



Annual Report

2022-23



An Agency within the Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk

Forest Service Agency

ANNUAL REPORT AND ACCOUNTS 2022-23 For the year ended 31 March 2023

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Annual Report
for the year 1 April 2022 – 31 March 2023

Contents	Page
<u>Performance Report</u>	
Chief Executive's perspective on performance	5
Non-Executive Board Member Report	6
Overview	7
Performance Summary	8
Non-Financial Performance Review	13
Financial Performance Review	16
Forestry Performance Tables	18
Risk	22
Health & Safety	24
Sustainability	25
Future Plans	26
<u>Accountability Report</u>	
Corporate Governance & Director's Report	27
Statement of Accounting Officer's Responsibilities	30
Governance Statement	31
Remuneration Report	39
Staff Report	47
Certificate of the Comptroller and Auditor General	52
<u>Financial Statements</u>	
Notes to the Accounts	61



Performance Report



Chief Executive's perspective on performance

I am pleased to present the Forest Service Annual Report and Accounts for the year ended 31 March 2023. This report sets out our performance in the business year and the financial statements of the Agency. We measured our achievements for the year against the 8 Key Targets and 13 Supplementary Measures set out in the Forest Service Business Plan 2022-23.

Our forestry and plant health programmes successfully delivered 6 of the Key Targets and 10 Supplementary Measures in full by 31 March 2023. Significant progress has also been made against the other targets that we will build on in the incoming business year.

While we were unable to meet our 600 hectare afforestation target in the year, planting 451 hectares of new woodland makes an important contribution to expanding the forest and woodland area in NI. During the year we have seen increasing recognition in our society of the benefits forests provide to the economy, environment and people's health and well-being, and their contribution to climate change mitigation.

In June 2022, the NI Assembly passed the Climate Change Act (Northern Ireland) 2022. This committed NI to achieving net-zero greenhouse gas emissions by 2050 and to take forward Climate Action Plans to achieve this. Our work in year enables Forest Service to incorporate afforestation and peatland restoration plans within the NI's Climate Action Plan for the carbon budget period 2023-27.

Throughout the year we continued to regulate high-risk plants and plant products moving to NI and operate Official Controls to protect its plant health status. Our engagement with GB plant health authorities informed substantive work achieved to date in revising standard operating procedures to implement new and emerging legislative requirements.

In 2022-23 Forest Service generated £13.9M of income from the supply of 404,505 cubic metres of timber for industrial processing. Our ability to manage forests and sustain our annual timber supply at this level, substantially underpinned the Agency's 2022-23 work programmes. This importantly provides assurance that Forest Service can commit and continue to deliver its priority work streams in the years ahead. The £120M in year increase, in the valuation of our biological assets further reflects a growing confidence in forest ownership.

I strongly recognise that Forest Service has not been immune to the staffing pressures seen in the sector and the wider NICS, and I highly commend the commitment and dedication of staff to the delivery the forestry and plant health programmes. Following the Forest Service engagement event in December 2022, I look forward to working further with our staff to improve engagement for all, across the Agency's activity.

A handwritten signature in black ink that reads 'John Joe O'Boyle'. The signature is written in a cursive, slightly slanted style.

John Joe O'Boyle
29 June 2023

Non-Executive Board Member Report

The Forests for Our Future strategy was launched in 2020 and envisages the planting of 18 million trees by 2030, creating 9,000 hectares of new woodland. While progress continues to be made, a number of the associated risks to achieving in year targets are outside the direct control of the Forest Service e.g. future agricultural policy. In addition, it remains imperative for the Forest Service to continue working with central and local government partners and public authorities to identify and agree on suitable areas of land which will be made available for this purpose. A further challenge will be the development of new and affordable incentive schemes to replace the current grant schemes administered under the Rural Development Programme which will cease at the end of 2023.

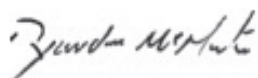
The Forest Service, through its Plant Health Division, continued to provide Official Controls on goods moving from Great Britain to Northern Ireland in 2022-23. The implementation of controls going forward will be the subject to the agreement between the UK Government and EU following the signing of the Windsor Framework Agreement. The Forest Service together with DAERA continues to assess the outworkings of the Agreement and implications from any divergence in regulatory requirements on bio-security and trade.

Workforce planning continues to be an important consideration for the Forest Service. A review of Forest Service's Risk Register shows that the achievement of a number of its objectives are dependent upon having adequate staffing capacity and capability. However, the Forest Service is not immune from wider market conditions. For example, skills deficits within the wider UK Forestry Sector continue to impact on filling some vacancies, including at a senior level. It is important that the Forest Service continues to develop strategies to address these and future challenges.

Non-Executive Members (NEMs) have input to these and other areas of Forest Service's activities through online attendance at Forest Service Management Board meetings and regular scrutiny of progress and risks at each online Forest Service Audit, Risk and Assurance Committee (ARAC) meeting. The former met six times in 2022-23; its agenda included performance and risk management; health and safety; timber pricing; and business and human resource planning.

The Forest Service ARAC, under the Chairmanship of Brandon McMaster, met on four occasions in 2022-23. Mark Hammond joined the ARAC in June 2022 and his environmental and senior management background will be of significant benefit particularly in relation to Green Growth.

Sadly, during the year Helen Anderson, a long-standing and valued NEM, passed away. Helen's knowledge and wider public sector experience enriched the ARAC discussions and contributed to its effectiveness in supporting the Accounting Officer and Forest Service Management Board in their responsibilities for issues of risk, control and governance.



Brandon McMaster
29 June 2023

Performance Report

OVERVIEW

Agency Purpose & Structure

Forest Service is an Executive Agency of the Department of Agriculture, Environment and Rural Affairs (DAERA). It is subject to the overall direction of the Minister. It delivers the Department's policy and legislative responsibilities in relation to forestry and plant health.

The Chief Executive is responsible to the Minister of Agriculture, Environment and Rural Affairs for the Agency's operations and performance. The Minister determines the policy framework within which the Agency operates, the level of resources made available each year and the scope of Agency activities. The Minister also approves the annual business plan, and monitors the Agency's performance against Key Targets.

Forest Service has operated as an Agency since 1 April 1998 and was further classified as a Non-Financial Public Corporation from 1 April 2020. The Agency's Framework Document sets out the context within which it operates. This includes its role, business objectives, performance measures, relationship with the Department and its accountability to the Minister.

Throughout the business year, the Agency has operated through 7 divisions.



Performance Report

PERFORMANCE SUMMARY

The Forest Service Corporate Plan sets out 6 priority work streams for delivery in subsequent Agency Business Plans. These priority work streams represent a programme of forestry and plant health activity consistent with DAERA policies and strategic objectives. The 2022-23 Annual Report reflects the Agency's delivery of 8 Key Targets and 13 Supplementary Measures set in the 2022-23 Business Plan. The Forest Service Management Board (FSMB) monitored the performance of the Agency in progressing these Key Targets and Supplementary Measures throughout the year. The extent of achievement was supported by independent validation by Internal Audit.

This section reports the Agency's performance against Key Targets and Supplementary Measures including details of the activities undertaken in their delivery.

The following measurement criteria and metrics are used for the monitoring and validation of targets:

Operational

- Plantations established [hectares (ha)],
- Volume of timber produced [cubic metres (m³)],
- Surveys,
- Area of woodland qualifying for UK Forestry Standard [hectares (ha)],
- Plant health activity, novel pest risk awareness, official inspections, sampling, surveys; and
- Enforcement actions.

Customer Service

- Performance against prescribed standards of service to the public.

Value for money

- Net annual cost of the forestry and plant health programmes,
- Maintain income and expenditure within agreed limits.

Performance Report

PERFORMANCE SUMMARY

Key Targets and Supplementary Measures Achieved / Not Achieved during 2022-23 are as set out in the following tables.

Key Target or Supplementary Measure	Outturn 2022-23
<p><u>Key Target 1</u> Deliver the 2022-23 Forests for Our Future programme to plant 600 hectares of new woodland.</p>	
<p><u>Not Achieved</u> Forest Service verified 451ha of new woodland being achieved towards a 600ha target.</p>	
<p><u>Supplementary Measure</u> Support at least 450 hectares of new woodland through grant aid.</p>	<p><u>Achieved</u> 451 hectares planted under Forest Service grant schemes.</p>
<p><u>Supplementary Measure</u> Prepare an Outline Business Case to take forward and establish funding options for Forests for Our Future beyond the current RDP programme.</p>	<p><u>Not Achieved</u> This Measure has not been achieved in year and has been carried forward in 2023-24 Business Plan Key Targets.</p>
<p><u>Supplementary Measure</u> Prepare an Outline Business Case to consider partnership models to enable greater participation from landowners in afforestation projects.</p>	<p><u>Achieved</u> An Outline Business Case has been prepared.</p>

<p><u>Key Target 2</u> Identify at least three priority candidate sites for peatland restoration, taking account of restoration techniques and DAERA's developing peatland strategy & climate actions.</p>	
<p><u>Achieved</u> 6 priority candidate sites for peatland restoration have been identified for the development of peatland restoration plans.</p>	
<p><u>Supplementary Measure</u> Contribute to the development of the DAERA Climate Action Plan.</p>	<p><u>Achieved</u> Forest Service participated in working groups and project boards towards the development of a Climate Action Plan and Land Use and Land Use Change Forestry (LULUCF) policy; and afforestation and peatland restoration modelling.</p>

Performance Report

PERFORMANCE SUMMARY

Key Target or Supplementary Measure	Outturn 2022-23
<p>Key Target 3 Provide at least 400,000m³ of timber from well-managed forests to customers.</p>	
<p>Achieved Total schedules issued for sale of timber at end of March 2023 = 404,505m³</p>	
<p>Supplementary Measure Provide at least 40,000m³ of timber from thinning from well-managed forests.</p>	<p>Achieved 40,124m³ of thinning sale schedules issued at end March 2023.</p>

<p>Key Target 4 Hold independent certification that the management of DAERA forests meets sustainable Forestry Standards.</p>	
<p>Achieved Certification maintained in 2022-23 following independent Soil Association audit against the UK Woodland Assurance Standard.</p>	
<p>Supplementary Measure Implement corrective action on findings from the 2022 certification audits, to ensure that DAERA forests continue to be sustainably managed.</p>	<p>Achieved Findings addressed and successfully closed by subsequent audit.</p>
<p>Supplementary Measure Secure 1,500 hectares of previously unregistered land on GIS and submit a further 1,000 hectares for first registration process.</p>	<p>Achieved 2,007 hectares of previously unregistered land now registered.</p> <p>Not Achieved 716 hectares of previously unregistered land submitted for first registration.</p>
<p>Supplementary Measure Extend forest recreational facilities at 3 sites, in partnership with local government in support of recreation, tourism and health and wellbeing benefits.</p>	<p>Achieved Facilities developed in: Castle Archdale – walking trail Iniscarn – Playpark & parking Slieve Guillion – walking trail</p>

Performance Report

PERFORMANCE SUMMARY

Key Target or Supplementary Measure	Outturn 2022-23
Key Target 5 Achieve an income of at least £12M from all sources.	
Achieved Total Operating income to 31 March 2023, £15.3M.	
Supplementary Measure Achieve an income of at least £11M from timber sales.	Achieved Timber sales income as at 31 March 2023, £13.7M.

Key Target 6 Maintain a FS Recruitment Plan and implement 2022-23 priority competitions.	
Achieved Recruitment Plan maintained and priority competitions completed in year.	
Supplementary Measure Secure a Forest Service Employee Engagement Index of at least 65%.	Not Achieved Achievement of this Measure cannot be verified due to the absence of a NICS People Survey, and will be brought forward in the Business Plan for 2023-24.
Supplementary Measure Commission a Task & Finish group to review Forest Service's workforce planning strategy and identify priority actions.	Achieved Task & Finish group established.

Key Target 7 Develop and adopt revised Standard Operating Procedures to regulate importation of high-risk plants and plant products in line with legislative requirements.	
Not Achieved Development of Standard Operating Procedures is ongoing in line with post EU Exit arrangements and legislative requirements as they continue to evolve including throughout the business year.	
Supplementary Measure Establish process for reporting implementation of SOP's through the Plant Health division command chain for FSMB scrutiny.	Achieved Process established.

Performance Report

PERFORMANCE SUMMARY

Key Target or Supplementary Measure	Outturn 2022-23
<p><u>Supplementary Measure</u> Engage in Defra led UK Plant Health policy development initiatives impacting NI trading in plants and plant products.</p>	<p><u>Achieved</u> Forest Service engaged with Defra to inform policy development including the implementation of Official Controls under applicable legislation.</p>

<p><u>Key Target 8</u> Develop a plan for the transition of the Forest Service vehicles to use non-fossil fuels.</p>
<p><u>Achieved</u> A plan for the transition of Forest Service vehicles to non-fossil fuels was developed and presented to the Forest Service Management Board including options for further analysis.</p>

Performance Report

NON-FINANCIAL PERFORMANCE REVIEW

A summary of the Agency's performance in 2022-23 against its 6 priority work streams is set out below:

1. Create 'Forests for Our Future' and help mitigate climate change

In the 2022-23 business year, Forest Service continued to support the 'Forests for Our Future' programme, which aims to create 9,000ha of new woodland by 2030, contributing to Governments' net-zero carbon emission target by 2050.

