' and, because we generate more than 50% of our annual expenditure from commercial activity, we are classified as a public corporation. Our annual report and accounts can be found [\[here\]](#).

From time to time we undertake bench marking exercises which help us understand how our operational activities compare with similar organisations and to gain insight which can help us become more effective and efficient.

We last commissioned an organisational bench marking exercise in 2017 (report included in this tender pack*) and we want to build on that work. This work focussed on a range of high level information which is available in the public domain and included a range of UK and international comparator organisations.

In 2019 the process of devolving the GB organisations involved in State forest management was completed and Forestry England was established as part of the Forestry Commission. Forestry and Land Scotland (FLS) and Natural Resources Wales (NRW) perform equivalent roles to Forestry England and all three organisations share a good deal of operational heritage.

With between 5 and 10 years of independent development of State forestry operations in England, Scotland and Wales we now have an opportunity to compare key aspects of our operational efficiency and learn from each other. FLS and NRW have agreed to collaborate with us and share operational information which is not available in the public domain.

Objectives

Forestry England wishes to use external benchmark information, building on the bench marking work undertaken in 2017/18, to compare and contrast Forestry England's current performance with private, charitable and public organisations operating in a similar field.

There are two distinct elements of efficiency benchmarking we wish to explore:

1. **Organisational level efficiency benchmarking (phase 1)** - Building on benchmarking work undertaken in 17/18 undertake an appropriate assessment of Forestry England performance at an organisational level relative to peers.
2. **Work activity level benchmarking (phase 2)** - Develop deeper insight into the efficiency of land management operations specifically. As well as using information that is publicly available two peers have agreed to collaborate with us to provide relevant information. Data provided will be commercially sensitive and should be restricted.

We have identified the following topic area which we wish to investigate in terms of the efficiency of how Forestry England currently delivers these activities;

- Forest regeneration
- Deer management
- Timber production planning
- Timber harvesting and marketing
- Forest roads construction and maintenance

We are inviting bids from suitably qualified consultants to assist Forestry England in investigating the efficiency of our operations.

We envisage work progressing between March 2023 and February 2024.

Aims

The consultant's proposal should aim to provide information and insight on both the efficiency elements described above which can contribute towards:

- an assessment of effectiveness and efficiency in Forestry England's current approach to organisational level and forest management work activity level management relative to peers.
- insight that informs appropriate change to strategy, approach and practises, if required, in order to optimise performance overall.

The successful bidder's approach should be to support Forestry England by:

- identifying the most relevant quantitative and qualitative business and people metrics for benchmarking (to be agreed with Forestry England)

- identifying domestic and international peers for benchmarking (to be agreed with Forestry England)
- supporting Forestry England's internal data gathering of the selected benchmarking metrics
- collecting and analysing selected benchmarks for agreed peers
- positioning Forestry England against peers to identify relative efficiency in both business and people metrics.

Specification of Requirements

We will be awarding a contract to review the business efficiency of Forestry England's land management.

Our intention is to award this contract for a period of [xx] months.

The value of the contracted review will be no more than £xx,xxx excluding VAT.

The contracted review will include:

- **Organisational level efficiency benchmarking (phase 1)**
 - A desk based information gathering exercise drawing material from published sources and from nominated contacts in comparator organisations.
 - Use of appropriate metrics of performance
 - A SWOT and other appropriate analysis summarising Forestry England's current practices, structure and capability in relation to peers
 - Provide a comprehensive report making recommendations on improving organisational performance.
- **Work activity level benchmarking (phase 2)**
 - Use relevant metrics, alongside qualitative data to identify the efficiency of land management in the agreed focus areas.
 - Provide a comprehensive report and recommendation of options for developing efficient land management practices, structure and capability of Forestry England.

Provide a MS Powerpoint presentation of the key findings and recommendations to our Board (remote - via Teams).

- The submission of a draft Phase 1 report by dd mm 2023.
- The submission of a draft Phase 2 report by dd mm 2024.

All information supplied to the successful consultants, and not in the public domain, will be treated as commercially confidential and not shared without Forestry England's consent.

We specifically draw your attention to the following clause concerning the attached report from Poyry Management Consulting Ltd;

** All information contained in the attached report is confidential and intended for the exclusive use of the Recipient. The Recipient may transmit the information contained in this report to its directors, officers, employees or professional advisors provided that such individuals are informed by the Recipient of the confidential nature of this report. All other use is strictly prohibited.*

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1 March 2023

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