

Annual Report and Accounts 2019-20

HC 781



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Forestry England manages the nation's forests in England, providing environmental, social and economic benefits. It is an executive agency of Forestry Commission.

As part of legislative, structural and governance changes implemented on 1 April 2019, Forestry Commission England became simply the Forestry Commission, and Forest Enterprise England was renamed Forestry England. For consistency, 2019-20 terminology is used throughout this document.

Honours

The following Forestry England nominees were successful in the Queen's Honour list:

- Norman Richard Healy, MBE. Wildlife Manager. For services to Wildlife Management in England.

Performance report

Overview

The performance report overview provides the Chief Executive of Forestry England's views on performance over the year; the purpose and activities of Forestry England; the main issues and risks that could affect delivery of objectives; and a performance summary for the year.

Foreword by Mike Seddon, Chief Executive

For an organisation with the heritage and history of ours; connected to the natural environment in ways that humans have been since the dawn of time, this year has been a remarkable year of firsts.

Becoming Forestry England, establishing new structures, and welcoming new non-executives into our leadership team has provided great opportunity to reaffirm why we are here: to care for the nation's forests and increase their value to people, nature and the economy. Setting clear direction towards this purpose, through the achievement of our strategic objectives and by staying true to our organisational values, this year has not just been about success in the moment, but also about setting in place our route to success for years to come.

Celebrating the centenary of the Forestry Commission has reminded us of the eternal connection between forests and people. Our initial purpose, to grow timber to replenish

depleted post-war stocks is mirrored today in our woodland creation programme.

Today, in addition to sustainable timber, we appreciate that trees and forests are places that support healthy lifestyles, and they are places of tranquillity, providing vital habitats for wildlife. The expertise in managing forests gained over the past 100 years is being used today to develop attractive, resilient and productive forests for tomorrow.

Forestry England's work is about creating benefits for a nation through practical activities including timber harvesting, volunteering opportunities, managing wildlife, paying bills and recruiting people. Latterly in the year we have needed to adapt many of these activities, introducing new ways of working at pace, as the country deals with the national coronavirus pandemic.

None of this would be possible without the people of Forestry England; our staff, volunteers and partners. The Performance Analysis that follows illustrates just how broad and extensive their success has been this year and I pay tribute to their professionalism, creativity and expertise. It is through their enthusiasm for the nation's forests, from helping families to enjoy unique activities, to being at the forefront of modern forest management, and including the work of our excellent support teams; everyone has pulled together as one successful team. One Forestry England.



Purpose and activities of the organisation

Who we are

Forestry England cares for the nation’s forests: increasing their value for people, for wildlife and for the economy. Our 1,200 staff and 20,000 volunteers look after more land and more trees than any other organisation in the country. We also work in partnership with others across government and the charitable and private sectors.

With careful planning and expert management, forests flourish.

The nation’s forests are growing, active and evolving. By planning for the needs of tomorrow, we make the forests of today more resilient to change and valuable to people and wildlife now and for future generations.

What we achieve

By connecting everyone with the nation’s forests, the value they provide for nature, people and the economy continues to grow.

The nation’s forests are **superb** forests. They are resilient, sustainable and highly valued; providing a wide range of benefits such as carbon storage, wildlife habitats, natural spaces for enjoyment and green resources such as timber.

We do this by being an **outstanding organisation** that is resilient, sustainable and expert.

We are **sharing our story** with confidence and creativity. Our inclusive approach spreads the message of how our work and the nation’s forests contribute to a thriving and successful society.

Our values

A new set of Forestry England Values, developed in conversation with all our staff set out the approach we take to our work.

Think beyond a lifetime	We make plans for today for a better tomorrow, so our business and our forests are sustainable and fit for the future.
Be adventurous	We approach challenges with creativity and adventure, embracing research and innovation to stay relevant.
Do it together	We get our best results when we work with others, and we encourage diverse perspectives so we make better decisions.
Look out and look after	We care about our colleagues, volunteers, partners and customers, and we take a stand against unsafe behaviour.

Performance analysis

How have we done over the past year?

On 1 April 2019 we officially became Forestry England. An evolved organisation with our roots firmly embedded in our century long experience and a reinvigorated identity; setting course for another century of world class forest management.

2019 has been a particularly special year for Forestry England. As part of the Forestry Commission we celebrated our centenary year, marking 100 years of the nation's forests.

This celebration gave us a unique moment to reflect on our past, to mark the present and build for the future. Being 100 also gave us a unique opportunity to tell our story and help people understand what we do as an organisation.

A centenary programme of 17 projects and activities were delivered through the year, based around the following three themes, with the overarching aim of connecting more people to the nation's forests.

The wellbeing theme looked at the many ways that forests can help our physical and mental health. It also looked at how we can bring people together in different ways to achieve our aims - be that through volunteer schemes, using forests as classrooms, or as art galleries.

The environment theme highlighted the important role forests play in our national economy. We planted many more trees and created new areas of woodland, looked at the importance of forests as diverse habitats, and how we can ensure they are still teeming with wildlife in another 100 years' time.

The resilience theme looked at how we will plant landscapes for the future, being resilient to changes in climate, pests and diseases. We also took time in 2019 to celebrate and take pride in our achievements over the past 100 years via the centenary book, and think about how we create an organisation that is fit for the future, trialling new ways of working and communicating our messages in different ways.

Superb forests

Resilience

In the face of the climate emergency, Forestry England is taking clear action to ensure the impacts on the nation's forests are minimised and that the value provided to wildlife and people is not compromised.

By working with partners and listening to the evidence, maintaining and improving robust biosecurity measures and investing in the knowledge and capability of all our staff, we are building the forests resilience to the threats they face.

The nation's forests are becoming more resilient as we follow the goals set out in the 2018 Defra Tree Health Resilience Strategy that forests should be:

- growing in extent
- increasingly connected
- increasingly diverse
- improving in condition

When we talk about forest resilience, we don't just mean the trees. We mean building resilience for all of the plant, animal and fungal species, both above and below ground, that help the nation's forests provide so much for the environment and people.

This year we have built upon this approach, carrying out a strategic forest resilience risk assessment from which we have developed an action plan to drive us forwards.

