

**MES SCOTLAND LOCAL STAFF COUNCIL  
SUB GROUP MEETING  
STIRLING 30 JUNE 2008**

Present: E Shephard (Chair) J Livingston  
T Groat A Gillies  
R Beaney

**1) Apologies**

Andrew Stewart

**2) Introduction**

The Chairman welcomed all, including Robert Beaney, who had been invited to update the group on the Forest Enterprise Scotland Review of Direct Production 2007 and the Forest Enterprise Scotland Forest District Review 2008.

**3) Minutes of Previous Meeting 4 September 07**

Agreed in correspondence following the last meeting and published on eConnect on 27 September 07.

**4) MES Update**

JL talked through the developments in MES that affected the Chapelhall Review since the last meeting in September 07.

- a) The move to Chapelhall was included in the business plan submitted to FE Scotland in September 2007. The improvements at Inver were submitted as capital and not revenue as predicted at the start of the review. It has been approved subject to a more accurate valuation for the improvements at Inver. A project team has been set up to oversee the Inver Workshop project approval and monitoring procedure and they have produced a valuation that is broadly in line with the budget provision of £280,000. The details of this will be included in a Project Initiation Document that will be submitted to FE Scotland for approval.
- b) The latest trading performance is included in the financial analysis in the appendices and the effect of business changes since last September are built into the predictions for 2008/09 and the following two years. The trading performance in 2007/08 was better than the budget, and recognition for this is given to the staff and managers at Chapelhall. While trading performance was the original basis for the closure of Chapelhall, this has since changed and it now partly based on excess workshop capacity in MES.
- c) Apart from decline in harvesting machines, the predicted workshop capacity also takes account of the Greenerways travel and transport targets which require that CO2 emissions from vehicles are reduced by 5% in each year up to 2010/11 based on the result in 2005/06. Although the targets are for all means of transport, the business use fleet (green vans) emit about 75% of the total travel and transport CO2 and the pressure to reduce emissions is likely to lead to a reduction in vehicle numbers and hence a reduced requirement for workshops. Although this originally only applied to vehicles used for administration it now includes all business use vehicles. High fuel cost may also have an effect on numbers of vehicles and machines and hence workshop requirements. A £1m variance based on vehicle and machine budget numbers and usage was submitted at the end of May. This is being

handled differently in each country but all are trying to reduce vehicle and machine usage to offset at least part of the increase. The high fuel cost is also likely to have an effect on the budget (CSR) settlement in the next two financial years.

- d) In response to a question from ES, JL and TG said the reasons for improvement in trading performance were price increases for conversion work on vehicles and general improvement in efficiency at Chapelhall.
- e) ES also asked about the reduction in admin internal charges. JL explained that reduced inter-country transfers mostly caused this and it was offset by a corresponding internal income reduction. The direct cost of vehicle conversion work was to be funded by each country but it changed to a cash transaction with both income and expenditure in Scotland and hence a reduced requirement for inter-country expenditure and income. It is recovered from each country in the lease charge. AG questioned the high admin internal charge in financial year 2003/04, JL was unable to recollect the reasons for this but said it was likely to be an exceptional item that would not be repeated.

## **5) FE Scotland Reviews**

RB provided an update of two main reviews that may affect the proceedings of the Sub Group.

- a) FE Scotland Review of Direct Production 2007. The latest meeting of the FE Scotland and TUS Direct Production review group with was held in Silvan House on May 13th and discussions have developed into two streams, 1) machines and their deployment and 2) operator shift working. On machines FE Scotland offered to keep the operators posts at Ae but retain two machines in Galloway. This would allow the operators to work the east side of Galloway Forest, and if required the west side of Ae. The TUS agreed to accept the offer and allow the rest of the proposals on machine numbers to go ahead. A working group has been set up to resolve outstanding issues, mainly connected with TUPE and the recent OGB on whole body vibration. The discussions on operator shift working are unlikely to effect machine numbers.

JL added that a group with representatives from FE Scotland, MES and the TUS has been established to address issues that arose from the Review. They will look at reporting of machine costs and performance, but also at the request of the Director FBUs, at the wider reasons behind the relative competitiveness of own working and contractors in harvesting operations. All agreed that this was an important subject.

- b) FE Scotland Forest District Review 2008. A map of suggested district boundaries was posted on the FC Intranet but this has not yet been agreed with the TUS. FE Scotland will provide a format for the management of the proposed districts. This will include a 'family tree' with the effects on staff. JL said the amalgamation of Moray Forest District was the only part of the proposal with significant implications for MES. ES said the closures might increase travel and asked how this would be accommodated in the Greenerways targets. JL said it has been agreed that locations can negotiate changes to their CO2 baselines provided overall country targets are met.

## **6) Chapelhall Site Valuation**

The site valuation produced by Bell Ingram of October 2007 and the subsequent interest from Thomas Mitchell Homes were produced and discussed. It was made clear that the Chapelhall site value was not considered in the trading evaluation of the business case to close Chapelhall and move to Inver but was included in the business plan.

## **7) Inver Workshop Extension**

The outline specification with estimated cost programme and drawings for the extension at Inver produced by CKD Galbraith were discussed. This will be included in a project initiation document by the project team and submitted to FE Scotland. Although slightly over the budget of £280,000 JL was hopeful that it would be accepted.

## **8) Posts and Staff**

The briefing note as issued at the MES Scotland LSC meeting in June 08 was discussed. There were no changes to the Inver and Chapelhall proposal from that set out in the previous briefing note issued in 2007. AG pointed out two minor amendments, including a vacant foreman post at Torlundy, but accepted that it did not change the substance of the MES proposal significantly. JL said that MES was now able to offer jobs to all staff affected by the DP review and the Chapelhall closure, including the operator/mechanic at Scottish Borders, if they were willing to transfer. It was acknowledged that many of the staff were not in mobile grades and that they might chose not to transfer.

## **9) Chapelhall Workshop Fixed Cost Review Report**

Subject to minor changes to paragraph 6 it was decided to issue the report to staff at Chapelhall and Inver for comment. It was also agreed to publish it on eConnect.

**Action Point: Revise and issue report, JL**

**Action point: Collect feedback from teams at Chapelhall and Inver, AG**

The closing date for feedback is 22 July 08. The Chairman will decide if there is a need for further meetings of the Sub Group. If there is no feedback or if the issues can be easily discharged by correspondence then there will be no need for a further meeting and the report will be forwarded to the MES Scotland Local Staff Council with a recommendation that it be adopted.

The Chairman closed the meeting and thanked all for their contributions.