In 2022-23 Forest Service grant aided 451ha of new woodlands, bring the total trees planted under the 'Forests for Our Future' programme to 1,327ha. These new woodlands comprise of over 2.5 million additional trees which increase the benefits to biodiversity, the wider environment, health and well-being and the NI economy.

The new woodland planted comprised of 72ha of predominantly commercial coniferous species and 37ha of broadleaved woodland, of which 99% is native tree species.

Forestry grant scheme payments totalling £3.1m were used to create the new woodlands and to support regeneration of existing woodlands. Grant payments were part funded by the European Commission and made to 1,072 landowners. The Agency also provided grant assistance for replanting 347ha of harvested woodland, to promote more diverse woodlands with greater resilience and environmental benefits.

In January 2023, Forest Service established a stakeholder group to help address reasons that lead to a number of proposed planting projects failing to meet environmental and grant scheme requirements, or successful applications not being progressed by landowners. Work has also commenced on developing new grant schemes, for 2024 and beyond, aimed at attracting increased landowner interest in establishing woodlands.

2. Protect the high plant health status of NI

During the year Forest Service delivered in excess of 10,000 official documentary checks on movements of plant and plant product to NI and carried out risk based physical checks where it was deemed appropriate. Importantly this work continues to uphold NI's high plant health status and provides assurance that consignments were free from pests and diseases that could otherwise threaten the health of our plants, soil and environment.

This year Forest Service continued to engage in policy development with colleagues from across the UK to horizon scan for the most serious threats. A revision of Standard Operating Procedures commenced in year to deliver Official Controls set out by legislative requirements for high risk plants and plant products arriving in NI trade. Surveillance and monitoring was carried out to assess risks and refine preparedness plans to prevent the spread and establishment of harmful organisms not known to occur here. In the 2022-23 business year we inspected and certified seeds, plants for planting and plant products in support of plant growers seeking to market their produce overseas.

Performance Report

NON-FINANCIAL PERFORMANCE REVIEW

3. Supply timber

During the year Forest Service continued to use established supply arrangements to sell 404,505m³ (against a Business Plan Target of 400,000m³) of round wood logs, including 40,124m³ harvested from thinning and specialised forest management operations. Forest Service subjects its forest management to periodic assessment and annual audit of compliance by an independent certification body to provide assurance of forest sustainability. In the UK, certification bodies use the UK Woodland Assurance Standard (UKWAS) to assess the management of Forest Service forests against the requirements of both the Forest Stewardship Council® (FSC)® (Licence code: FSC-C084232), and the Programme for Endorsement of Forest Certification (PEFC) (Licence code: PEFC/16-40-1924). Maintaining certification under FSC® and PEFC and ensuing 'chain of custody' certification components allows wood products derived from Forest Service forests to be marketed by processors using the logos of the FSC® and PEFC. The logos signify that wood products have come from responsibly managed forests.

Forest Service's timber harvesting activities were undertaken in line with published forest management plans. During the year, the Agency worked closely with local stakeholders in its development and revision of plans and their implementation. The Agency's harvesting activity frequently occurs in forest areas shared with operating partners who are providing established walking and cycling trails and other recreation infrastructure. In 2022-23, partnership and collaborative working arrangements with recreational delivery partners and timber purchasers enabled planned harvesting operations to proceed, whilst safe recreation services to the public were maintained in the highly popular forests of South Down and Mourne area. The ability to deliver and implement forest management plans that encourage species diversity, improved resilience and add economic value while protecting the environment and public use of the forests is a core aspect of sustainable forestry management.

4. Sequester carbon

The Climate Change Act (Northern Ireland) 2022 (the Act) received Royal Assent on 6 June 2022, committing Northern Ireland to net-zero greenhouse gas emissions by 2050. Under the Act, DAERA is responsible for preparing and publishing a Climate Action Plan (CAP) every 5 years, commencing in 2023. The first CAP will include proposals on a range of activities for meeting an initial 5-year carbon budget, including afforestation in line with the DAERA target. It is also required to outline how the longer-term emission reduction targets in the Act and the 2050 net zero target will be achieved.

Currently, forests and woodlands in NI are sequestering half a million tonnes of CO₂ each year and new afforestation and peatlands restoration have been identified as forestry policy areas that offer the greatest scope for emissions mitigation. In 2022-23 Forest Service published revised management plans identifying areas of afforested peatland that will not be replanted following harvesting. These plans prioritise peatland restoration sites to realise higher environmental benefits, in terms of greenhouse gas mitigation and enhancement of biodiversity. The identified sites offer opportunities to implement restoration plans in afforested areas, whilst recognising the ongoing sustainable forest management obligations, the draft DAERA Peatland Strategy and Climate Action Plan aims.

Performance Report

NON-FINANCIAL PERFORMANCE REVIEW

5. Support economic growth

Timber prices continued to be subject to national and international market fluctuations during the year. Domestic inflation and energy cost increases had a significant effect on operating costs, for all parts of the processing sector and its supply chains. This year the Agency implemented a dynamic timber pricing methodology to align with more rapid market fluctuations than normal, so to ensure that the price charged to customers, represented the appropriate market conditions at point of sale.

The demand for sustainably managed timber from our forests remained strong, underpinning the continued source of rural employment in the harvesting, haulage and wider wood processing sectors. Sawmill co-products from timber processing continued to contribute to low carbon energy sustainable alternatives to traditional fossil fuels. The products are used in domestic and commercial enterprises and contribute towards the achievement of Net Zero carbon targets.

6. Provide sustainable forest ecosystem services

During 2022-23, Forest Service forests provided a range of ecosystem services including storing carbon, conserving and enhancing bio-diversity, purifying water, maintaining soil health and recreation products. In February 2023 Forest Service forests and its operations were independently audited against the UK Woodland Assurance Standard (UKWAS) and verified as meeting sustainable forestry requirements as set out in the UK Forestry Standard. This provided the assurance that the Agency's activity and provision of forest ecosystem services from its forests were undertaken in a sustainable way.

Earlier, in July 2022, Forest Service's Slieve Gullion forest was awarded the Royal Forestry Society's, 'Best of the Best Community Woodland'. This award recognised our successful engagement with local groups and organisations to develop and operate a community space as part of its ecosystem service provision within the wider forest environment.



Performance Report

FINANCIAL PERFORMANCE REVIEW

In accordance with Consolidated Budgeting Guidance 2022-23, and afforded under the Non-Financial Public Corporation classification, Forest Service maintains cash reserves generated from trading activity revenue streams.

These reserves shield our capacity to undertake sustainable forestry and plant health programmes, including from potential market volatility and underpin delivery of business priorities.

The Agency's timber trading activities continue to provide its main source of income. Forest Service timber prices are aligned with prevalent market conditions. In the first quarter of 2022-23, the unit values of processed timber products placed on the wider market by our processing customers rose rapidly, before falling back again to previous levels by the end of quarter 2. The Agency's timber pricing arrangements responded to market movements throughout the year to ensure that Forest Service secured income from timber sales that represented best value for public money.

Net Operating Surplus

The Statement of Comprehensive Net Expenditure shows the net cost of the Agency's operations on a full resource basis. The net operating surplus for 2022-23 was £117.81M (2021-22: operating surplus £66.01M).

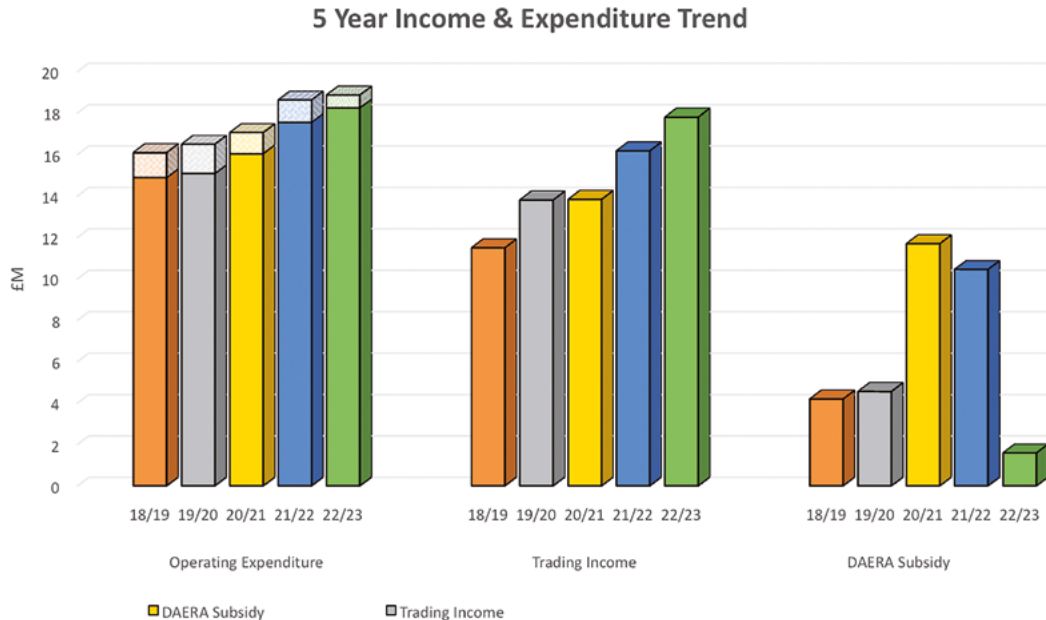
The movement between 2021-22 and 2022-23 of £51.8M is predominately due to an increase in revaluation credit (£61.8M) to the Statement of Comprehensive Net Expenditure.

Performance Report

FINANCIAL PERFORMANCE REVIEW

Long Term Income & Expenditure Trend

The chart below illustrates the Forest Service Income and Expenditure for Forestry and Plant Health programmes over the last 5 financial years.



In 2022-23 Forest Service received £19.4M (2021-22: £26.6M) Operating Income in total. This included £1.6M (2021-22: £10.5M) in DAERA funding towards meeting operating costs with a further £17.8M (2021-22: £16.2M) generated from contracts with customers and EU income. Further details can be found in Note 2 of the Accounts.

Operating Expenditure and Trading Income figures include Grant Income & Expenditure. Operating Expenditure excludes Non Cash and Notional Costs as well as revaluation adjustments.

Payment to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. During the year, 96.6% of bills were paid within this Standard (2021-22: 98.6%).

From 1 December 2008, the Agency has operated a policy of seeking to pay for goods and services within 10 days. This is in accordance with the Supporting Businesses: Prompt Payment of Invoices initiative within the Northern Ireland Civil Service. During the year, 91.7% of bills were paid within the 10 day target (2021-22: 95.34%).

The Late Payment of Commercial Debts (Interest) Act 1998, which came into effect from 1 October 1998, enables suppliers to charge interest on overdue debts. The Agency made no payments during the year in respect of such claims.

Political and Charitable Donations

The Agency made no political or charitable donations during the year (2021-22: none).

Performance Report

FORESTRY PERFORMANCE TABLES

The following tables provide statistical data on forestry performance during 2022-23.

Forest Service Statistical Summary 2022-23

	Units	2022-23	2021-22
Total area managed	Hectares	74,900	75,114
Forest Estate Additions	Hectares	-	-
Forest Estate Reductions	Hectares	214	119.4
Forested area	Hectares	62,162	62,255
Timber Production			
- Roadside	Cubic metres	27,084	39,354
- Standing		343,880	358,757
New planting	Hectares	-	15
Replanting	Hectares	529.78	636.19
Fire damage	Hectares	9.7	44.03
Visitors to charged recreation areas	Thousands	303	557
Visitors to caravan / camping long stay sites	Thousands	21	45
Average staff numbers:			
- Industrial	Full time equivalent persons	81.1	89.3
- Non-industrial		109.1	110.2

Forest Service Estate reduction due to termination of lease arrangements.

The drop in recreational visitors to the Forest Service estate reflects the transfer of facilities at Castlewellan Forest Park, to local government from 1 April 2022.

Record Of Timber Harvested From Forest Service Woodlands During 2022-23

STANDING VOLUME (m ³)	ROADSIDE VOLUME (m ³)	TOTAL
343,880	27,084	370,964

Note: All figures represent volume dispatched from forests.