Specific actions include continuing to diversify the tree species within the forests and restoring the natural functioning of habitats and ecosystems through a range of methods including species translocations.

We have been working on how we know when the nation's forests are resilient, and the truth is, we can never know for sure; a sensible approach is to always assume we can do better. So we are identifying the measures which will help us to make decisions that will increase forest resilience.

The forests we have developed over the past 100 years have grown up in a relatively stable climatic environment. Coupled with a more limited set of outcomes, particularly in the early years, this led to a relatively small number of tree species being planted. This is reflected now by the fact that four conifer species account for over 50% of main canopy trees across the nation's forests as a whole.

This year we have continued our drive to diversify the tree species within the nation's forests and planted 8 million trees

(2 million more than the previous year). Recent high quality investment in our nursery facilities is helping us to grow a wider range of species to plant. We are growing over 1 million non-traditional forestry trees species to be planted into forests all across the country to support growing resilience to climate change impacts as well as pests and diseases.

Sustainability

By managing the nation's forests sustainably they will continue to provide benefits for future generations of people and wildlife to enjoy.

Forestry England prides itself on being the first state forest management organisation in the world to gain recognition for its sustainable forest management by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

Each year we are externally audited to ensure we remain at the forefront of global forestry. This rigorous undertaking is something we value as a continuous learning exercise.

Now, as we move through our second decade of continuous accreditation, the principles and practices of sustainable forest management continue to sit at the very heart of our daily operational decisions.

This year, our newly appointed certification body, the Soil Association, audited our practices and we passed with flying colours, allowing us to continue to sell our timber and venison as jointly FSC and PEFC certified, plus our Christmas trees as FSC certified; a true mark of sustainable excellence.

Valued

For many years we have sought out the evidence and developed the methodologies to learn more about the range of benefits

provided by the nation's forests and their value to society and wildlife. We capture this within our annual Natural Capital Account. Continuing to learn about how people use the forests and the benefits they provide to people and the environment are vital to our ongoing success.

The 2018-19 published account tells us the nation's forests provided an astounding £640 million worth of benefits to society over the past year, including being visited over 230 million times. The present value of future natural capital benefits means the forests provide an estimated asset value to society of over £26 billion.

This innovative approach, illustrating the value beyond traditional financial methods helps to really capture the significance of the land we manage to nature, people and the economy.

We think this is just the tip of the iceberg. Experts within Forestry England, in partnership with specialists from organisations such as Forest Research are continuing to develop how we measure more of these benefits.

As we face the climate emergency, Forestry England has a key role to play in supporting the journey towards UK carbon neutrality.

The tree growth within the nation's forests sequesters an additional 1.5 million tonnes of greenhouse gases each year, adding to the total stock of 48 million tonnes already locked into the living trees. Working with Forest Research, analysing soils data from across the forests, we have now been able to learn about the contribution the forests' soils make to carbon sequestration. Our soils lock up over 35 million tonnes of carbon in addition to the carbon in the trees.

This natural capital approach is supported by our programme of species reintroductions. This year, we have continued to pioneer the reintroduction of ecosystem engineers; species which have

wide ranging beneficial ecological impacts on natural processes across landscapes.

Species translocations can be beneficial for a variety of reasons. For instance, they may help conserve the species itself, may have beneficial impacts on the wider environment, or may help the delivery of ecosystems services and increase the natural capital value of the nation's forests. In 2019 we were involved with six translocation projects, all of which were delivered in close collaboration with a variety of conservation organisations. Our White-Tailed Eagle reintroductions to the Isle of Wight won the BBC Countryfile Wildlife Success of the Year prize!

Additional reintroductions include:

- water voles, *arvicola amphibious*, introduction to Kielder Forest
- captive beaver, *castor fiber*, projects in the North Yorkshire Moors and in the Forest of Dean
- chequered skipper butterfly, *carterocephalus palaemon*, to Northamptonshire
- pine martens, *martes martes*, to the Forest of Dean, which came second place in the BBC Countryfile Wildlife Success of the Year awards
- pool frog, *pelophylax lessonae*, to East Anglia

All of these species, except water voles, were until recently nationally extinct in England. Reintroductions can be complex and challenging projects. Importantly, we have detailed guidance on successful approaches from the International Union for the Conservation of Nature. This guides us to develop robust and well thought through projects, and ensures that the ecological and social benefits of any reintroduction outweigh any negative impacts. In the future we aim to target priority species for reintroduction, focussing on those that can make a marked improvement in the benefits provided by the nation's forests.

With the help of TV naturalist Michaela Strachan, this year we launched our Big Forest Find. Over six months, expert ecologists, naturalists and volunteers led visitors on a journey through England's wooded landscapes, recording wildlife, flora and fauna across the estate as they went. Over 2,000 people, 150 volunteers and 60 partner organisations took part to discover plants, animals and fungi in forests all over the country, making an incredible 16,645 records of nearly 4,000 species.

We know how important the natural environment can be to people's health and wellbeing. Volunteering is an excellent path to improving individual wellbeing through exercise and companionship. Volunteering provides a valuable support to the management of the nation's forests, providing the equivalent of 100 full time people across the year.

By developing methods of valuing benefits such as health and wellbeing, flood mitigation and improving air quality we learn more about the value of the nation's forests. This is something we are working on right now and will help us to design opportunities to increase these benefits in the future.

Our natural capital decision making tool, developed in partnership with leading natural capital consultants Aecom, is being rolled out across our teams; providing practitioners with the means to make operational decisions which will increase the value of the nation's forests for the long-term.

Being an outstanding organisation

Forestry England is always striving to be better.

Doing this well requires resilience, sustainability and expertise.

We take the trust placed in us to care for the nation's forests very seriously. We want to strengthen our accountability and

transparency, making excellent decisions at all levels.

This is how we've started - this is how we mean to go on.

As a new organisation we have taken on the exciting opportunity to develop strong governance structures, implementing modernised systems. As we continue our journey towards being an outstanding organisation we will build upon this robust basis to embed updated policies and procedures across the business. These will help us on our journey to excellence and mitigate against organisational risks such as information security and cyber-attacks, and any regulatory and market impacts following the UK's exit from the EU.

