



Forestry England Board Meeting Agenda

6th December 2023 09:30 - 12:20

Virtual

Attendees

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

In attendance: Paddy Harrop (Item 4) Mat Maguire via Teams (item 6), Bethany Cambridge (Item 7)
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. 15 mins | 09:45 | M07 Finance Report | Discussion & Steer | Amanda Grist |
| 4. 30 mins | 10:00 | Commercial Sensitive | Discussion & Steer | Amanda Grist / Tristram Hilborn / Paddy Harrop |
| 5. 20 mins | 10:30 | Commercial Sensitive | Discussion & Steer | Amanda Grist / Tristram Hilborn |
| 6. 20 mins | 10:50 | Commercial Sensitive | Approval | Mat Maguire |
| | 11:10 - 11:20 | 10 min Break | | |
| 7. 20 mins | 11:20 | Commercial Sensitive | Discussion & Steer | Bethany Cambridge |
| 8. 10 mins | 11:40 | Board Effectiveness Review / Evaluation Questionnaire | Discussion & Steer | Mike Seddon / Rachel Mackintosh |



| | | | | |
|----------------------------------|-------|--------------------|-----------------------|--|
| 9. 5 mins | 11:50 | Annual ToRs Review | Discussion & Steer | William Worsley / Rachel Mackintosh |
| Management Accountability | | | | |
| 10. 15 mins | 11:55 | CEO report | Discussion & note | Mike Seddon and Tristram Hilborn |
| 11. 5 mins | 12:10 | ARAC Chair Report | Discussion & Steer | Julia |
| Concluding items | | | | |
| 12. 5 mins | 12:15 | AOB | | Chair |
| 12:20 CLOSE | | | | |

| | | |
|-----------------------|------------------------------------|-------------------------|
| | | Future meetings: |
| 19 March 2024 | Board F2F | |
| 29 April - 1 May 2024 | Visit and meeting - North District | |
| 2 July 2024 | Virtual | |



Forestry England board meeting minutes

10th October 2023 13:45 - 16:50

Central District - Riverside Hotel Branston

Attendees

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

In attendance: Mat Maguire via Teams (item 3), PK Khaira Creswell, Kerry Tromanhauser (item 6)

Secretariat: Rachel Mackintosh

Observer: Derrick Osgood, PK Khaira-Creswell

Agenda items

1. Welcome

| Item Lead: Sir William Worsley

The Chair welcomed members to the twenty-third full meeting of the Forestry England Board and thanked the team for the visit to Sence Valley in the morning.

There were no apologies.

Derrick and PK welcomed to the meeting.

Chair's update

There had been a series of valuable meetings with the minister and Defra, including: Minter Harrison visit to Hovingham, David Hill to Kielder Forest, and with Nick Joicey, Defra second permanent secretary. Last week the Chair attended a joint conference with Natural England and Environment Agency.

Forestry Commission family updates noted:

- **Forest Services:** The Secretary of State has agreed to revoke the ministerial direction on consultation over woodland creation and the minister agreed to the launch of the presumption to plant for woodland creation. Revised guidance received for the approach to breeding waders when considering woodland creation. Updates to UKFS and risks to delivery times of the Grant Management system noted.
- **Forest Research:** have completed a successful round of training for citizen scientists as part of the Observatree partnership. Five new climate change factsheets, and an, "In Brief" on Green Finance have been published. Progress being made on infrastructure works for Northern Research Station and Alice Holt.

2.1 Declarations of Interest

There were no declarations for the meeting.

2.2 Approval of Board minutes

The minutes of the Forestry England Board meeting 18.07.23 were agreed as a true record.

2.3 Actions

The updated action log was reviewed and agreed, noting that all actions were closed.

3. Official Sensitive: Commercial item

4. M05 Finance report

| Item Lead: Amanda Grist

It was noted this was the first of three linked agenda items on the finances of the business for the current, the short - medium term, and long term.

Amanda gave the mid-year update on the stretching business plan approved by the Board in March. She reported that the latest forecast position is to outturn the year with an EBITDA deficit of £17.3m, £10.1m worse than budget. With action management view is that this can be reduced to £12m deficit, £3m worse than budget. A recruitment freeze is in place for all but critical jobs, estimated to bring £800K savings. Defra have approved £2.5m CDEL capital, with a claim in for further £1.9m, and the non-pay deficit is being investigated, particularly professional services and travel. The main risk is around timber prices affected by UK and global economic conditions. However, she noted we are doing all we can to improve the underlying trading performance.