Performance Report

FORESTRY PERFORMANCE TABLES

Breakdown Of Sales: Agreed for April 2022 - March 2023

Volumes to 7cm top diameter to nearest cubic metre, areas in hectares

FOREST SERVICE	VOLUME by SPECIES			THINNINGS			CLEARFELL			TOTAL VOLUME
	Spruce	Other Conifers	Hard-woods	Area	Volume	Vol. Per hectare	Area	Volume	Vol. Per hectare	
	336,313	34,515	363	70	9,169	131	761	362,022	476	371,191
STANDING SALES										
	25,355	3,673	4,286	299	30,955	104	8	2,359	306	33,314
ROADSIDE SALES										
ALL SALES										
TOTAL	361,668	38,188	4,649	369	40,124	109	769	364,381	474	404,505

Performance Report

FORESTRY PERFORMANCE TABLES

Average Prices For Coniferous Timber Sold At Roadside

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2022 to 31 March 2023		
	(b) 1 April 2021 to 31 March 2022		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) -	-	-
	(b) 247	12,733	51.55
0.075 - 0.124	(a) -	-	-
	(b) -	-	-
0.125 - 0.174	(a) 6,462	228,001	35.28
	(b) 1,799	57,007	31.69
0.175 - 0.224	(a) 8,417	367,455	43.66
	(b) 4,994	145,917	29.22
0.225 - 0.274	(a) 1,361	61,365	45.09
	(b) 1,854	56,764	30.62
0.275 - 0.424	(a) 3,463	154,427	44.59
	(b) 8,487	314,876	37.10
0.425 - 0.499	(a) 835	53,231	63.75
	(b) 2,398	98,927	41.25
0.500 - 0.599	(a) 1,681	59,867	35.61
	(b) 924	45,113	48.82
0.600 - 0.699	(a) 4,157	148,949	35.83
	(b) -	-	-
0.700 - 0.799	(a) 1,004	34,068	33.93
	(b) 587	35,725	60.86
0.800 - 0.899	(a) -	-	-
	(b) -	-	-
0.900 - 0.999	(a) 1,082	41,157	38.04
	(b) 383	28,092	73.35
1.000 and over	(a) 642	41,127	64.06
	(b) -	-	-
TOTAL	(a) 29,104	1,189,647	40.88
	(b) 21,673	795,154	36.69

Performance Report

FORESTRY PERFORMANCE TABLES

Average Prices For Coniferous Timber Sold At Standing

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2022 to 31 March 2023		
	(b) 1 April 2021 to 31 March 2022		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) -	-	-
	(b) -	-	-
0.075 - 0.124	(a) 2,707	74,781	27.63
	(b) -	-	0.00
0.125 - 0.174	(a) 3,493	41,893	11.99
	(b) 800	23,610	29.51
0.175 - 0.224	(a) -	-	-
	(b) -	-	-
0.225 - 0.274	(a) 4,009	75,036	18.72
	(b) 8,043	257,803	32.05
0.275 - 0.424	(a) 55,115	1,686,471	30.60
	(b) 46,125	1,301,259	28.21
0.425 - 0.499	(a) 82,191	2,686,969	32.69
	(b) 55,333	1,584,285	28.63
0.500 - 0.599	(a) 68,523	2,524,358	36.84
	(b) 19,738	630,989	31.97
0.600 - 0.699	(a) 45,114	1,705,999	37.82
	(b) 61,597	2,105,892	34.19
0.700 - 0.799	(a) 20,460	784,994	38.37
	(b) 47,094	1,652,969	35.10
0.800 - 0.899	(a) 38,002	1,439,995	37.89
	(b) 45,237	1,623,144	35.88
0.900 - 0.999	(a) 18,959	950,040	50.11
	(b) 17,852	580,442	32.51
1.000 and over	(a) 17,837	613,203	34.38
	(b) 31,729	995,576	31.38
TOTAL	(a) 356,410	12,583,739	35.31
	(b) 333,548	10,755,969	32.25

Performance Report

RISK

A Forest Service Risk Register has been prepared in line with best practice guidance through which the key risks impacting on the Agency's achievement of its objectives and Key Targets are assessed. It is reviewed regularly by the Forest Service Governance Sub-Committee, its Audit and Risk Assurance Committee (ARAC) and comprises of the following:

- An evaluation of the Key Risks in terms of 'Likelihood' of occurrence and 'Impact' in the event of occurrence;
- An overall rating of the risk as a product of 'Impact' and 'Likelihood';
- A list of the controls in place to manage the risks identified;
- Mitigating actions and progress made on mitigating actions;
- Progression on implementation of Corresponding Internal Audit recommendations; and
- Designation of the officer responsible for managing and reporting on the actions identified to improve control.

Performance Report

RISK

Key risks summary

The table below sets out key risks to delivering the 2022-23 Business Plan and as held on the Agency Risk Register at 31 March 2023. The Red/Amber/Green (RAG) status highlights the movement of the risk ratings throughout the business year, as recommended by the Forest Service Governance Sub-Committee to the Forest Service Management Board, and as scrutinised by the Forest Service ARAC.

	Risk	June 2022*	Sept 2022	Dec 2022	Feb 2023
1	Failure to achieve annual Business Plan afforestation target leading to shortfall in achieving overall Forests for Our Future programme of 9,000ha by 2030	Amber	Amber	Red	Red
2	Failure to promote sustainable forestry and meet the requirements of the Forestry Act 2010.	Green	Green	Green	Green
3	Failure to supply timber to the Northern Ireland wood using industry.	Green	Green	Green	Green
4	Failure to secure income to contribute to expenditure budget.	Green	Green	Green	Green
5	Failure to provide duty of care to FS staff, contractors and visitors to our forests.	Green	Green	Green	Green
6	Failure in governance, accountability or information security.	Green	Green	Amber	Amber
7	Failure to predict and prevent the introduction and establishment of organism's harmful to plants supported by appropriate operable legislation.	Amber	Amber	Amber	Amber
8	Insufficient capacity and capability within Forest Service to absorb new areas of work and emerging priorities	New Risk added in year	Amber	Amber	Amber
9	Insufficient or suitably skilled staff resources in place and in a timely fashion, to ensure the delivery of essential services and meeting operational targets.	New Risk added in year	Green	Green	Green

*June 2022 risks carried forward from 2021/2022 while 2022-23 Business Plan Targets remained in draft.

The status of Risk 1 escalated from Amber to Red in quarter 3 when it became apparent, having received applications for grant aid by closing date 31 August 2022, that the number of hectares already planted in year together with approved forestry grant applications, would be insufficient to deliver the 600 hectare 2022-23 afforestation target.

The status of Risk 6 escalated from Green to Amber in quarter 3 in response to advice regarding the increasing cyber security threats. The Agency is continuing to plan for further mitigation of this risk through its business continuity planning processes.

Throughout the year plant health risks (Risk 7) were assessed as Amber as work continued to develop policy and legislative amendments appropriate to evolving trading arrangements post EU Exit.

The risks regarding availability of staff resources to deliver forestry and plant health programmes were assessed throughout the year. These are now reflected in Risk 8 and 9, which respectively assess: potential impacts on achieving current targets; and maintaining capability for future programmes.

Performance Report

HEALTH & SAFETY

Forest Service is committed to ensuring the health and safety of all its employees and others, including contractors, visitors, neighbours, and members of the public who use the Agency's forests.

The Health and Safety Sub Committee of the Forest Service Management Board, met during the year to review health and safety performance and three management systems safety audits were carried out to provide assurance of health and safety management practices across the Agency.

Forest Service continued to engage with recreational delivery partners throughout the year to minimise risk of accidents to the public. Health and Safety is a standing agenda item at all partnership meetings where all statistics and mitigation measures are shared. Forest Service also monitor measures taken by operating partners through Health and Safety audits and encourage the reporting of near miss incidents to support and inform accident prevention measures.

Risk of occupational or public injuries from Forest Service operations in the Agency managed forests, is mitigated through maintaining; staff competencies, risk assessment, audits and compliance with best practice guidance. Forest Service retains corporate membership of the Forest Industry Safety Accord (FISA) supporting the work of FISA through participation in its working groups and holding to the agreed forest industry standards that are formulated.

The following table sets out the incidence of reportable and non-reportable accidents for all staff and others in the preceding years.

Accident trends over the last 5 years

Person / Group	Accident Category	18-19 (Per 100 Employees)	19-20 (Per 100 Employees)	20-21 (Per 100 Employees)	21-22 (Per 100 Employees)	22-23 (Per 100 Employees)
Staff	Reportable	- (-)	2 (1.0)	2(1.0)	2(1.0)	- (-)
	Non reportable	3 (1.5)	2 (1.0)	-	2(1.0)	4 (2.0)
Public	Reportable	3	-	-	-	-
	Non reportable	5	10	7	6	5
	Operating partner incidents	16	10	20	10	10
Contractors (Direct) FS Works manager [FWM]	Reportable	-	1	1	-	-
	Non reportable	-	-	-	-	-
Contractors (Indirect) FS is NOT FWM	Reportable (FS not FWM)	1	-	1	-	-
	Non reportable (FS not FWM)	1	1	-	-	1
	Operating partner incidents	1	-	1	-	-
ALL	Near miss/Unsafe acts	6 Staff 1 Contractor 2 Public	1 Staff 1 Public	2 Staff 1 Public	1 Staff 1 Contractor 2 Public	4 Staff 5 Contractor 7 Public

Performance Report

SUSTAINABILITY

The Northern Ireland Assembly passed the Climate Change Act (Northern Ireland) 2022 (the Act) in June. This legislation sets an overriding statutory target for Northern Ireland to achieve net zero greenhouse gas emissions by 2050. The Act places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible. Under this legislation a succession of Climate Action Plans (CAP) are required, setting out how carbon budgets are to be achieved on a five yearly basis. DAERA has commenced the preparation of its input, including by Forest Service, to the CAP for the carbon budget period 2023 to 2027. It is also coordinating the inputs from across the other Government departments.

The sustainable management of the Forest Service estate continued to be a priority work stream for the Agency in 2022-23 and will continue to feature at the core of the CAP. The Agency's forest management planning and operational practices were independently audited and verified in the business year resulting in the Forest Service estate being certified in compliance with sustainable forestry standards.

In 2022-23, Forest Service's key delivery and contribution to sustainability were:

- Increased the capacity of NI forests to contribute to sustainability by enabling 451ha of new woodlands to be created by land owners through forestry grant schemes.
- Supplied 404,505 cubic metres of timber to industry, from sustainably managed forests for conversion to wood products, retaining sequestered carbon.
- Managed the Agency's forests sustainably, in line with the UK Forestry Standard, protecting designated sites, enhancing native woodlands and other natural habitats that make a significant contribution to sustainability and biodiversity in Northern Ireland woodlands.
- Commenced a review of sustainable forestry management plans for West Fermanagh and County Down forests, considering environmental, social and economic sustainability, including through engagement with stakeholders.
- Included peatland sites on the Agency's estate which offer the best potential to take forward for restoration in the development of the Climate Action Plan and Land Use and Land Use Change Forestry (LULUCF) policy proposals.
- Developed a plan for the transition of Forest Service vehicles to use non-fossil fuels.

Performance Report

FUTURE PLANS

The Forest Service annual Business Plans set specific Key Targets and Supplementary Measures for business years. These targets are aligned with the priorities of the Minister, Programme for Government, and the Department.

The 2023-24 Forest Service Business Plan will focus on the core Departmental priorities below, and the Agency's targets in particular will contribute to the development NI's Climate Action Plan and LULUCF sectoral plans.

- Delivering our statutory obligations effectively
- Addressing the Climate Emergency and reducing carbon emissions
- Enhancing and protecting our natural environment
- Improving the productivity, resilience and environmental sustainability of our agri-food sector
- Protecting animal and public health and food safety through delivery of an effective SPS regime and associated infrastructure
- Addressing rural need and helping our rural communities to be sustainable



John Joe O'Boyle

John Joe O'Boyle
Chief Executive
29 June 2023

Accountability Report

CORPORATE GOVERNANCE

Management Board / Structure

The Management Board comprises senior Executive Members of the Agency and Non-Executive Board Members (NEBMs).

During 2022-23 the Board members were:

John Joe O'Boyle	Chief Executive
Damian Larkin	Corporate Governance & Finance
Fiona Johnston	CE Office and Strategic Estate Development
Jim Crummie	Plant Health
John Joe Cassidy	Forest Management & Inspection
Michael Fairgrieve	Forest Policy, Regulation & Development
Ben Searle / Richard Schaible	Afforestation and Strategic Forestry Planning
Brandon McMaster	Non-Executive Member

The Chief Executive has overall responsibility for achieving the aims, objectives and targets set out in the Business Plan with each Executive Member having ownership and responsibility for achieving objectives and targets within their management control.

Conflict of Interests

No member of the Management Board hold a position in any company, which may conflict with their management responsibilities.

Accounts Direction

The Forest Service Accounts for the Financial Year ending 31 March 2023 have been prepared in accordance with the accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and is consistent with the accounting principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FRoM) issued by the Department of Finance.