We know that forestry is one of the most dangerous industries in the UK. Forestry England works closely with industry partners to support the development of an improved safety culture within the wider forestry industry.

This year we have continued our work to embed a strong safety culture across Forestry England through a number of initiatives including:

- revised guidance and processes for risk assessment and a new template to aid the completion of suitable and sufficient risk assessments for all tasks
- the roll out of Institution of Occupational Safety and Health (IOSH) Managing Safely to supervisors and managers across the business
- the delivery of IOSH Leading Safely to the senior management team
- a revised Site Safety and Supervision course
- undertaking a programme of health and safety audits to establish a baseline of health and safety performance and culture across the organisation in order to develop a more detailed action plan

Our safety culture encompasses everything we do and everyone we work with.

Health and safety also includes the individual wellbeing of all Forestry England employees.

We have opened up the conversation about mental health. Individuals have the opportunity to share their own experiences through our intranet, highlighting the challenges of mental health for individuals and reminding us all about what it means to care for those around us.

This culture of support is underpinned by our mental health first aiders. Over 200 volunteers from across the organisation are trained to provide first response support for anyone in a mental health crisis and to lead them towards the most appropriate professional care for their needs.

Physical exercise is a crucial aspect of health and wellbeing. 227 colleagues from every corner of the country took part in our Forest 100 series of 10km running races. Seven of whom ran at least ten of these races.

Offering staff the opportunity to take time away from day-to-day work to volunteer for other organisations gives people the chance to give back to communities and causes close to the hearts of those taking part. As a staff group we undertook over 1,200 hours of volunteer activity supporting all manner of causes from ancient tree conservation to supporting local hospices.

Resilient organisations rely on resilient finances. Forestry England's mixed financial model, generating considerable income from our trading activities such as timber sales allows us to be over 80% self-financing. This combined with support from central government for societal benefits generated by the forests allows for continued high quality investments in the forests themselves, the infrastructure that supports enjoyment of them and the people who care for them. Our investment programme supports growth of income generating enterprises as well as improving our business operations, including replacing

diesel vehicles with electric to reduce our carbon footprint.

This year we completed the redevelopment of our visitor centre at Wendover Forest. This investment has supported much more than just the building of an ultra-modern visitor facility. The forest centre has become a hub for the local community; providing a unique space for families and individuals to come together, soaking up the natural environment and enjoying the accessible, inclusive activities on offer to help maintain and improve their health and wellbeing. The visitor hub building received a £450,000 grant from HS2's Community and Environment Fund and we are also grateful to the London Marathon Charitable Trust for their grant of £20,000 to support the provision of a Changing Places Toilet within this development.

Sustainability

We acknowledge the responsibility Forestry England has to the wider environment beyond the boundaries of the nation's forests. In response to the climate emergency, Forestry England has this year embarked upon an ambitious programme to significantly improve our business sustainability.

We are targeting operational waste, our energy use and carbon emissions, aiming to be a net-zero carbon business by 2033.

We:

- have implemented regular sustainable business meetings which review current consumption and identify energy demand and supply opportunities across the business
- reviewed our top 21 energy using sites for 2018-19, for the nature of energy used, its associated carbon emissions, the possible impact of electric vehicle charging and renewable energy generation opportunities
- are continuing the transition of our car fleet to Ultra Low Emission Vehicles

(ULEV) and renewing our fleet of commercial vehicles to electric where the current technology permits

- are increasing the number of electric vehicle charge points for fleet vehicles at our offices and depots
- are rewriting waste and procurement guidance to endeavour to avoid single use plastic and general waste that cannot be reused or recycled
- have transitioned our non-half hourly electric meters to a low carbon renewable energy supply with the switch over occurring 1 April 2020
- have rolled out Skype followed by MS Teams to facilitate virtual meetings, reducing the need for travel

Expertise

Outstanding organisations need outstanding people. Forestry England invests in employee talents from technical to leadership, and personal to professional development. Learning new skills helps us to think creatively and overcome challenges in new ways. This creativity means Forestry England can keep delivering for the environment and people.

We support early career paths through our apprentice, graduate and trainee programmes.

In support of the government initiative to move from apprenticeship frameworks to apprenticeship standards by 2020, Forestry England is now a member of the Register of Apprenticeship Training Providers which enables us to draw money from the apprenticeship levy, while delivering the Forest Operative standard.

By delivering this standard, and recruiting apprentices in groups, we are able to structure, deliver and quality assure their training so that they acquire a high level of competency as team members within Forestry England which compliments the certificated technical skills needed for forestry and land management. We currently have eight apprentices on

programme with a view to recruiting a further eight in autumn 2020.

Ensuring we are all motivated and engaged demands effective leadership. Through our staff surveys we find out what needs to be done to improve this for all.

This year, our staff engagement survey received an excellent response rate of 83%, up 5% from our survey in 2017. Forestry England is improving its engagement with employees, receiving an index score of 82% when people are asked how proud they are to work for Forestry England, whether they would recommend it as a place of work and if they feel a strong sense of belonging to the organisation. This is nearly 10% higher than the civil service average.

Forestry England is recognised by its employees as an Employer of Choice, gaining a score of 3.14 out of 4 compared to a civil service average of 3.01.

We are extremely proud of the progress made in ensuring Forestry England is a great place to enjoy a fulfilling work life.

The 2019 Staff Survey has inevitably identified areas of improvement across the organisation and a detailed action plan is being developed to tackle these over the coming months and years.

Action areas for improvement include progressing Offer 2020 to tackle pay issues, developing a management development programme, and local actions addressing workloads.

Our expertise is recognised by the awards we win.

Forestry England was a key partner in the commissioning of the Gold Medal winning Resilience Garden at the 2019 Royal Horticultural Society Chelsea Flower Show. The garden highlighted the need to diversify forest planting and follow strict biosecurity measures to help protect our landscapes from climate change, pests and diseases.