The discussion that followed noted:

- Recognition that Forestry England is not alone in facing these conditions, noting other similar organisations struggling with trading both timber and retail, with other recruitment freezes in place.
- 5 months in with 7 to go the main concerns were identified as being Christmas recreation / events trading plus timber uplift, and more generally the c.30% staff turnover with commensurate lower levels of experience, which slows our ability to react and respond.
- Consideration of the consequences of the actions taken now on our strategic aspirations of Growing the Future, FC strategy and UKWAS. It was noted that things may be slowed but we must maintain UKWAS certification. Also noted changes being made in the approach to managing investments and projects and the huge commitments in the Defra funded projects which need to be delivered. Careful messaging is needed through this period to maintain confidence in our ability to deliver our commitments. Action to look at non-financial KPIs at next meeting to see impact next to finances.
- It was notable how the business has responded to the challenges to date with more timber brought to market and increase in income per head, however the challenges keep coming.

| Action Items | Person responsible | Deadline |
|---|---|----------|
| Discussion at the next meeting on impact on KPIs alongside finances | Mike / Seddon / Amanda Grist / Tristram Hilborn | 6.12 23 |

5. Securing the Future

| Item Lead: Mike Seddon, Tristram Hilborn, Amanda Grist

Mike introduced this item that flowed on from the month 5 financial position set out in the previous item and the ongoing financial and trading context set out in the paper. He noted the position with rising costs, increasing staff turnover, unrestricted

government funding decreasing with restricted government funding increasing but less predictable. Without acting now, he warned the organisation could be in crisis in 18 months' time. The aim of the Executive Team is to reset with choices to inform the next business plan. The purpose of the discussion today is to take a steer from the Board on the focus for this work. He noted that Chris was a member of the steering group for Securing the future.

Amanda noted that a stretching business plan was signed in March this year, since then we have seen inflation continuing to rise, a declining ASL, unfunded pay increases with implementation of any agreed Your Offer business case to come. These contribute to, and will lead to, a cash issue in 2 -3 years. The position was pulled back last year to deliver last year's plan, this year we are doing the same, delivering on focus areas and with an investment programme where there is quick pay back. There is a lot happening but it's not enough.

Tristram noted that immediate actions taken are not enough and outlined the four focus areas of the Securing the future programme, with the second area on the business structure and performance being the main area of focus for the short-medium term.

The Chair and Board members welcomed the discussion and paper. They expressed their appreciation of the Executive Team looking forward and taking proactive action. It was noted that we were not alone facing economic challenges, and similar conversations are taking place on other boards. The Forestry England Executive Team were congratulated on calling this out early and clearly.

The discussion that followed covered the following issues and steers:

- Greater freedoms for Commissioners / Forestry England - should we be asking the secretary of state for greater freedoms now. Tristram noted that this is being progressed as part of the workstream 4, and if granted will deliver over time. The Chair asked for a list of the freedoms being sought so he can also influence.
- Encouragement given to be aspirational in new funding and income streams as well as looking at cuts and efficiencies. The current submission being developed on wind energy was noted to give us access funding streams currently available to the devolved nations forestry organisations.
- Balance of delivering public benefit which doesn't deliver a return with funding available discussed. Questions were asked on the funding of public benefit work with a request for greater clarity on costs associated with delivering public benefit, was there additional funding for the jobs to deliver public good, and if not should we be delivering this? Tris noted there were going to have to be choices if we do not have the money. We have our strategy and the aim is to deliver this but there will have to be strategic choices in what we can afford to do, which will be coming to the Board in December for a steer for the next business plans, and as noted in the previous item would bring finance and non-finance figures together.
- Alternative funding sources. It was noted that our strategy, and FC strategy, wholistically delivered benefit across numerous government departments, could there be funding opportunities to explore with other departments. Agreed this needed to be explored.
- Encouragement given to keep focus on what has impact and is effective, and to maintain the agility to respond. Noted that this is what the 4 workstreams will be doing. Tris also noted that SLT also looking at which are growth areas, and where there may be a need to draw back.