Budget Position and Authority

The Forest Service subsidy from DAERA's budget allocation for 2023-24 has been provided for by the Secretary of State for NI as a consequence of the wider 'Budget for Northern Ireland' via a Written Ministerial Statement of 27 April 2023. This budget will be brought into legislation by the Northern Ireland Budget Bill in 2023. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

Accountability Report

CORPORATE GOVERNANCE

Pension Costs

Further details in relation to the pension schemes are given in the Remuneration Report and in notes to the accounts.

Auditors' Remuneration

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland. As head of the Northern Ireland Audit Office, she is wholly independent and reports her findings to the Assembly.

The audit of the financial statements for 2022-23 resulted in an audit fee of £19,200 (2021-22: £18,540) and is included in Operating Expenditure – Non-Cash items in the Statement of Comprehensive Net Expenditure. The auditors did not provide any non-audit services in year.

Security of Personal Data

Forest Service is committed to the safeguarding of personal data and has set in place appropriate measures to ensure its security including nomination of Information Asset Owners (IAOs). The Data Protection Act 2018, which updated data protection laws in the UK, is a national law which complements the EU's General Data Protection Regulation which has been in operation since May 2018. IAOs are trained and supported in managing our information assets, with specific reference to their responsibilities as set out in the Information Asset Owner handbook. Forest Service maintain a register of its personal data assets identifying the purpose and legal bases for the processing of that personal data. The Agency informs its stakeholders about their rights and our processing of their personal data through publically available Privacy Notices and regularly review the security of those personal data assets under our control. Our IAOs ensure that retention and disposal schedules are implemented in a timely fashion in order to ensure that personal data is kept only for as long as is necessary. All Forest Service staff are advised of their personal responsibilities for ensuring the confidentiality, integrity and availability of personal data. Forest Service has had no security breaches in 2022-23.

Human Resource Development

Forest Service staff are civil servants and are covered by all NICS Human Resource (HR) policies.

Staff are located at Forest Service headquarters in Enniskillen and in DAERA and forest offices throughout the province.

Operational training is provided by the College of Agriculture, Food, and Rural Enterprise (CAFRE) under a Service Level Agreement. Other skills training is available to all staff from the NI Civil Service (NICS) Centre of Applied Learning.

Accountability Report

CORPORATE GOVERNANCE

The Agency places a high priority on staff training and development in order to enhance staff skills for the achievement of our business objectives and to improve job satisfaction by:

- ensuring that staff have the necessary competencies to achieve business objectives;
- encouraging staff to pursue their personal development and communicate all opportunities available to them;
- encouraging membership of professional bodies directly connected with the work of the Agency and support membership costs;
- committing to achieve business excellence through continuous improvement and maintaining Investors In People standards;
- developing staff, consistent with NICS policies on equal opportunities, health and safety and other relevant legislation; and
- committing available resources to fulfil personal and organisational development objectives.

The Management Board monitors HR issues, supported by HR Business partner, including absence statistics.

The Management Board encourages communication and engagement, and exchange of information within the Agency. Forest Service do this through team briefings, circulars and its Intranet. There are also well-established arrangements for formal consultation with representatives of the trade unions (both non-industrial and industrial) on all significant developments likely to impact on staff. Forest Service consults regularly with representatives of the industrial workforce at the Joint Industrial Council and meets regularly with the NI Public Service Alliance (NIPSA), which represents our non-industrial staff.

Forest Service has made staff aware of how their personal objectives contribute to the business objectives of the Agency. Accordingly, they are responsible, in consultation with their line managers, for planning their personal objectives and development in ways that will enable them to contribute to the achievement of the Agency's business objectives by meeting the current demands of the job and maximising their future contribution. Forest Service utilises the NICS Performance Management System whereby individual Personal Performance Agreements and Personal Development Plans are constructed and staff performance reviewed in-year and at year-end.

Complaints Handling

Forest Service is committed to providing the highest possible standards of service to all its customers, and has adopted the Department's core standards of service that customers can expect to receive. Central to these is the facility for customers to lodge formal complaints if things go wrong. In line with the DAERA complaints procedures, we report on complaints received and our handling of them to the Department. Forest Service received and responded to nine customer complaints in 2022-23.

Public Access To information

The main online vehicle for communicating with the public is the 'Forests' section on the NI Direct website: www.nidirect.gov.uk/forests

Other Forest Service business information is accessible at: www.daera-ni.gov.uk/forestry

Accountability Report

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

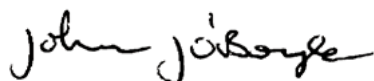
Under the Government Resources and Accounts Act (NI) 2001 (GRANNI), DoF has directed Forest Service to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Forest Service and of the income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FRm) and in particular to:

- observe the Accounts Direction issued by the Department of Finance (DoF), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the financial statements on a going concern basis; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department of Agriculture, Environment and Rural Affairs has designated the Chief Executive as Accounting Officer of Forest Service. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money Northern Ireland, published by HM Treasury.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NI Audit Office are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



John Joe O'Boyle
Chief Executive
29 June 2023

Accountability Report

GOVERNANCE STATEMENT

Governance Framework

Under the terms of the Agency Framework Document, as the Agency's Chief Executive and appointed Accounting Officer, I am directly responsible to the Minister of Agriculture, Environment and Rural Affairs, and the Department's Accounting Officer, for the Agency's operations and performance. The Minister determines the policy framework within which the Forest Service operates and the scope of its activities. The Minister also determines the resources to be made available to the Agency, approves our Business Plan, sets key performance targets, and monitors performance. The Minister does not normally become involved in the day-to-day operation of the Agency or in managing risk. However, I am expected to consult on the handling of operational matters that give rise to significant public or NI Executive concern, including the nature, scale, and likelihood of risks occurring in relation to contentious or controversial matters.

Forest Service Management Board

I am supported by the FSMB that is comprised of seven Forest Service Executive Members and one Non-Executive Member during 2022-23. Members are fully involved in the monitoring of Agency performance, financial, resource, and risk management and provide a challenge function where appropriate.

The core purpose of the FSMB is to provide me with Agency level strategic support and leadership for the organisation's operational, administrative and financial management functions within the parameters of policy set by and in consultation with the Minister. Its primary function is therefore to set the Agency's business agenda and ensure that the organisation delivers its strategic goals and operational targets.

The FSMB is also responsible for the assessment and management of the risks associated with delivery of the Agency's functions. It is the role of the FSMB to communicate the vision, role, direction and priorities of Forest Service to staff and other stakeholders and to ensure effective allocation and management of its staff and financial resources. Members support me (as Accounting Officer) in the operation of sound corporate governance and risk management procedures, which secure and protect the resources under their control. The FSMB maintains a transparent system of prudent and effective controls, including internal controls.

The FSMB aims to meet at least six times per year as required by our Terms of Reference. FSMB members are required at the beginning of each FSMB meeting to declare any conflicts of interest or any new interests. During the 2022-23 period no declared interests were deemed to conflict with the conduct of FSMB business.

A total of six Forest Service Management Board meetings were held in 2022-23. Attendance details of members are summarised in the following table:

Name	Number of meetings attended
John Joe O'Boyle (Chair)	6
Damian Larkin	6
Jim Crummie	6
John Joe Cassidy	6
Michael Fairgrieve	6
Fiona Johnston	5
Richard Schaible (rotation)	3
Ben Searle (rotation)	2
Brandon McMaster (Non Executive)	6

Accountability Report

GOVERNANCE STATEMENT

There are a number of Sub Committees of the FSMB, as follows:

- Forest Service Audit & Risk Assurance Sub Committee
- Governance Sub Committee
- Finance Sub Committee
- Health & Safety Sub Committee

Forest Service Audit & Risk Assurance Committee (FS ARAC)

Forest Service Audit & Risk Assurance Committee (FS ARAC) supports me in my responsibilities for stewardship of Agency resources by reviewing the comprehensiveness and integrity of the arrangements and processes for meeting the Agency governance and Accounting Officer's assurance needs.

FS ARAC contributes to the overall Forest Service process for ensuring that governance, risk management and internal control processes operate effectively by forming a consolidated view of the governance and assurance activity within the Forest Service.

Brandon McMaster chaired the FA ARAC in 2022-23 who is also a Non-Executive Member of the FSMB. The other Committee member during the year was Mr Mark Hammond (NI Environment Agency) who replaced former FS ARAC member, Mrs Helen Anderson, now sadly deceased. Helen's experience and expertise was highly valued by Forest Service over a number of years at FS ARAC and in senior management engagement.

FS ARAC met on four occasions in 2022-23, as prescribed in the terms of reference. At each meeting the Committee reviews the Forest Service Corporate Risk Register, an Audit Implementation Plan update, a progress report from Internal Audit and other reports as required or requested.

Attendance details of members are summarised in the following table:

Name	Number of meetings attended
Brandon McMaster (Non Executive Chair)	4
Mark Hammond	4

Accountability Report

GOVERNANCE STATEMENT

Key findings of FS ARAC in 2022-23

- The Comptroller and Auditor General (C&AG) certified the 2021-22 financial statements with an unqualified audit opinion without modification. There were no priority one recommendations in relation to regularity and the internal control environment.
- The satisfactory audit opinion presented by Internal Audit in their 2021-22 Annual Opinion and Report.
- Forest Service continues to embed governance in the organisation, including ongoing management of the Forest Service Corporate Risk Register, monitoring of the Audit Implementation Plan and the timely completion of Stewardship Reports.
- Three new risks were added to the FS Corporate Risk Register to:
 - ◇ Recognise the ongoing risk to the plant health status of NI, this risk has been broadened in 2022/23 to take account of the evolving legislative position, making provision for uncertainties regarding UK and EU negotiations and/or changes in regulatory structures,
 - ◇ Reflect the longer-term strategic capacity and capability of the Agency to react to new areas of work and emerging priorities,
 - ◇ Add focus to the immediate resourcing pressures of the Agency;
- The year on year uncertainty regarding accessibility to suitable, available land for planting creates an inherent risk to the achievement of annual planting targets.
- No Raising Of Concern or Whistleblowing cases in 2022-23.

Accountability Report

GOVERNANCE STATEMENT

Governance Sub Committee

The committee is chaired by the Head of the Corporate Governance & Finance Division. Membership consists of Executive Members of the FSMB who may also invite senior managers to attend. Attendees are required to report on the controls they have in place to ensure proper governance of their work programmes including management of key risks to the delivery of outcomes. The committee meets a minimum of four times per year and normally in advance of FSMB meetings

Name	Number of meetings attended
Damian Larkin (Chair)	4
John Joe O'Boyle	4
Jim Crummie	4
John Joe Cassidy	4
Michael Fairgrieve	4
Ben Searle	4
Fiona Johnston	4
Richard Schaible	1
Diane Stevenson	1

Finance Sub Committee

The principle role of this Committee is to advise the FSMB on financial management associated with its strategic and operational activities. The Committee may also convene to consider other pressing financial management matters such to:

- Conduct an annual review of all fees and charges.
- Monitor and report debt levels in compliance with applicable contractual agreements and NICS standards, including the review of ongoing debt management processes.
- Investigate and consider financial management matters at the request of the FSMB.

Name	Number of meetings attended
Damian Larkin (Chair)	4
Michael Fairgrieve	4
John Joe Cassidy	3
Jim Crummie	2

Accountability Report

GOVERNANCE STATEMENT

Health and Safety Sub Committee

The Health and Safety Sub Committee is constituted to advise the Agency on Health and Safety arrangements associated with its forestry and plant health activity. The Committee examines and reviews accidents and incidents arising since the previous meeting. It frequently reviews the Forest Service Health and Safety Manual to ensure it reflects the latest best practice safety guidance. In addition, the Sub Committee ensures that the Accident and Incident Review section of the Health and Safety Manual is maintained and records all incidents including lessons learned and additional actions to prevent reoccurrence. The Committee agree on behalf of the Agency and monitor the Health and Safety Officer's audit programme.

Name	Number of meetings attended
Ben Searle (Chair)	2
Jim Crummie	2
John Joe Cassidy	2
Michael Fairgrieve	2
Richard Schaible	1
Des Campbell	2

The Forest Service Management Board's performance

The FSMB carry out an annual formal review of effectiveness based upon confidential individual questionnaires completed by all members. The questionnaires are independently reviewed by a Non-Executive member for reporting effectiveness to FSMB. In January 2023, the Non-Executive member advised the FSMB of the results of questionnaires and returned that the FSMB continued to operate effectively.

I have noted the opinion in the Internal Auditors Annual Opinion and Report on Forest Service. The overall conclusion of the audit report is that internal control arrangements are satisfactory.

The FSMB's work is informed by the work of Soil Association who audit our management performance against the requirements of the UK Woodland Assurance Standard (UKWAS). The Soil Association confirm that there is sufficient evidence that our forests are sustainably managed for products manufactured from our timber to continue to be labelled with the Forest Stewardship Council® (FSC®) or Programme for the Endorsement of Forest Certification schemes (PEFC) logos.