This year our very own Jayne Albery, who has been part of our team for over 45 years, received well-earned recognition of her customer service skills, winning the ‘Customer First’ Defra group award. Jayne was one of four teams and individuals from Forestry England that were shortlisted among the 450 entrants from across Defra; a wonderful achievement which we are all extremely proud of.

Awards were also received from the Royal Forestry Society and the UK River Prize, bestowing honours on teams across Forestry England for landscape restorations, community woodland developments and the work of volunteer groups.

It is clear that the quality of our people is our strongest asset as we continue to grow the nation’s forest for people, economy and for wildlife.

Sharing our story

Forestry England is inclusive, creative and confident. We have a rich history and we want to share that story to help connect people to their forests. The story of the nation’s forests is the story of individuals and communities up and down the country, lived over decades past and continuing to evolve for generations to come.

We tell this story so that we can build a strong awareness, understanding and appreciation of the nation’s forests. This enables us to do more to connect people with nature and help them to enjoy a lifelong relationship with their forests and pass that love on to the next generation.

This year, becoming Forestry England and celebrating the centenary of the Forestry Commission has provided a huge opportunity to revitalise that relationship: enabling more people to connect in more ways than ever.

We have connected people to the forests literally as well as literarily.

Former poet Laureate Carol Ann Duffy wrote a poem ‘Forests’ about the majesty of the nation’s forests; hundreds of people contributed to Tribute to Trees, a collection of prose and poems about connections with forests; Jon Snow foreworded our book, British Forests: The Forestry Commission 1919-2019. This is our story told by our experts past and present. Jon’s statement that ‘...for me, the Forestry Commission ranks with the NHS and the Houses of parliament as key to our British way of life’ really illustrates the deep affection held for the nation’s forests.

We flung open the gates of our forests for artists to create new works. Nearly 1,000 people applied to be our Writers in Residence. We are incredibly proud to host two new and exciting voices in nature writing, Zakiya McKenzie and Tiffany Francis-Baker, who are visiting and immersing themselves in the nation’s forests, turning their experiences into forest-inspired stories for all to enjoy.

The nation’s forests have also inspired other artistic works for people to reflect on and enjoy.

Future Forest in Thetford, by renowned artists Lisa Wright and Tim Piper of Tower of London Poppies fame brings an abstract impression of human connection to nature that people can get up close and personal to in the forest itself.

The Custody Code, a film shown on location at Alice Holt and Kielder Forest, tells the story of timber from seed to sawmill, illustrating the vital economic aspect of forestry, the many niche services and industries and the people that make up this modern, sustainable supply chain.

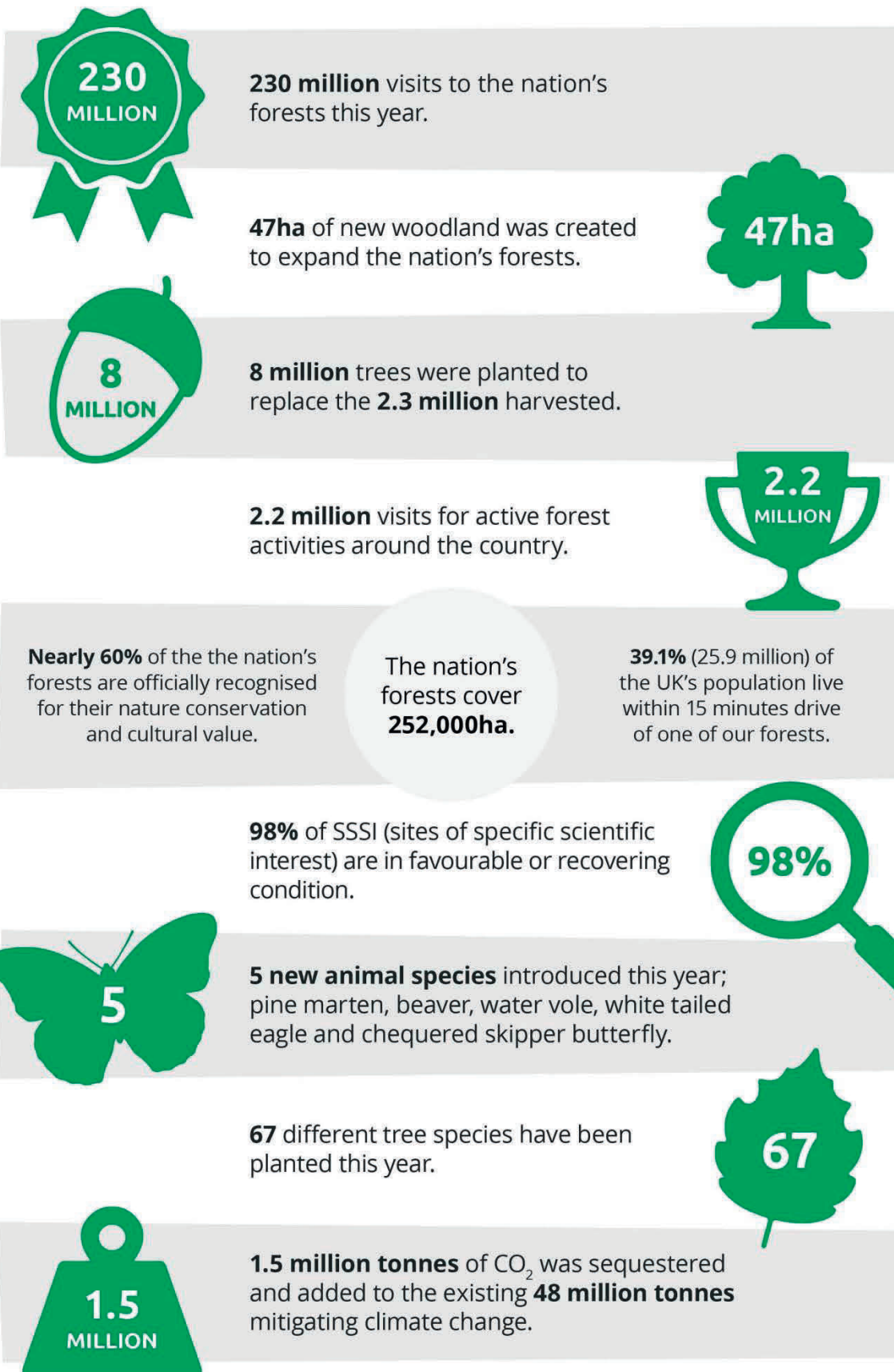
Our track record of developing cutting edge, innovative programmes to draw more people into the forest has continued this year as once again we caught the imagination of future generations.