- The executive was asked to consider if there is other expertise needed that could be brought in to assist in the current climate.
- Cannop Ponds was raised, noting there were large costs attached to the project and affordability needed to be considered. Tristram noted that there was a choice of what to do but we have to do something otherwise we face enforcement action.
- The timing of this work in the context of the political cycle was noted, with a general election and the potential for change ahead.
- Need to be clear on what is the target aimed for, particularly in workstream 2 e.g what % of income should come from timber. Agreed this needed to be worked into the aims of the workstreams and agreed with the Board.

The Board gave their support for this work, and encouraged the executive team to maintain engagement so board members can constructively challenge, support and help.

| Action Items | Person responsible | Deadline |
|---|--------------------|----------|
| Provide the Chair a list of the freedoms and powers being sought | Mike Seddon | 6.12.12 |
| Include target % income into workstreams for December Board discussion. | Tris Hilborn | 6.12.12 |

6. Official Sensitive: Commercial

7. ARAC Chair's report

| Item Lead: Julia Grant

Julia reported on the ARAC that met at the beginning of September. She noted that the main items of discussion were:

- The financial accounts process which is still under review and will return to the November meeting.
- The internal audit reports received and considered.
- Defra review of shared services update, noting that Forestry England were outside of review but as a current service provider there does need to be a look at how it could link in and influence the end design.

6. CEO report

| Item Lead: Mike Seddon

Mike drew attention to the following:

- Forestry England People awards event taking place next week with William and Gurch attending. There have been amazing stories coming through the nominations, and the awards provides another opportunity to thank our people for their work.
- Progress on land acquisition is in a good place for achieving the year's targets.
- No update on trail hunting. The BHSA were informed of personnel changes in Forestry England, but we have had no response. Note that Scotland have enacted the Hunting with Dogs (Scotland) Act which permits clean boot only.
- Ips - there has been a finding close to Bedgebury pinetum.
- Following a sites survey there is no aerated concrete (AARC) on the estate.
- Correction to the CEO report - the wind energy submission has gone to Defra policy officials on its way to the SoS but not there yet.
- An update was provided on the application for judicial review that has been filed regarding clear fell for provision of open heath.



The Board members discussed the following:

- Understanding of the circumstances around the uncomfortable filming of colleagues by a known campaigner.
- The escaped beaver in Cropton has been recaptured.
- Congratulations given on planting targets. In regard to what was being planted Tris confirmed that it was what was assessed as appropriate for the site but consisted of a mixture of species.
- Membership recruitment being behind target primarily reflected the economic conditions. There has been a delay in the switch to monthly direct debits, once available this may help. Request to understand delay to monthly direct debits.

| Action Items | Person responsible | Deadline |
|--|--------------------|----------|
| Follow up on the restrictions experienced in setting up Direct Debits. | Mike | 6.12.12. |

AOB

There was confirmation of what was classified as sensitive information in the meeting.

Chair concluded that there has been good papers, good debates which had come to good conclusions, and a valuable site visit. Thanks to all.

The meeting ended at 16:35



6 December 2023

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

6 December 2023

Paper Title: Commercial Sensitive

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BOARD PAPER

Paper Title: Board effectiveness review 2023**Author/Presenter:** Rachel Mackintosh**Paper Requirement:**

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

Executive Summary of key points and action required

Board members have completed the annual self-assessment questionnaire, the summary is attached at Appendix 1. The questionnaire provides a starting point for a discussion on the Forestry England Board's effectiveness, its strengths and how Board members propose it can be improved to move the Forestry England Board closer to being a consistently high-performing board.

The paper today is inviting Board members to **bring one suggestion for action to the meeting**, to enable an open discussion on how we continue on our improvement journey in further developing the effectiveness of the Forestry England Board.

How this paper takes forward Forestry England's strategic aims in Growing the Future

A strong Forestry England Board providing strategic direction and holding itself and the organisation to account for the delivery of Growing the Future is core to the delivery of its strategic aims, and of being an outstanding sustainable organisation.

Core messages for the non-executives to promote

The Forestry England Board is assessed as operating as an effective board and we are on a continual improvement journey to provide strong, effective leadership of Forestry England.