Raising A Concern

In January 2023, the NICS 'Raising A Concern' framework was published followed by the 'DAERA Raising A Concern Policy' in March 2023. Raising a concern, often referred to as 'whistleblowing' refers to someone drawing attention to a suspected risk, danger, malpractice, wrongdoing or illegality in or by the Department/Agency.

The purpose of the policy is to outline the procedures for reporting and investigating disclosures about potential wrongdoing which might be taking place within the Department/Agency. The policy includes advice on how to manage disclosures raised internally by staff, third parties or externally by members of the public.

Accountability Report

GOVERNANCE STATEMENT

I am committed to addressing 'Raising A Concern' disclosures and will not tolerate any malpractice, abuse or wrongdoing. This policy invites those who may have a concern in relation to any activity within the Agency to come forward and voice those concerns in confidence to an appropriate person.

During 2022-23, the Agency monitored and recorded all instances of whistleblowing or concerns raised under the policy. Forest Service will investigate and address all incidents raised and in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is required.

Information on Raising A Concern / Whistleblowing disclosures is provided at each ARAC meeting for scrutiny and recommendation as appropriate.

During 2022-23, no concerns were raised under the policy or whistleblowing notifications received.

Quality of the data used by the Forest Service Management Board

I rely on the FS ARAC to assure the FSMB that delivery of the Agency's activities is adequate and appropriate in light of both known and emerging risks so ensuring high-level information on risk and control is brought to my attention to assist me in identifying priorities for action. I am further assured as to data quality by the professional competence of audit personnel including the Soil Association and by their systems and processes, and by the processes to prepare and present papers for FSMB meetings. Board Members are required to provide written reports to each FSMB Meeting covering progress with Key Targets and Supplementary Measures, internal controls, and resource and risk management.

Disclosure of information

I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

Data Handling

Executive Board Members governance statements provide me with assurance that sound records management practices are in place that ensure the appropriate creation, maintenance, and disposal of important information held in paper and electronic formats. Information and information system assets are carefully controlled with restricted access provided as appropriate to undertake tasks. The NICS information management systems provide full audit functionality to minimise and track information risk.

Procedures for the management of data breaches are documented in the Agency's Data Breach Management Plan which is kept under review and refreshed accordingly. There were no incidents of data breach reported during the year.

Risk Management

The nature of risks to be managed by the Agency relate to its organisation, structure, achievement of in-year targets, the long-term sustainability of the forest resource and how this is used by forest visitors, the prevention of plant pest introduction and management of any plant disease outbreaks.

Accountability Report

GOVERNANCE STATEMENT

The FSMB leads the risk management process supported by its Governance Sub Committee and assured by FS ARAC. A risk register underpins the Agency's risk management plan and is routinely reviewed by the Governance Sub Committee and ARAC. Ownership of individual risks rests with Executive Board Members who ensure that staff are able to manage risk in a way appropriate to their authority and duties. Risks that are elevated to the Department's risk register are monitored by the FSMB and reported via the Department's risk management structures.

The Agency's risk profile includes managing direct risks to staff, contractors and the public.

The Agency adopts a duty of care to forest users and has procedures for defining safety arrangements for the protection of users in the vicinity of forestry operations. Those using forests for recreation purposes that require special permission for their activities are required to carry out their own risk assessments.

The main business risks within the Forest Service risk profile are:

- entry and spread of serious plant disease,
- the impact of a collapse of the NI timber market or loss of major customers and,
- in the longer term, loss of productivity of plantations due to pests and disease, storm damage, fire, and loss of nutrients in the soil.

The immediate risks to delivery of the Agency business plan are included in the Agency's Risk Register and the wider Department's Corporate Risk Register, as appropriate.

Business risk is managed at a strategic level and through emergency and contingency planning processes, the implementation of long-term timber supply contracts, and sharing knowledge about the growing stock with major customers. The Agency emergency fire plan, serious plant pest plan and exotic pests plan have been refreshed and sit under the Department's Major Emergency Response Plan.

Experienced managers throughout the Agency manage risks through a process of inspection and review and plans are modified to take account of risks in the delivery of business objectives.

During the year, the work of the Agency focused on the risks relating to the health and safety of visitors to our forests and staff, diseases affecting crops and trees, those affecting timber sales, and stewardship of financial resources and assets including National and EU grant funds.

Corporate Governance

Forest Service Executive Board Members are responsible for providing me with a signed Stewardship Report at the end of Quarters two, three and at year end. Those reports acknowledge their responsibility for ensuring that objectives for which they are responsible are clearly defined and that all members of staff within their commands are aware of their objectives relevant to their work. In addition, they acknowledge their responsibility for developing and maintaining effective internal controls to provide reasonable assurance of achievement of these objectives. They provide me with specific details of actions taken in various areas of control.

Accountability Report

GOVERNANCE STATEMENT

I, in turn have supplied the DAERA Accounting Officer with an Agency level Stewardship Report which reports on the governance arrangements in place and that these are being applied appropriately and robustly.

The Agency uses the service provided by DAERA Internal Audit, which operates to standards defined in the Public Sector Internal Audit Standards. The terms of reference given to Internal Audit is focused on 'principal risks' identified along with a range of corporate governance issues. Their annual report includes an opinion on the adequacy and effectiveness of the Agency's system of corporate governance, risk management, and internal control processes, together with recommendations for improvement.

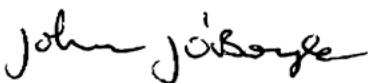
In summary, my review of the effectiveness of the Agency's systems of internal control relies upon the Executive Board Members Stewardship Reports and the roles carried out by the FSMB, the Audit Risk and Assurance Committee, other FSMB sub committees, the Northern Ireland Audit Office, Internal Audit and the Soil Association.

In overall terms, I am satisfied that the Agency's internal control systems provide reasonable assurance that all risks relating to the achievement of our policies, aims and objectives are being managed effectively.

I am content that the Agency is in compliance with the principles of good governance set out in 'Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2017'. The following arrangements are in place:

- I have one NEM to support the Executive members on the Agency Management Board and I have access, through the DAERA Permanent Secretary, to leadership, expertise, and guidance from the DAERA Board membership.
- My Corporate Governance & Finance Executive Board Member is responsible for finance, governance and accountability processes generally. This member supervises professionally qualified accountants and draws on the Department in bringing accountancy expertise to the FSMB.

As such, I am satisfied that the FSMB with its support structures, provides collective strategic and operational leadership appropriate to the Agency.



John Joe O'Boyle
Chief Executive
29 June 2023

Accountability Report

REMUNERATION REPORT

Remuneration Policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022-23 has been finalised and is due to be paid in June 2023. The pay award for NICS industrial staff for 2022-23 has been finalised and is due to be paid in July 2023.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at www.nicscommissioners.org.

Sickness absence data

Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2022-23" report at Sickness Absence in the Northern Ireland Civil Service 2022-23 | Northern Ireland Statistics and Research Agency (nisra.gov.uk). Figures for the 2022-23 financial year will be published by the end of June 2023.

Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open

Accountability Report

REMUNERATION REPORT

competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the [NICS recruit website](#).

Due to the ongoing Covid-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJSJ) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the Department for Communities (DfC) for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the Northern Ireland Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NCS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICS¹HR. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Accountability Report

REMUNERATION REPORT

Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with a number of resources already available within the existing talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after leaving the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the [NICS Standards of Conduct Policy](#).

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development² consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information on the NICS' commitment to equality of opportunity is available in the [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS Human Resources Statistics section of the [Northern Ireland Statistics and Research Agency \(NISRA\)](#)'s website

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

² HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

Accountability Report

REMUNERATION REPORT

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce Reviews](#)

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website [Department of Agriculture and Rural Affairs](#)

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior Management of the Forest Service.

Official's remuneration (including salary) and pension entitlements [Audited]

	2022-23				2021-22			
	Salary £000	Benefits in kind (to nearest £1,000)	Pension benefits (to nearest £1,000)	Total £000	Salary £000	Benefits in kind (to nearest £1,000)	Pension benefits (to nearest £1,000)	Total £000
Mr JJ O'Boyle (Chief Executive)	75-80	-	(50)	25-30	75-80	-	33	110-115
Mr J Crummie (Executive Member)	60-65	-	(45)	15-20	65-70	-	25	90-95
Mr D Larkin (Executive Member)	50-55	-	19	70-75	50-55	-	30	80-85
Ms F Johnston (Executive Member)	50-55	-	6	55-60	25-30 (50-55 FYE)	-	11	35-40 (60-65 FYE)
Mr M Fairgrieve (Executive Member)	50-55	-	(1)	50-55	30-35 (50-55 FYE)	-	37	70-75 (85-90 FYE)
Mr JJ Cassidy (Executive Member)	50-55	-	(2)	50-55	30-35 (50-55 FYE)	-	39	70-75 (90-95 FYE)
Mr Ben Searle (Executive Member 1 Apr 22 – 30 Apr 22, Aug – Oct 22 & Feb – Mar 23)	25-30 (50-55 FYE)	-	8	30-35 (60-65 FYE)	20-25 (50-55 FYE)	-	19	40-45 (70-75 FYE)
Dr R Schaible (Executive Member May - Jul 22 & Nov 22 – Jan 23)	25-30 (50-55 FYE)	-	11	35-40 (60-65 FYE)	10-15 (50-55 FYE)	-	17	30-35 (65-70 FYE)
Mr B McMaster (Non Executive Member)	5-10	-	-	5-10	5-10	-	-	5-10

Accountability Report

REMUNERATION REPORT

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by Forest Service and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Pay Ratios [Audited]

Forest Service is required to disclose the relationship between the remuneration of the highest-paid Board Member in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid Board Member in Forest Service in the financial year 2022-23 was £75K - £80K (2021-22, £75K - £80K). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25th Percentile	Median	75th Percentile
Remuneration	23,863	26,295	34,437
Ratio	3.3:1	3:1	2.3:1

2021-22	25th Percentile	Median	75th Percentile
Remuneration	23,863	26,473	34,437
Ratio	3.2:1	2.9:1	2.3:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

In 2022-23, NIL (2021-22, NIL) employees received remuneration in excess of the highest-paid Board Member.

Remuneration ranged from £11,978 to £77,981 (2021-22, £14,511 to £77,981).

Percentage Change in Remuneration

Forest Service is required to disclose the percentage change from the previous Financial Year in Salary & Allowances, and Performance Pay and Bonuses of the employees of the entity taken as a whole. The percentage changes are based on the (mean) average movement.

Percentage change for:	Mean Average Salary		Percentage Change
	2022-23	2021-22	
Average employee salary and allowances	29,976	29,871	0.35%

No Bonus' were paid in the 2022-23 Financial Year.

Accountability Report

REMUNERATION REPORT

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgement

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g., legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Accountability Report

REMUNERATION REPORT

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Accountability Report

REMUNERATION REPORT

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2023 to 31 March 2024
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Accountability Report

STAFF REPORT

Pension Entitlements [Audited]

Officials	Accrued pension at pension age as at 31/03/23 £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/23 £000	CETV at 31/03/22 £000	Real increase in CETV £000
Mr JJ O'Boyle (Chief Executive)	40 - 45 plus lump sum 115 - 120	0 plus lump sum 0	844	825	(47)
Mr J Crummie (Executive Member)	30 - 35 plus lump sum 95 - 100	0 plus lump sum 0	698	687	(43)
Mr D Larkin (Executive Member)	10 - 15	0 - 2.5	149	128	8
Mr F Johnston (Executive Member)	15 - 20	0 - 2.5	249	225	(1)
Mr M Fairgrieve (Executive Member)	20 - 25 plus lump sum 40 - 45	0 - 2.5 plus lump sum 0	418	381	(7)
Mr JJ Cassidy (Executive Member)	20 - 25 plus lump sum 45 - 50	0 - 2.5 plus lump sum 0	453	413	(9)
Mr Ben Searle (Executive Member 1 Apr - Apr 22)	15 - 20	0 - 2.5	206	203	2
Mr Ben Searle (Executive Member Aug - Oct 22)	15 - 20	0 - 2.5	218	209	1
Mr Ben Searle (Executive Member Feb - Mar 23)	15 - 20	0 - 2.5	222	220	(1)
Dr R Schaible (Executive Member May - Jul 22)	20 - 25 plus lump sum 70 - 75	0 - 2.5 plus lump sum 0 - 2.5	537	514	19
Dr R Schaible (Executive Member Nov 22 - Jan 23)	20 - 25 plus lump sum 70 - 75	0 - 2.5 plus lump sum 0	535	529	(9)

Compensation for loss of office [Audited]

No compensation payments were made or due to any of the senior management of Forest Service under Civil Service Compensation Scheme (NI) (CSCS (NI)) in the year ending 31 March 2023 or 31 March 2022.

Accountability Report

STAFF REPORT

Number of SCS staff by band

The Forest Service Chief Executive, at Grade 5, is the organisation's only Senior Civil Servant.