This year we partnered with Aardman animations and Sport England to launch a whole suite of activities based around the Shaun the Sheep film, Farmageddon. These activities, enjoyed by 400,000 children and their friends and families, combined augmented reality with UV light pens encouraging physical exercise by prompting action such as star jumps and touching trees and toes along a Glow Trail. On top of this, we offered five family glow runs across the country for children and families to enjoy the forests at night. This is just one of the reasons an incredible 230 million visits were made to the forests over the year - each with their own reason, each with their own story.¹

We are Forestry England.

We are growing the future.

¹ Figure derived from quarterly survey (subject to statistical analysis and moderation) designed and carried out by Kantar TNS.



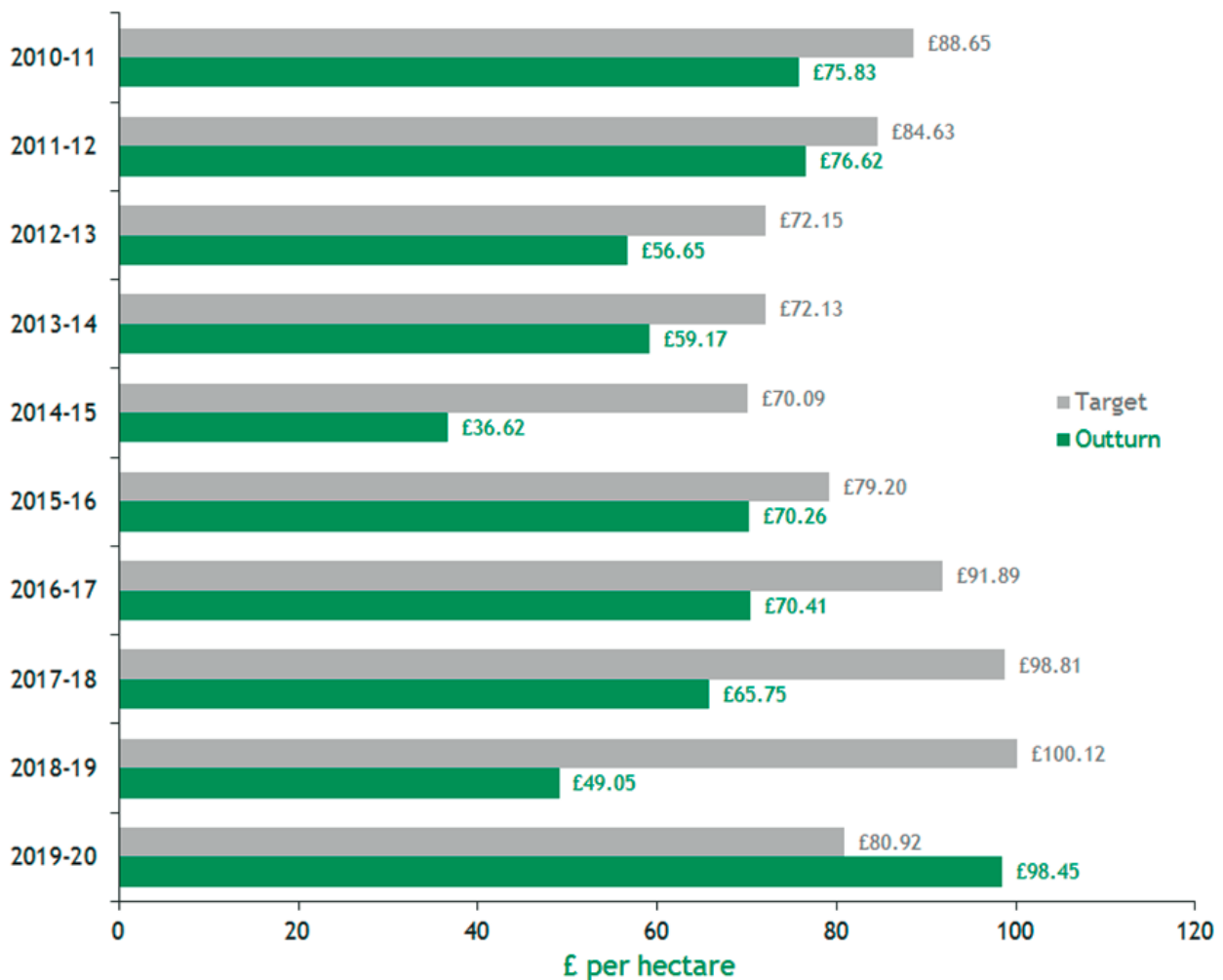
Key performance indicators

The range of key performance indicators for Forestry England include two headline indicators set out below. Reports on these headline indicators are published quarterly in our Headline Performance Updates, and reports on our other indicators are

published annually in the Forestry Commission Key Performance Indicators report. They are produced to adhere to the standards of the Code of Practice for Statistics (Office for Statistics Regulation and UK Statistics Authority, 2018), and the year-end outturns shown have each been successfully assured by the Government Internal Audit Agency.