Content

1. Purpose and context

The Forestry England Board was formed April 2019 and has enjoyed very stable membership since its inception. It has conducted a self-assessment every year since 2020 with a questionnaire based The National Audit Office's (NAO) Unlocking your Board's full potential, updated in April 2022 to align with Cabinet office [Guidance on Board effectiveness](#) reviews and is written with HM Treasury's corporate governance in central government departments: code of good practice in mind.

Board effectiveness review

The results of the effectiveness reviews have shown a year on year overall improvement in the Board's view of its effectiveness.

Each year priority actions have been agreed to be worked over the course of the following year to improve effectiveness.

The following table shows the actions agreed in 2022 and the progress made.

| | Action area | Progress | 2023 Avg. score | 2022 Avg. score |
|----|--|---|-----------------------|-----------------------|
| 1. | Completion of a benchmarking exercise, comparing Forestry England's performance against comparable external peers. The first step would be to agree what broad areas of performance the Board wishes to see included. (Q12 on the questionnaire) | March 2023 the Board determined that the time was not right to commission a benchmarking exercise on operational performance. | 4 | 3 |
| 2. | Contribute to improving function of ARAC / Board through working with wider FC on communications, systems and reporting. (section 6 on the questionnaire) | <ul style="list-style-type: none">ARAC chair's report is standing Board agenda item, followed by discussion of issues raised.Summary of audit reports and progress on audit actions included in CEO report. <p>The average score for the section indicate that this is still an area that requires addressing.</p> | 14 | 15 |
| 3. | Embed risk appetite approach (to be agreed July 2022) into the organisation's decision-making processes. (q. 24) | The Board approved the risk appetite in July 2022. Since then it has been used to inform strategic level decisions. | 4 | 3 |

2. Discussion

Board members have completed the questionnaire for this year, the collated results are attached in Appendix 1.

The collated results are showing that:

- Overall the Board has assessed that their effectiveness has improved over the 2022 results. All questions, with the exception of q. 40 (succession planning), score an average of 3 or 4 on our assessment scale of 1-4.

Board effectiveness review

- Stand out strengths are the relationships between the non-executives and executives, and the transparency of senior executives. (q 10, 11 and 15)
- The quality of the boardroom (section 7) notably the quality of the chairing, papers and the achieving the balance of challenge and support.
- The only section that has shown a slight fall in the scoring is s. 6 The audit committee, internal audit and corporate reporting.
- As noted above, q. 40 Succession planning for Board members is the only question to attract an average score below 3.

The comments Board members have provided are very helpful in providing depth and rationale for the scoring, and indicate areas for further exploration and consideration.

December meeting: Board Effectiveness Discussion

We have always said that we are on a journey of continual improvement with the Forestry England Board, and really want to benefit from the expertise, experience and knowledge of Board members. We are and should be really pleased but not complacent with the results of the 2023 effectiveness review. However, although improving the scores are relatively similar to last year. We really appreciate the positive comments, but also those that indicate there are some key areas that need further exploration to really move on the Board's effectiveness.

In the early years of this exercise the questionnaire has been at the centre of our evaluation and in identifying the areas to prioritise for improvement. This year, and considering the maturity and experience of the Board, we propose taking a different approach which enables us to draw on the experience of all individual Board members. So whilst the questionnaire has benefits in providing a baseline and a means of measuring improvement year on year, it is limiting within its format. As one Board member noted, not much change from last year!

This 2023-24 year sees us in our fifth year of working as the Forestry England Board. It is a good moment to step back and take a wider view of how the Board is working, and what improvements could be made to achieve a significant and sustainable improvement in our effectiveness that will move us closer to our aim of being a consistently high performing board.

This year we ask that all Board members bring to the discussion at the meeting one suggestion of an action for how to make a significant improvement in Board effectiveness.

Following the discussion, working with William and Mike an action plan will be proposed to address the three / four areas that emerge most strongly, are considered to be deliverable and will have greatest impact. This action plan will be circulated for the Board to approve by correspondence. The aim is for the Board to have greater ownership of the action plan and to regularly review progress against it.