Staff Costs [Audited]

Staff costs comprise:

	Permanent Staff £000	Temporary Staff £000	2022-23 Total £000	2021-22 Total £000
Wages & Salaries	6,298	345	6,643	6,770
Social Security Costs	640	-	640	665
Other Pensions Costs	1,696	-	1,696	1,759
Total Net Costs	8,634	345	8,979	9,194

Of which:

Charged to Administration	NIL	NIL
Charged to Programme	8,979	9,194

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but Forest Service is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information, including a copy of Unpause Cost Cap Valuation Report, can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

Accountability Report

STAFF REPORT

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £1,695,594 were payable to the NICS pension arrangements (2021-22 £1,759,073) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £NIL (2021-22 £NIL) were paid to one or more of the panel of two appointed stakeholder pension providers.

Employer contributions are age-related and range from 8% to 14.75% (2021-22, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £NIL, 0.5% (2021-22 £NIL, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the **partnership** pension providers at the reporting period date were £NIL. Contributions prepaid at that date were £NIL.

Average Number of Persons Employed [Audited]

The average number of full time equivalent persons employed during the year was as follows:

			2022-23	2021-22
	Permanent staff	Others	Total	Total
Industrial	80.99	0.14	81.13	89.30
Non Industrial	99.88	9.25	109.13	110.20
Total	180.87	9.39	190.26	199.50

Accountability Report

STAFF REPORT

Staff Turnover

Staff turnover rates for 2022-23 are shown below. The Agency continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. When available, the annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the Agency and take appropriate action to improve effectiveness, including where turnover could potentially become problematic.

Departmental Turnover Rate		Agency Turnover Rate		General Turnover Rate	
Turnover Rate	Turnover %	Turnover Rate	Turnover %	Turnover Rate	Turnover %
0.055	5.5%	0.055	5.5%	0.045	4.5%

The Forest Service Departmental Turnover percentage (the total number of people that have left the Agency including those who have moved within the NICS) for 2022-23 is 5.5%, and the General Turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 4.5%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Turnover includes permanent and temporary staff, and those who left the NICS while on career break.

Ill Health Retirement

Forest Service had one individual retiring early on ill health grounds 2022-23 the total accrued pension liabilities in the year amounted to £3,833.

Staff composition (Male and Female – SCS, Board Members, and employees)

The Forest Service Management Board comprises the Chief Executive (male), seven Executive Members (6 male and 1 female) and one non-Executive Member (male). Staff composition at 31 March 2023 (including temporary promotion arrangements) is as per the table below.

	G5	G6	G7	DP	SO	EO1	EO2	AO	AA	IND	TOTAL
Female	0	0	2	3	7	7	6	5	0	5	35
Male	1	0	5	11	19	32	3	5	0	87	163
Total	1	0	7	14	26	39	9	10	0	92	198

Employee Engagement

The Head of the NI Civil Service issued a message on 7 November 2022 indicating that the launch of the next People Survey would be postponed until Spring 2023 and so no survey was conducted in 2022. The results of the survey conducted in 2023 were not available in advance of finalising the Annual Report and Accounts. However, the full survey is expected to be made available in Summer 2023 at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

Expenditure on consultancy

The Agency incurred £3.4K of external consultancy expenditure during the year in respect to a staff engagement event.

Accountability Report

STAFF REPORT

Off-payroll engagements

The Agency had no off-payroll engagements during the year.

Regularity of Expenditure [Audited]

As Forest Service's Accounting Officer, I am content that the expenditure and income of my Agency have been applied to the purposes intended by the NI Assembly. Furthermore, I am content that the Agency's transactions are within the scope of the authorities that govern them, and that there are no material weaknesses in the design and implementation of the Agency's internal controls to prevent and detect fraud.

A breakdown of losses incurred during the year can be found at Note 23 to the Financial Statements.

Fees and Charges [Audited]

The Agency is required to review the services that it provides and supply a Memorandum Trading Account (MTA) detailing forecast income and expenditure in support of the charging proposals for schemes/services.

The main activities that attract charges are timber sales, recreation; both commercial and non-commercial and Plant Health Inspections.

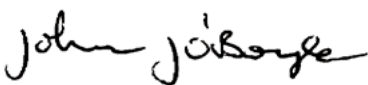
The financial objective of Commercial Recreation and Plant Health Inspection is full cost recovery. However, in the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short-term objective is to recover at the maximum level that the market will bear.

The financial objective of timber sales is the sale of approximately 400,000 cubic metres annually to the timber industry at market value through the arrangement of Long Term Contracts, Tender Sales or Negotiated Sales.

A breakdown of the income and expenditure for each activity can be found at Note 3 to the Financial Statements.

Remote Contingent Liabilities [Audited]

The Agency has no remote contingent liabilities as at 31 March 2023 (31 March 2022: none).



John Joe O'Boyle
Chief Executive
29 June 2023

FOREST SERVICE
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Forest Service for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Forest Service's affairs as at 31 March 2023 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Forest Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Forest Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Forest

Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Forest Service is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Forest Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remunerations and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Forest Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Forest Service will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Forest Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included; the Health and Safety Legislation, Environmental laws and regulations, the Fair Employment (Northern Ireland) Act 1989 and relevant tax laws (PAYE and NIC);
- making enquires of management and those charged with governance on the Forest Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Forest Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and unreasonable management estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and inquiries of management and those charged with governance;
- addressing the risk of fraud as a result of management override of controls by:
 - o performing analytical procedures to identify unusual or unexpected relationships or movements;
 - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - o investigating significant or unusual transactions made outside of the normal course of business; and.
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



Dorinnia Carville
 Comptroller and Auditor General
 Northern Ireland Audit Office
 106 University Street
 BELFAST
 BT7 1EU

Date 30 June 2023



Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2022-23 £000	2021-22 £000
Operating Income	Note		
Resource funding from DAERA	2	(791)	(9,291)
Capital grants from DAERA	2	(794)	(1,164)
Operating Income	2	(15,536)	(14,116)
EU Income	2	(2,275)	(2,056)
Total Operating Income		(19,396)	(26,627)
Operating Expenditure			
Staff Costs	4	8,980	9,201
Grants	4	3,052	2,768
Other Operating Expenditure	4	5,997	5,592
Non-Cash Items	4	4,915	2,618
Revaluation	4	(121,361)	(59,561)
Total Operating (Income)/Expenditure		(98,417)	(39,382)
Net surplus for the year		(117,813)	(66,009)

All income and expenditure is derived from continuing operations.

Other Comprehensive Net Expenditure

Items that will not be reclassified to net operating costs:

Net (gain) / loss on revaluation of Property, Plant & Equipment	7.1	(40,846)	(17,801)
Net (gain) / loss on revaluation of Intangibles assets	8	(4)	(2)
Comprehensive Net (Surplus)/ Expenditure for the year		(158,663)	(83,812)

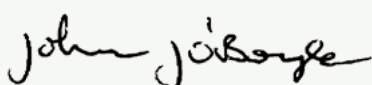
The notes on pages 61 to 83 form part of these accounts.

Accounts

Statement of Financial Position as at 31 March 2023

This statement presents the financial position of Forest Service. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		2022-23 £000	2021-22 £000
Non-current assets:			
Heritage assets	6	597	1,167
Property, plant and equipment	7	191,088	151,774
Intangible assets	8	588	598
Biological assets	10	439,263	318,768
Net Investment in Finance Lease	21	226	34
Total non-current assets		631,762	472,341
Current assets:			
Assets classified as held for sale	11	2,900	2,109
Inventories	14	44	48
Trade and other receivables	15	4,078	3,046
Cash and cash equivalents	16	18,513	18,665
Total current assets		25,535	23,868
Total assets		657,297	496,209
Current liabilities:			
Trade and other payables	17	(1,998)	(1,878)
Provisions	18	(1,721)	(1,510)
Total current liabilities		(3,719)	(3,388)
Total assets less current liabilities		653,578	492,821
Total assets less total liabilities		653,578	492,821
Taxpayers' equity and other reserves:			
General fund		527,426	406,362
Revaluation reserve		126,152	86,459
Total equity		653,578	492,821



JOHN JOE O'BOYLE
Accounting Officer
29 June 2023

The notes on pages 61 to 83 form part of these accounts.

Accounts

Statement of Cash Flows for the year ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Agency during the reporting period. The statement shows how the Agency generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Agency. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Agency's future public service delivery.

	2022-23 £000	2021-22 £000
Cash flows from operating activities		
Net operating surplus	117,813	66,009
Adjustments for non-cash transactions	4	(56,943)
(Increase) / Decrease in trade and other receivables	15	(771)
(Increase) / Decrease in Inventories	14	8
Increase in trade and other payables	17	622
Use of provisions	18	-
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	29	-
Net cash inflow/(outflow) from operating activities	416	8,925
Cash flows from investing activities		
Purchase of non-financial assets	7	(1,075)
Proceeds from disposal of non-financial assets	66	1,178
Net cash (outflow) / inflow from investing activities	(568)	103
Cash flows from financing activities		
Funding from parent department	-	-
Net cash inflow from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund	(152)	9,028
Cash and cash equivalents at the beginning of the year	16	9,637
Cash and cash equivalents at the end of the year	16	18,665

The notes on pages 61 to 83 form part of these accounts.

Accounts

Statement of Changes in Taxpayer' Equity for the year ending 31 March 2023

This statement shows the movement in the year on the different reserves held by Forest Service, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of an Agency, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers Equity £000
Balance at 31 March 2021		337,705	69,255	406,960
Net Assembly Funding - drawn down from DAERA		-	-	-
Comprehensive Net Expenditure for the Year - Net surplus	SOCNE	66,009	-	66,009
Non-Cash Adjustments	7.2, 8.2	-	17,803	17,803
Non-cash charges - other notional costs	5	2,030	-	2,030
Non-cash charges - auditor's remuneration	5	19	-	19
Transfers between reserves		599	(599)	-
Balance at 31 March 2022		406,362	86,459	492,821
Comprehensive Net Expenditure for the Year - Net surplus	SOCNE	117,813	-	117,813
Non-Cash Adjustments	7.1, 8.1	-	40,850	40,850
Non-cash charges - other notional costs	5	2,075	-	2,075
Non-cash charges - auditor's remuneration	5	19	-	19
Transfers between reserves		1,157	(1,157)	-
Balance at 31 March 2023		527,426	126,152	653,578

The notes on pages 61 to 83 form part of these accounts.

Notes to the Agency's Accounts

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and shall be consistent with the accounting principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS's) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Forest Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Forest Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, biological assets and certain financial assets and liabilities.

1.2a Funding

Funding has been received from the Department of Agriculture, Environment and Rural Affairs and is accounted for through the Statement of Comprehensive Income to cover operating expenditure. Any income that Forest Service has received during the year that is not required to cover operating or capital expenditure can be held as Reserves.

1.2b Public Corporation Dividend

Forest Service pays a dividend to the Department of Agriculture, Environment and Rural Affairs, reflecting the expected rate of return on funding provided. This is disclosed in the Statement of Comprehensive Income. The dividend rate has been agreed with DoF and is currently set at zero percent whilst Forest Service are loss-making. If Forest Service makes a surplus before revaluation gains, HMT's real rate of 3.5 percent will apply.

	2022-23	2021-22
	£000	£000
Operating Income before DAERA Subsidy	17,811	16,172
Operating expenditure before revaluation	(22,944)	(20,179)
Net operating Surplus/(Expenditure)	(5,133)	(4,007)

1.3 Property, plant and equipment

Capitalisation

Expenditure on property, plant and equipment of over £5,000 is capitalised. Within DAERA the grouping of computer equipment in respect of items falling below this threshold has also been undertaken.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset that meets the criteria in compliance with IAS 16 is capitalised; otherwise it is expensed.

Valuation

Buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of buildings are undertaken every five years, with the valuations used in these accounts provided by Land and Property Services (LPS) as at 1 April 2019. Buildings are revalued annually, between professional valuations, using indices provided by LPS. From 1 April 2012 the Agency’s buildings have been revalued using the Building Cost Information Service (BCIS) index provided by LPS. In prior years the index used to revalue buildings was the One-Percent Price Index (OPI) as provided by the Office for National Statistics.

Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

The Valuation Office Agency (VOA) collate and analyse market activity to support calculation of the biological and land asset portfolio value for the financial statements of Forestry and Land Scotland (FLS). VOA share this market data with LPS and LPS have used the information as the basis to arrive at the Fair Value of the Forest Service land and the biological asset that represents the forest crops thereon.

It is emphasised that this is an informal apportionment produced solely for the purposes of depreciation accounting and does not represent a formal valuation of the separate elements of the asset. The figures detailed should not be relied upon for any other purpose (RICS UK National Supplement 2017, UK VPGA 1.10).

The valuations have been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Global Standards.

The value of trees grown for commercial purposes is included in non-current assets on a fair value basis less estimated selling costs. The comparative method of valuation, based on market-based evidence, has been used to support assessment of value. Revaluations are directly charged to the Statement of Comprehensive Net Expenditure.