Cost of managing the nation’s forests managed by Forestry England

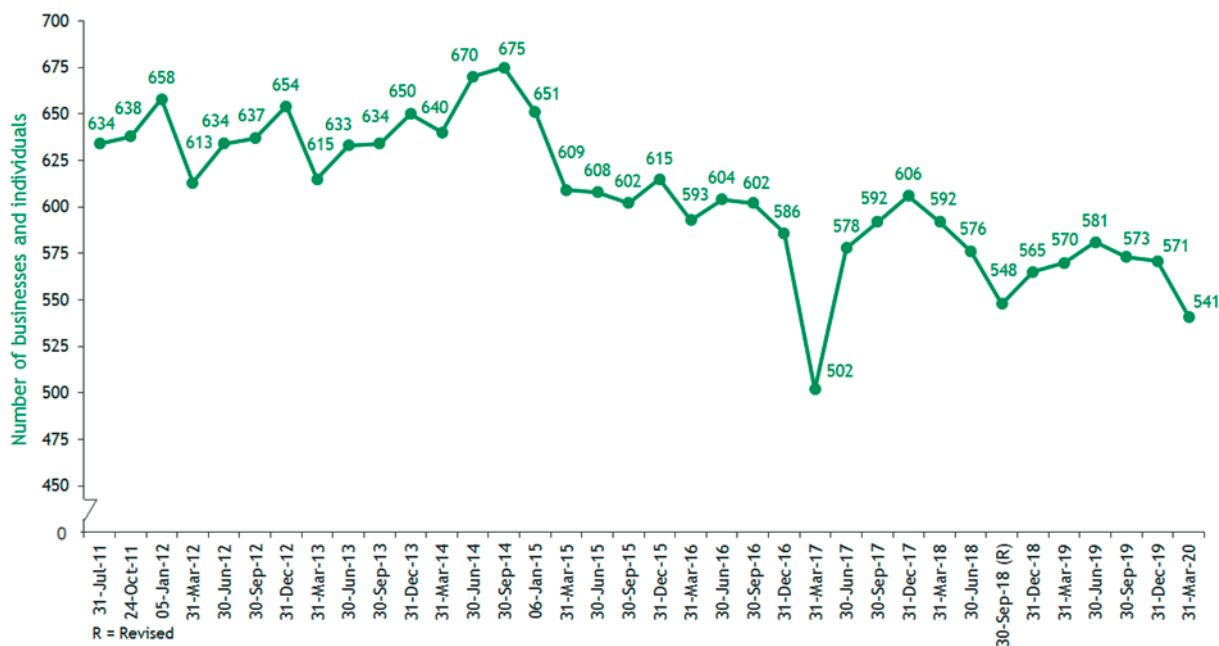
Financial year



The cost of managing the nation’s forests for 2019-20 is £98.45 per hectare, against a target of £80.92 per hectare.

This additional net cost is largely explained by cancellation of the 2020 Forest Live music concerts due to coronavirus, plus impairments.

Number of businesses operating in the nation's forests managed by Forestry England



The position at 31 March 2020 is that there are 541 businesses and individuals operating in the nation's forests managed by Forestry England. This is a net decrease of 29 since the start of 2019-20.

During the year there were new café leases, new education providers, and additional franchise agreements, with businesses remaining keen to operate from, as well as expand their offering in, the nation's forests managed by Forestry England.

In accordance with government instructions all businesses on the estate were closed for a period from 23 March 2020 due to coronavirus, and we await further information on the impact of this on their trading. The reduction in this indicator in the fourth quarter of the year was primarily as a result of sporting licences that had ended and were in the process of renewal.

The indicator figure for 31 March 2017 was simply an anomalous one-off reduction not consistent with the pattern before or since. Further investigation identified that this reflected the timing of business contracts that were subsequently soon renewed.

Operating performance

Long-term trends

IAS 41 requires that changes in fair value, less costs to sell, of biological assets during a period are reported in net profit or loss. The operating performance should be considered in the context of the impact of these valuation movements (non-distributable gains or losses) on timber holdings and felling. Removing the impact of IAS 41, the basis of calculating the operating surplus is adjusted as follows.

Long-term trends	2019-20	2018-19	2017-18
	£m	£m	£m
Operating (deficit)/surplus	(20.2)	(2.6)	113.0
Add back impact of valuations:			
(Gain) on biological assets	(34.3)	(42.6)	(155.4)
Value of felled timber	29.6	32.8	25.7
Operating (deficit) excluding valuation movements	(24.9)	(12.4)	(16.7)
Funding	16.5	17.2	19.5
Interest and gains on sale of properties	3.8	4.4	0.5
(Deficit)/Surplus after funding	(4.7)	9.2	3.3

The ‘operating deficit excluding valuation movement’ is used by the Forestry Commission in the net cost per hectare target measure, a key performance indicator for Forestry England. Net cost performance for 2019-20 was:

	Actual	Planned	Variance
Net cost before funding	£24.9m	£20.5m	£4.4m adverse

The difference between the actual net cost and the planned net cost is £4.4 million greater. The increase in cost against the plan was caused by an increase in provisions of £0.7 million, impairments of £2.5 million and £1.5 million of expenditure on the new Delamere visitor centre development, classified as operating expenditure, rather than planned capital expenditure.

The immediate effect of COVID-19, arising as it did at the end of the financial year, had a small impact on the operating position for 2019-20.

For 2020-21 the impacts of COVID-19 were assessed under a variety of scenarios including best and worst cases. The operational budget was revised, based on managements’ view of the ‘likely’ scenario. First quarter unpublished results indicate that the finances are tracking slightly better than the likely scenario.

The principal financial risk and uncertainty facing Forestry England is the long-term

market price and demand for forestry products.

Our long-term business planning indicates a reduction in the current level of timber production volume in the future. This is due to no new commercial forests being planted in the last 40 years and an increased focus on delivering environmental and social benefits through the nation’s forests.

Forestry England business plans seek to mitigate the financial consequences of the reduction in timber volume through developing our recreation offer, and releasing the commercial potential of other non-forestry developments.

Capital investments

Capital additions totalled £12.9 million in 2019-20.

In October 2019 we purchased Silk Wood House, including 11 hectares of land, near Westonbirt Arboretum. Though there are no

detailed plans as yet as to how the property will be used, it is clear this is a rare and exciting opportunity to expand the arboretum, something which has not happened since 1840. The Friends of Westonbirt Arboretum contributed £750,000 to the cost of the purchase.

In January 2020 we purchased Pleasant Farm, a 130 hectare site in Kent, where we will be creating a new woodland.

Also in January 2020, as part of the A11 widening programme, we have disposed of an area of land at Wangford Warren. This was the first stage of a 'land swap' transaction: we will be purchasing a new area of land at Croxton in Cambridgeshire in 2020-21.

During the year we also completed development of our visitor centre at Wendover Forest. Further details can be found at page 8.