A few notes and thoughts:

- Areas around the ARAC effectiveness and membership sit with the wider FC, but proposals on how we close the gap between the Forestry England Board and ARAC would be something that could be further looked at.
- Succession planning for Board members does take place, sitting with the Chair who is very active in this area. It also needs to be seen in the context of the wider Forestry

Board effectiveness review

Commission and Commissioners. However as noted in the questionnaire comments, as Forestry England develops so the skills and experiences required by the Board change, and the Board is in the best position to identify the skills gaps that it feels would enhance its performance and effectiveness e.g. if we were to have an annual skills gap analysis, that could support the Chair.

- A comment indicates that the Board feels more like an advisory Board in nature and should be more outcomes driven and hold itself to account for delivery of strategy and KPIs. It would be helpful to explore what action we can take as a Board to move forward in this direction.

3. Recommendations

Board members are asked to bring to the meeting one suggestion for action on how we could make the biggest step forward in Board effectiveness to move us closer to being a high performing Board.

4. Resource implications

This will depend on the suggestions made, but the intention will be that actions resulting from the discussion will be implemented with existing resources within the Board and Forestry England.

5. Risk management

There is a risk that unless we continually improve Board effectiveness and look for achievable improvements that will deliver greatest impact, that the Forestry England Board will stand still, or even decrease in its effectiveness and fail to gain maximum benefit from the knowledge and experience of Board members and the stability, maturity and experience of the current Board.

6. Equalities analysis

The resulting action plan will have an EDI assessment.

7. Communication

The Board action plan will be approved by the Board and shared with the Forestry England Executive Team, and as appropriate and requested GIAA, ARAC and the Commissioners. The Board will regularly review and update progress at its meetings.

8. Attachments

Item 8 Paper 8.2 Collated Forestry England Board effectiveness self-evaluation.

Rachel Mackintosh

Head of CEO office, Corporate Governance and programmes
17.11.23

BOARD PAPER

Paper Title: Annual review of Board Terms of Reference

Author: Rachel Mackintosh

Paper Requirement:

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

Executive Summary of key points and action required

The Board is asked to review the Terms of Reference (ToR) and bring any proposed changes for discussion in the December Board meeting. The agreed and updated TOR will then proceed to the Forestry Commissioners for approval.

How this paper takes forward Forestry England's strategic aims in Growing the Future

A regularly reviewed clear terms of reference for the Forestry England Board is central to providing the highest levels of corporate governance required to be an outstanding and sustainable organisation.

Core messages for the non-executives to promote

The ToR set out the Forestry England Board's role, its responsibilities, make up, its required committees and how it will conduct its business.

Content

1. Purpose and context

The Forestry England Board's authority to act is set out in their Terms of Reference (ToRs) and scheme of delegation given to them by the Forestry Commissioners. The ToRs set out the Forestry England Board's role, powers, responsibilities, make up, its required committees and how it will conduct its business. Any changes to the ToRs requested by the Forestry England Board will need to be approved by the Forestry Commissioners.

In line with best practice, in June 2020 the Board agreed to annually review its ToRs.

2. Discussion

The current ToR are attached Item 9 paper 9.2. They were last updated following the Board discussion in July 2022 and subsequent approval by Commissioners.

Annual review of ToRs

One amendment has been proposed:

- set the strategic direction for the activities of Forestry England **having regard to the overall strategies for the Forestry Commission and Defra**;

The Board is asked to consider if the ToRs accurately reflect the current working of the Forestry England Board. Members should bring to the meeting any further proposed amendments to the ToRs for discussion and agreement.

3. Recommendations

Following the discussion in the December meeting the Board will be asked to agree any proposed amendments to be recommended to the Forestry Commissioners for approval.

4. Resource implications

None.

5. Risk management

- Lack of clarity in roles and responsibilities will lead to unclear and muddled leadership for the organisation.
- Decisions made by the Board would be open to challenge if it is not clear that the power to make the decision is within their ToR.

These risks will be managed through having clear ToR that are reviewed annually.

6. Equalities analysis

The ToR have been reviewed to ensure there is no adverse direct or indirect EDI impact.

7. Communications

The ToR is on the Board SharePoint site for easy access to Board members at all times. The ToR is a public document and is available on request.

8. Attachments

Item 9 Paper 9.2 Forestry England Board Terms of Reference.

Author Rachel Mackintosh

Forestry England Head of CEO Office, Corporate Governance & Programmes.

Date 17.11.23

6 December 2023

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**