For property occupied, but not owned or leased by Forest Service a notional charge for accommodation costs is included in the Statement of Comprehensive Net Expenditure. Assets under construction are carried at cost.

Accounts

Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS).

Depreciation

Depreciation is charged on a straight line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful life. The useful lives, which are reviewed regularly, and are aligned with the parent department's policy are:

Plant, machinery, equipment and computers	3 - 40 years
Motor vehicles	5 - 15 years
Buildings	10 - 75 years

Land at Baronscourt is being handed back to its owner in stages up to the year 2024, therefore depreciation is charged over the period. There is no depreciation charge on the Agency's own land.

Heritage Assets will be maintained in perpetuity and consequently have not been depreciated.

Assets under construction are not depreciated until they are commissioned.

1.4 Intangible Assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model.

Land Rights

Land rights (shooting and turbarry rights) are valued every 5 years by a professional valuer. The valuation of land rights used in these accounts were provided by the Land and Property Services (LPS) as at 1 April 2019 in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). There is no in-year amortisation charge as the life span is land-based and therefore assumed to be infinite.

Software Licences

Purchased computer software licenses are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition, similar licenses falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licenses is restated at fair value at the Statement of Financial Position date in accordance with the movement in the Retail Price Index (RPI). Software licenses are amortised over their expected useful life, which can be from 1 to 7 years, depending on the license.

Developed Software

Developed Software is a combination of automated digital data collection facilities including that used for vehicle and inspection management as well as independently commissioned reports on the usage of the forests. These are amortised over the expected useful life of the asset, which can be from 1 to 15 years.

1.5 Biological Assets

Biological assets include all forested areas where there is potential to recover timber, regardless of whether timber production is a primary objective, excluding natural reserves. The extent of forest area is maintained on an electronic database.

The fair value of biological assets is derived from the market-based evidence from the sales value of woodlands and forests in GB collated and analysed by the Valuation Office Agency and LPS.

Revaluations are charged directly to the Statement of Comprehensive Net Expenditure, with timber held for sale disclosed as a current asset.

1.6 Heritage Assets

Forest Service replaced the walkway in Glenariff Forest Park reflecting its historical value in providing access to and recreational use of the forest. This is included in the Statement of Financial Position as a Heritage Asset.

Heritage assets are operational and are recorded at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated.

1.7 Non-Current Assets reclassified as Current Assets held for Sale

Forest Service classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets that are held for sale are valued on the basis of open market value less any material directly attributable selling costs and are reclassified as current assets held for sale. Current assets held for sale are regularly reviewed to ascertain whether they continue to meet the above criteria. Where a current asset held for sale no longer meets the criteria, the asset is reclassified as a non-current asset.

1.8 Inventories

Consumable materials and supplies are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling prices, less further costs to be incurred to completion and disposal.

1.9 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Forest Service discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Accounts

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.10 Provisions

Forest Service provides for present legal and constructive obligations, which are of an uncertain timing, or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the real rate set by HM Treasury.

Legal claims and other provisions are provided for at the full assessed amount in each case.

1.11 Revenue recognition

In line with IFRS 15, Forest Service recognises its income as either Revenue from contracts with customers or other operating income. Revenue from contracts with customers is income that relates directly to operating activities of Forest Service and comprises fees and charges to be recovered for services provided to external customers for the sale of timber. It includes the agencies accruing resources. Other operating income is income received from the European Union under the Common Agricultural Policy for Peace and Reconciliation and other EU initiatives.

1.12 Grants payable and EU funding

Grants payable to individuals and bodies are accounted for as they are approved for payment. No provision is made in the financial statements for grant offers made but not yet approved for payment.

Forestry grant schemes for the creation of new woodland, the restocking of previously felled areas and the management of existing mature and semi-mature woodlands are co-funded by the European Agricultural Fund (EAF). Once grants become recognised, contributions from the EU are claimed.

If grants are subsequently recovered because of the failure to fulfil the condition of the relevant woodland grant scheme, the amount of co-financing may be repayable to the EU.

1.13 Administration and Programme Income and Expenditure

The Statement of Comprehensive Net Expenditure shows only programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury and adopted by the Department of Finance for Northern Ireland.

All of the Agency's income and expenditure relates directly to service delivery and as such is designated as programme.

1.14 Employee Benefits including Pension Costs

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes(PCSPS)[NI]. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. Forest Service recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

Short-term employee benefits

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been derived by using a specific report run from HR Connect which calculates the year end balance using actual leave balances on the system.

1.15 Functional Currency / Foreign Exchange / Roundings

The functional currency is Sterling and, except where otherwise stated, figures have been rounded to the nearest thousand pounds.

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Balances at the year end are restated using the exchange rate on 31 March, as provided by Account NI, and any exchange gain or loss is treated as income or expenditure.

1.16 Value Added Tax

The Forest Service is registered for VAT. In order to comply with government accounting regulations and normal commercial practice, income and expenditure shown in the Statement of Comprehensive Net Expenditure is net of VAT.

Any VAT due to or from HM Revenue and Customs at the year end is included in the accounts as a receivable or payable in the Statement of Financial Position. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure in the year in which it is occurred.

1.17 Taxation

No taxation is chargeable on the financial results of Forest Service.

1.18 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is de-recognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is de-recognised when, and only when, it is extinguished.

Accounts

Forest Service has financial instruments in the form of trade receivables and payables and cash and cash equivalents. In accordance with “IFRS 9 Financial Instruments” trade receivables, cash and other receivables are classified as ‘loans and receivables’. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost less any expected loss.

Forest Service assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. With the adoption of IFRS 9 the Agency has moved to an expected credit loss model based on historical write off projected forward.

Forest Service measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.19 Related Party Transactions

The Department of Agriculture, Environment and Rural Affairs is regarded as a related party. During the year, Forest Service has had various material transactions with DAERA.

In addition, Forest Service has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with Northern Ireland Departments, their Executive Agencies and Arms Length Bodies.

In terms of related party interests of the Agency’s officials, in the interests of transparency the Agency considers it necessary that its top managerial officials and members of the Forest Service Management Board (FSMB) declare all of the following: -

- i) Any interests in Forest Service other than through the normal relationship of employee / employer, e.g. receipt of grants for woodland expansion;
- ii) Any interest in any body with which Forest Service has dealings including membership of Boards of those bodies even when such membership is part of the officer’s job; and
- iii) Any such interest held by a close family member.

1.20 Segmental Reporting

Under IFRS 8, Forest Service has one operating segment whose results are regularly reviewed by the Accounting Officer to make decisions about resources to be allocated to the segment and assess its performance. The operating aim of Forest Service is to promote forestry and enhance plant health for a thriving and sustainable rural economy, community and environment to promote social and economic equality.

1.21 Critical accounting estimates and key adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

Land and Timber and Buildings have been valued by an external advisor and have been undertaken having regard to International Financial Reporting Standards (IFRS) and International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. These include estimates of growth, sales price and costs. Forest service have made an estimation of the useful economic lives of property, plant and equipment and Intangible assets. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable. These estimates are discussed in notes 1.3 to 1.5 above.

1.22 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2023

Forest Service has reviewed the standards, interpretations and amendments to published standards that became effective during 2022-23 and which are relevant to its operations. Forest Service anticipates that the adoption of these standards will have no material impact on the Forest Service's financial position or results of operations.

1.23 Impending application of newly issued accounting standards not yet effective

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. These standards include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendment to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)
- Assets and Liabilities Arising From a Single Transaction (Amendments to IAS 12)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. Management consider that this standard is unlikely to have a significant impact on the accounts in the period of initial recognition.

Accounts

2 Income

	2022-23	2021-22
	£000	£000
Revenue within the scope of IR35		
Income from contracts with customers		
Timber sales	13,994	12,187
Other forest products	66	68
Recreation	763	1,262
Rentals	652	533
Other activities	61	66
	15,536	14,116
Other Operating Income		
EU Income	2,275	2,056
	2,275	2,056

Income from DAERA

From 1 April 2020 the Forest Service was reclassified as a Public Corporation and received funding from DAERA in year as follows:

Capital Funding	794	1,164
Departmental Subsidy	791	391
Funding to cover costs so that trading income can be allocated to reserves	-	8,900
	1,585	10,455
Total Income	19,396	26,627

Accounts

3 Business Activities Attracting Fees and Charges

The purpose of this note is to provide fees and charges information.

- i) Commercial Recreation encompasses camping and caravanning, as well as game shooting.
- ii) Non-Commercial Recreation refers to visits to all of our forests. Entrance charges are only levied for 5 Forest Parks.
- iii) The financial objective of Commercial Recreation is full cost recovery. In the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short term objective is to recover at the maximum level that the market will bear.
- iv) Plant Health Inspection Branch charge fees for Potato Growing Crop and Tuber Inspections. These relate to costs for inspections carried out under the Seed Potato Certification Scheme.
- v) Timber sales refers to the sale of timber from the forest estate to customers, through the arrangement of long-term contracts, tender sales or negotiated sales.

	2022-23			2021-22		
	Income £000	Cost £000	Surplus/ (Deficit) £000	Income £000	Cost £000	Surplus/ (Deficit) £000
Timber Sales	13,994	1,370	12,624	12,187	1,191	10,996
Commercial Recreation	401	307	94	506	478	28
Non-Commercial Recreation	360	873	(513)	756	1,604	(848)
Potato Growing Crop and Tuber Inspections	34	49	(15)	45	48	(3)
Total	14,789	2,599	12,190	13,494	3,321	10,173

Accounts

4 Programme Costs

Grant Payments

National element

EU element

Staff Costs

Wages and Salaries

Social Security Costs

Other Pension Costs

Other Expenditure

Contracted out services

Road Materials

Plants and horticultural consumables

Fuel costs

Equipment costs

Accommodation costs

Other costs

Staff related costs

Professional costs

Office Services

Rentals under operating leases

Non-capital purchases

Non-cash items:

Transfer of Land to DAERA

Depreciation

Amortisation

Liability provisions provided for /

(released in year) in year

(Profit) / Loss on Disposal

Finance Lease Receivable

Bad debts written off

Bad debts provided for /

(released in year)

Notional charges

Other non-cash items:

Revaluation - Timber

Revaluation - Other assets

Total Programme Costs

Grant Payments

The total of grant payments for 2022-23 included £42,469 paid to public bodies (2021-22: £NIL) and £3,009,527 (2021-22: £2,768,571) paid to private sector recipients.

Growing Timber Revaluation

Included within Programme Costs is the movement in the fair value of the biological growing timber asset, which is explained in more detail at Note 10.

Staff Costs

Further analysis of staff costs is located in the Staff Report within the Accountability Report.

Note	2022-23 £000	2021-22 £000
	795	712
	2,257	2,056
	3,052	2,768
	6,644	6,777
	640	665
	1,696	1,759
	8,980	9,201
	2,817	2,660
	777	543
	556	653
	385	318
	340	305
	299	264
	189	204
	240	273
	245	204
	135	154
	8	9
	6	5
	5,997	5,592
	-	92
7	1,569	1,369
8	14	14
18	283	156
	956	(1,026)
21	-	(36)
	-	-
	-	-
5	2,093	2,049
	4,915	2,618
12	(121,286)	(59,463)
7, 12	(75)	(98)
	(121,361)	(59,561)
	(98,417)	(39,382)

Accounts

5 Notional Costs

Services provided by parent department:

Central Support

Services provided by other departments:

DoF Accommodation

NICS HR

Departmental Solicitor's Office

Account NI

IT Assist

Auditor's remuneration and expenses

Total Notional Costs

	2022-23 £000	2021-22 £000
	1,428	1,405
	1,428	1,405
	326	269
	105	109
	29	44
	42	47
	145	156
	19	19
	666	644
	2,094	2,049

Notional Costs

Notional Costs relate to services received for which no actual payment is made. They are included in the accounts so as to reflect the full economic cost of provision.

6 Heritage Assets

6.1 2022-23

Cost or Valuation

At 1 April 2022

Disposals

At 31 March 2023

Carrying amount at 31 March 2023

Carrying amount at 31 March 2022

Heritage Assets £000	
	1,167
	(570)
	597
	597
	1,167

The Agency holds Glenariff Walkway as a heritage asset. The asset is recorded at historical cost and is maintained in perpetuity, and consequently is not depreciated.

During 2022/23 the Castlewellaan Peace Maze transferred to the Local Council. This is part of a wider lease with the Local Council in respect of Castlewellaan Forest Park.