Sustainability

Introduction

Forestry England carries out sustainability reporting in line with the Greening Government Commitments and HM Treasury's Financial Reporting Manual requirements.

Summary of performance

Overall strategy for sustainability

Forestry England produced an Energy and Infrastructure Strategy in 2018. The vision for the strategy is to be carbon-free by 2033 across our estate. By carbon-free we mean transitioning away from avoidable fossil fuel derived energy.

The environmental impacts of our forest management activities are managed through our Environmental Management System (EMS) which is designed to deliver our environmental policy, with performance

improvement targets for reducing fossil fuel-based energy and reducing waste and our use of water. Our EMS is designed to meet the requirements of BS EN ISO 14001 2015, to which we are endeavouring to gain certification. The EMS is independently assessed for certification by accredited 14001 assessors.

Principal on-going initiatives are:

- writing planning, policy and guidance documents for all areas of the business, incorporating sustainability to all relevant areas
- creation of the energy and infrastructure strategy with a five year initial plan
- work on an energy audit of the estate, identifying higher usage sites targeting investment to these areas to address and reduce consumption
- continuing to work with Aveico to provide sustainable business reporting services and cleanse data
- rolling out electric or low emission vehicles through the fleet where possible
- review of energy contracts

Sustainable forest management is achieved through conformance to the UK Woodland Assurance Standard (UKWAS), which incorporate UK Forestry Standard (UKFS) requirements, and is independently certified by accredited certification assessors under the Forestry Stewardship Council's (FSC) and Programme for the Endorsement of Forest Certification (PEFC) internationally recognised requirements for sustainable forest management. Forestry England endeavour to plant resilient woodlands in the face of climate change through 'Adaptation Reporting Power: Second round report', and 'Forests for the Future: Planting Resilient Woodlands'.

Carbon sequestration associated with the nation's forests is included in our annual corporate Natural Capital Account.

Greenhouse gas emissions

Forestry England's built estate is actively managed to optimise occupancy and minimise CO₂ emissions from fossil fuel energy use.

Direct emissions from the built estates are being reviewed under the EMS and energy audit of our highest energy usage sites. The audit will feed in to outline business cases for energy efficiency measures. Principles derived from this process will inform energy improvement measures at other sites not included in the original scope.

Having adopted a new reporting system in 2018-19 Forestry England are now able to review site data at a detailed level in a quick, clear access format. 2018-19 was consumed with ensuring the split from Scotland was achieved, and also starting to collate data within the new system. Whilst this has generally proved successful it has identified irregularities in data inputting and consistency regionally. These issues are mainly associated with renewables, F-gas and waste but also extend to third party usage. Irregularities were also identified in our energy audit of our higher consumption sites. We are in the process of implementing guidance and policy to address these issues along with scrutinising the two years of data captured in the new reporting system.

There is a rise in reported energy use for 2019-20 which is predominantly down to an under-reading at a couple of sites in the past.

CO₂ emissions from business travel (including fleet and other official business travel) are reduced where possible through ongoing support for flexible working arrangements, the provision of audio-conferencing facilities including the recent integration of Skype for Business and Microsoft Teams to reduce the need to

travel. Ultra-low emission vehicles are sought wherever possible (larger four wheel drive vehicles are needed for aspects of the business). Wherever possible, electric vehicles are added to the fleet during phased replacements. Where this is not possible due to capacity or range, efficient alternatives are sought along with new innovative solutions considered. Travel data is currently under review as the 2018-19 change in business reporting services used Defra conversion factors which did not accurately represent the mileage of the fleet owing to its diverse nature. 2018-19 mileage is under review and current reporting for fleet is based on actuals with mileage and conversion factors used for grey fleet and hire cars. As we transition to electric and ultra-low emission vehicles it is important that we correct these recording processes in order to capture our fleet efficiency gains.

Forestry England is improving its reporting on fugitive emissions and F-gas data. Many existing installations use R404a gas and an assessment will be made to determine actions over the coming year for their phased replacement. Forestry England's use of heat pumps is likely to become greater as they are a low carbon technology, all new installations seek to use the refrigerant with the lowest global warming potential feasible.

Indirect energy emissions are reviewed and under the Crown Commercial Service framework Forestry England is transitioning to a zero carbon supply arrangement for all non-half hourly meters next financial year with half hourly meters also intended to move the following year.

Official business travel, other than fleet emissions, are monitored and recorded through our EMS. Travel policy has recently been revised including air and public transport.

Performance measure		2016-17	2017-18	2018-19	2019-20*
Business travel	Total miles	6,209,178	7,448,867	7,580,130	6,480,385
	tonnes CO ₂ e↑	1,477	1,749	2,432	1,880
	Expenditure (£000)	2,925	3,358	1,129	2,923
Electricity, gas and other heating fuels	Consumption (KwH)	9,754,575	4,270,939	5,664,447	5,961, 973
	Expenditure (£000)	469	353	473	498
	tonnes CO ₂ e↑	1,582	1,658	1,450	1,196
	% Renewable	60	21	19	19
Total energy (Scopes 1, 2 and 3) estate and travel	tonnes CO ₂ e↑	3,059	1,751	3,883	3,076
	Expenditure (£000)	3,394	3,712	1,602	3,421
F-Gas - CO ₂ (e) Δ	(Kg)	26	10.75	11	8
Fugitive emissions F-Gases (GWP)	CO ₂ e↑ (T)(GWP)	80	42	30	30
Estate and office waste	Amount (Tonnes/m ³)	1,819	2,326	3,703	4,165
	Expenditure (£000)	158	353	384	441
Estate and office water	Quantity (m ³)	171,141	74,974	180,742	187,412
	Expenditure (£000)	77	84	32	33

Waste

Significant reductions in operational waste going to landfill have already been achieved across most of the estate and all locations have recycling in place. A number of material storage facilities have been modernised over the past three years to meet legal waste storage and segregation requirements. Waste data is a focus for 2020-21 as it has proved difficult to maintain consistency in reporting across the estate. Data for 2019-20 has increased and it is unclear why this is at this time.

Forestry England's office waste has a recycling rate of approximately 62%.