6.2 2021-22

Cost or Valuation

At 1 April 2021

At 31 March 2022

Carrying amount at 31 March 2022

Carrying amount at 31 March 2021

Heritage Assets £000	
	1,167
	1,167
	1,167
	1,167

Accounts

7. Property, Plant and Equipment

7.1 2022-23

	Land• £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2022	139,032	11,660	7,494	785	453	159,424
Additions	-	146	455	-	33	634
Disposals	(91)	(650)	(132)	(28)	-	(901)
Reclassifications & transfers	-	405	-	-	(405)	-
Revaluations through SoCNE	71	4	-	3	-	78
Revaluations through Reserves	39,428	953	798	25	-	41,204
At 31 March 2023	178,440	12,518	8,615	785	81	200,439
Depreciation						
At 1 April 2022	-	2,665	4,397	588	-	7,650
Charge in year	379	733	411	46	-	1,569
Disposals	-	(70)	(131)	(28)	-	(229)
Revaluations through SoCNE	-	2	-	1	-	3
Revaluations through Reserves	(379)	273	443	21	-	358
At 31 March 2023	-	3,603	5,120	628	-	9,351
Carrying amount at 31 March 2023	178,440	8,915	3,495	157	81	191,088
Carrying amount at 31 March 2022	139,032	8,995	3,097	197	453	151,774
Asset financing:						
Owned	178,440	8,915	3,495	157	81	191,088
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2023	178,440	8,915	3,495	157	81	191,088

Forest Service land is valued annually by Land Property Services (LPS). The comparative method of valuation, based on market-based evidence, has been used to support assessment of value. Research has been undertaken into comparative capital value transactions to enable valuation of the forest estate. The most appropriate market-based evidence is the sale of woodland and forests in excess of 50 hectares. However, there is no such market of any significance in Northern Ireland as over 90% of coniferous forest of this size sits within the ownership of the public sector. There is a significant forest and woodland market in Great Britain and the UK Forest Market Report 2022 states that the value of transactional sales over the preceding 12 months exceeded £200M for the third consecutive year.

Accounts

The Valuation Office Agency (VOA) collate and analyse this market activity to support calculation of the biological and land asset portfolio value for the financial statements of Forestry and Land Scotland (FLS). VOA share this market data with LPS and LPS have used the information as the basis to arrive at the Fair Value of the Forest Service land and the biological asset that represents the forest crops thereon.

*The combined value of land and timber on the Forest Service estate at 31 March 2023 of £617.7m has increased by £159.9m (34.9%) on the 2022 value of £457.8m. Within this combined value the timber has been valued at £439.3m (note 10), an increase of £120.5m (37.8%) on the 2022 value of £318.8m and the Land at £178.4m (note 7.1 above), a 28.3% increase of £39.4m on 2022 value of £139.0m.

The most significant impacts of the COVID pandemic, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, have now largely subsided. Travel, movement and operational restrictions are no longer in place, although most global economies will continue to experience a level of after-effect for some time to come. Real estate markets in most developed economies have returned to normal levels of transactional activity and liquidity, although they now face a new set of economic and fiscal challenges due to persistently higher than normal costs. Locally, the economy is impacted due to political instability and trade concerns relating to Brexit and the NI Protocol.

Nevertheless, as at the valuation date, the property market sector specific to the client portfolio is functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Forest Service buildings were valued as at 1 April 2019 on an existing use basis by LPS. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS).

There were right of use assets with £12.3m net book value at 31 March 2023, reported under Land above.

Accounts

7.2 2021-22

	Land• £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2021	122,139	10,620	7,637	799	265	141,460
Additions	-	651	236		188	1,075
Disposals	(163)	(177)	(790)	-	-	(1,130)
Reclassifications & transfers	-	(93)	-	(1)	-	(94)
Revaluations through SoCNE	92	8	3	(3)	-	100
Revaluations through Reserves	16,964	558	408	(11)	-	17,919
Transfers	-	93		1	-	94
At 31 March 2022	139,032	11,660	7,494	785	453	159,424
Depreciation						
At 1 April 2021	-	1,979	4,523	546	-	7,048
Charge in year	222	662	432	53	-	1,369
Disposals	-	(106)	(781)	-	-	(887)
Revaluations through SoCNE	-	2	1	(1)	-	2
Revaluations through Reserves	(222)	128	222	(10)	-	118
At 31 March 2022	-	2,665	4,397	588	-	7,650
Carrying amount at 31 March 2022	139,032	8,995	3,097	197	453	151,774
Carrying amount at 31 March 2021	122,139	8,641	3,114	253	265	134,412
Asset financing:						
Owned	139,032	8,995	3,097	197	453	151,774
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2022	139,032	8,995	3,097	197	453	151,774

Accounts

8 Intangible Assets

8.1 2022-23

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
Cost or Valuation				
At 1 April 2022	554	51	45	650
Revaluations through Reserves	-	7	6	13
At 31 March 2023	554	58	51	663
Amortisation				
At 1 April 2022	-	24	28	52
Charge in year	-	8	6	14
Revaluations through Reserves	-	5	4	9
At 31 March 2023	-	37	38	75
Carrying amount at 31 March 2023	554	21	13	588
Carrying amount at 31 March 2022	554	27	17	598

Land Rights held by the Forest Service relate to shooting, turbary rights and wayleaves. They are valued at 5-yearly intervals by the Land and Property Services (LPS), the latest being at 1 April 2019.

Accounts

8.2 2021-22

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
Cost or Valuation				
At 1 April 2021	554	48	42	644
Revaluations through Reserves		3	3	6
At 31 March 2022	554	51	45	650
Amortisation				
At 1 April 2021	-	14	20	34
Charge in year	-	8	6	14
Revaluations through Reserves	-	2	2	4
At 31 March 2022	-	24	28	52
Carrying amount at 31 March 2022	554	27	17	598
Carrying amount at 31 March 2021	554	34	22	610

9 DONATED ASSETS

Any assets donated to the Agency have a value below £5,000 and as this is below the threshold they are not capitalised.

There were no donated assets during 2022-23 (2021-22: NIL).

10 Biological Assets

		2022-23	2021-22
	Note	£000	£000
Value at 1 April		318,768	260,258
<i>Movement in timber valuation</i>			
Transfer to assets held for sale	11	(2,900)	(2,109)
Timber removals		(13,398)	(10,968)
Timber lost to fire		(59)	(210)
Price / Growth increment		136,852	71,797
Carrying amount at 31 March		439,263	318,768
 <i>Movement in timber valuation:</i>			
Revaluation adjustment credited to Statement of Comprehensive Net Expenditure	4	121,286	59,463
In year movement in assets held for sale	11	(791)	(954)
Movement in timber valuation		120,495	58,509

Growing timber is valued as per note 1.5. Timber lost to fire and disease is also valued on the same basis.

Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2022-23 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

The revaluation movement, except for the movement in the asset held for sale value, is taken directly to the Statement of Comprehensive Net Expenditure.

11 Current Assets - Assets Classified as Held for Sale

		2022-23	2021-22
	Note	£000	£000
Timber			
Opening balance		2,109	1,155
Additions		2,900	2,109
Disposals		(2,109)	(1,155)
Carrying amount at 31 March	10	2,900	2,109

There are no assets surplus to requirements as at 31 March 2023.

Assets held for sale include timber allocated for sale under contract which has been removed from the forest estate database and not therefore valued as part of the non-current timber asset per note 10. This timber held for sale at year end will be sold in the following financial year and therefore is disclosed as a current asset held for sale valued at the expected sales price.

Accounts

12. Revaluations

		2022-23	2021-22
	Note	£000	£000
Property, Plant & Equipment	4, 7	(75)	(98)
Growing Timber Revaluation	4, 10	(121,286)	(59,463)
Total Revaluation credit charged to the Statement of Comprehensive of Net Expenditure	4	(121,361)	(59,561)

13. Financial Instruments

As the cash requirements of Forest Service are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

14. Inventories

	2022-23	2021-22
	£000	£000
Stock	44	48
Balance at 31 March	44	48

15. Trade Receivables and Other Current Assets

	2022-23	2021-22
	£000	£000
Amounts falling due within one year:		
Trade receivables	3,060	2,815
Other receivables	771	2
Prepayments and accrued Income	233	227
Net Investment in Finance lease	14	2
Total Receivables at 31 March	4,078	3,046

16. Cash and cash equivalents

	2022-23	2021-22
	£000	£000
Balance at 1 April	18,665	9,637
Net change in cash and cash equivalent balances	(152)	9,028
Balance at 31 March	18,513	18,665
The following balances at 31 March were held at:		
Commercial banks and cash in hand	18,513	18,665
Balance at 31 March	18,513	18,665

Accounts

17. Trade Payables and Other Current Liabilities

	2022-23	2021-22
	£000	£000
Amounts falling due within one year:		
Trade payables	21	40
Taxation & Social Security	5	-
Other payables	24	41
Accruals and deferred income	1,729	1,571
VAT	219	226
Total payables at 31 March	1,998	1,878

18. Provisions for liabilities and charges

2022-23	Legal Claims	Total
	£000	£000
Balance at 1 April 2022	1,510	1,510
Provided in the year	295	295
Provisions utilised in the year	(72)	(72)
Provisions not required written back	(12)	(12)
Balance at 31 March 2023	1,721	1,721

Analysis of expected timing of discounted cash flows

Not later than one year	1,721	1,721
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2023	1,721	1,721

2021-22	Legal Claims	Total
	£000	£000
Balance at 1 April 2021	1,354	1,354
Provided in the year	156	156
Provisions utilised in the year	-	-
Provisions not required written back	-	-
Balance at 31 March 2022	1,510	1,510

Analysis of expected timing of discounted cash flows

Not later than one year	1,510	1,510
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2022	1,510	1,510

Accounts

18. Provisions for liabilities and charges (cont.)

Legal Claims

Provision has been made for various legal claims against the Agency. The provision reflects all known claims where legal advice indicates that the claim will be successful and the amount of the claim can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. It is assumed that all legal claims will be settled within 12 months.

Legal claims where the legal advice is that the claims are either not probable, or the liability cannot be estimated reliably, are disclosed as contingent liabilities in Note 22.

19. Grant Commitments

The agency has entered into non-cancellable contracts (which are not leases or PFI and other service concession arrangement contracts) for grants for the creation and management of woodlands which are payable annually in arrears, so long as specific objectives and criteria are met. The payments to which the agency is committed, based upon co-finance rate of 75% EU and 25% National for afforestation support and 63% EU and 37% National for other schemes to 31 December 2023. All forestry grant schemes are 100% nationally funded from 1 January 2024. are as follows:

	2022-23 £000	2021-22 £000
EU Grant Schemes		
Not later than one year	2,870	3,202
Later than one year and not later than five years	-	3,332
Later than five years	-	1,684
	2,870	8,218
National Grant Schemes		
Not later than one year	995	1,129
Later than one year and not later than five years	4,904	1,111
Later than five years	2,334	562
	8,233	2,802
Total EU / National Grant Schemes		
Not later than one year	3,865	4,331
Later than one year and not later than five years	4,904	4,443
Later than five years	2,334	2,246
Present value of obligations	11,103	11,020

20. Capital Commitments

There are no contracted capital commitments at 31 March 2023 (2021-22: £NIL).

21 Commitments under leases

Right of Use Assets

Total future minimum lease payments are given in the table below for each of the following periods:

	2022-23 £000	2021-22 £000
Land		
Not later than one year	2	2
Later than one year and not later than five years	8	8
Later than five years	165	170
	175	180

During 2021/22, The Department of Agriculture Environment and Rural Affairs entered into a lease arrangement (DAERA as Lessor) with a Local Council in respect to Castlewellan Forest Park for a number of right-of-use assets- property, plant and equipment. The lease is made up a four phases with phase 1 of the lease commencing on 01 January 2022 and lasting until 31 December 2045. Phase 2 commenced on 01 April 2022.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2022-23 £000	2021-22 £000
The following table summarises the components of the net investment in Finance Leases:		
Future Minimum Lease Payment Receivable	346	40
Gross lease receivables	346	40
Unearned Finance Income	(106)	(4)
Net Investment in leases	240	36

Maturities of Forest Service gross lease receivables subsequent to 31 March 2023 are as follows:

Years ending 31 March

	£000
2024	15
2025 to 2028	45
2029 and thereafter	286
	346

22. Contingent liabilities disclosed under IAS 37

There were no contingent liabilities at 31 March 2023. (2022: there was one ongoing public liability claim at March 2022 which was not disclosed for confidentiality reasons).

23. Losses and Special Payments

Losses

	2022-23 £000	Number of cases	2021-22 £000	Number of cases
Forest Fires	59	1	210	6
Fraud / Theft / Vandalism	-	-	-	-
Total	59	1	210	6

Special Payments

There were no special payments paid in 2022-23 (2021-22: £NIL).

24. Related Party transactions

Forest Service is an Executive Agency of DAERA. DAERA is regarded as a related party. During the year, the Forest Service has had various material transactions with DAERA and with other entities for which DAERA is regarded as the parent Department.

In addition, Forest Service has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with Northern Ireland Departments, their Executive Agencies and Arms Length Bodies.

No board member, key manager or other related party has undertaken any material transactions with Forest Service during the year.

25. Third-party assets

Forest Service has no third-party assets as at 31 March 2023. (31 March 2022: NIL).

26. Events after the reporting period

There were no events after the reporting period requiring disclosure.

27. Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 30/06/23.

Accounts