Fly-tipping continues to be a challenge and significant dumping occurred in 2019-20.

Sewage and waste water is a significant product from our activities at visitor centres. A number of systems have struggled to remain in compliance as visitor numbers have increased however investment has targeted these problematic sites and monitoring is ongoing.

Forestry England has rewritten its waste guidance emphasising the importance of practising reduction through procurement. Furthermore our environmental policy has been rewritten to include the increase of recycling and reuse of materials along with elimination of consumer single use practises across our offices by the end of 2020.

Use of resources (water and timber)

Forestry England has a combination of mains and private water supplies. These are monitored through meters and efforts are made to identify leaks early and avoid wastage. Water efficient units are used wherever possible however in some instances waterless features are not suitable. Local initiatives, such as rainwater harvesting and micro-irrigation at nurseries, are being explored and water efficient appliances are installed during refurbishment works or as existing appliances fail. Our nurseries are looking at their long-term water needs and ensuring that stored rain water and efficient irrigation equipment is sufficient to cope as best as possible in drought conditions.

Biodiversity action plan

Since 2015-16 we have delivered an annual Natural Capital Account (NCA) to help us to measure whether the value of the natural capital (the nation's forests) in our care is increasing or decreasing. This method of accounting for our natural environment is in its infancy, but allows us to measure, identify and if necessary address, changes in the elements of natural capital that fall within the account at present. At 31 March 2019 the total value of our net natural capital assets was reported as £26,050 million. Our NCA goes to the Board for approval and is published on our website.

Sustainable procurement including food

Forestry England has worked to ensure that sustainable solutions are part of the goods, services and works we purchase. Internal guidance on procurement and waste has been rewritten to include sustainable procurement, linking to the Government Buying Standards and waste reduction. Our policy is to work with supply chains to create a circular rather than linear process in procurement.

In England, our food outlets providing a catering service to the general public are leased to third party providers. These providers are encouraged to follow sustainable food sourcing principles and key performance indicators are used to monitor this.

All timber used by Forestry England must be recorded as certified as coming from legal and sustainable sources, including all construction projects and temporary works. Forestry England is supporting Grown in Britain in their efforts to promote sustainable UK timber. All treated timber used within Forestry England is specified with non-hazardous treatment substances and processes.

Climate change adaptation

Our assessment of climate risk approach to climate change adaptation, including our activities in the nation's forests and our interactions with the wider forestry sector are set out in detail in our Adaptation Reporting Power: Second round report with a programme of new and continuing work now in place, including:

- establishing an updated approach to contingency planning and incident management
- UKFS climate change guidelines underpinning our incentives and regulatory functions
- a revised Climate Change Action Plan for the nation's forests
- resilience at the core of three of seven programmes of the Science and Innovation Strategy for Forestry in Great Britain
- working closely with the forestry sector to encourage the uptake of adaptation measures through the Climate Change Working Group, its Climate Change Accord and Action Plan

Rural proofing

Forestry England's activities take place predominantly in rural, or semi-rural

environments, but the organisation does not formulate government policy. There is therefore no specific internal governance, decision making or assurance process on rural proofing.

We seek to ensure that the impact of our activities balance social, economic and environmental needs. Our commitment to sustainable forest management, as certified under UKWAS, requires us to demonstrate how the results of engagement with local communities and social impacts have been incorporated into management planning and operations. UKWAS also requires that woodlands be integrated into local economies and that communities within or adjacent to the woodlands have equitable opportunities for employment and to provide supplies and services.

Sustainable construction

We employ sustainable building elements as far as possible in all our refurbishments and new build projects. The estate energy audit is identifying energy inefficient sites which investment is being targeted to either through refurbishment or replacement.

Renewable technologies are being integrated into new developments and retrofitted where possible on existing buildings. The introduction of electric vehicle charging is currently being rolled out.

All new build and major refurbishment works will target net zero carbon in operation wherever possible. Embodied carbon is not currently considered.

Mike Seddon
18 September 2020
Accounting Officer
Forestry England

Accountability report

The Accountability report sets out our key accountability requirements to Parliament, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No. 1981, as adapted for the public sector in The Government Financial Reporting Manual 2019-20.

Corporate governance report

This report consists of three sections: the Directors' report, the Accounting Officer's Statement and the Governance Statement.

Its purpose is to explain the composition and organisation of Forestry England's governance structure and how this supports the achievements of the organisation's objectives.

Directors' report

Forestry England is a public corporation and an executive agency of the Forestry Commission, a non-ministerial government department that sits within the Defra Group. The Chief Executive Officer of the Forestry Commission is Ian Gambles and its Chair to 9 February 2020 was Sir Harry Studholme, and its new chair Sir William Worsley was appointed from 10 February 2020.

From 1 April 2019 the new Forestry England Board was formed. The details of the Board members are:

Board member	Role	Dates	Attendance at Board meetings
Ian Gambles, Chief Executive Forestry Commission	Executive Commissioner	Full year, including period to 31 July 2019 as acting Chief Executive Officer Forestry England	5/5
Julia Grant	Non-executive Commissioner	Full year, re-appointed 1 November 2019	4/5

A new governance structure for Forestry England, and the Forestry Commission as an England-only body, came into existence 1 April 2019. Under the new structure the Forestry Commissioners have established a federated organisation with three distinct organisations responsible for the delivery of the statutory roles and responsibilities of the Commission: Forestry England, Forest Services and Forest Research. The Forestry England Board has been appointed by the Forestry Commissioners to enable it, as 'the appropriate forestry authority' in England to discharge their duties and exercise their powers set out in the Forestry Act 1967 and other relevant legislation, including the Countryside Act 1968 in respect of the nation's forests.

In addition to the new structure, Forestry England has seen changes in the leadership of the organisation, both at executive and Board level, with new appointments to the roles of Chief Executive and Chair as follows:

- Chief Executive
 - Ian Gambles, acting to 31 July 2019
 - Mike Seddon, permanent from 1 August 2019
- Chair of Forestry England Board
 - Sir Harry Studholme, to 9 February 2020
 - Sir William Worsley, from 10 February 2020

Board member	Role	Dates	Attendance at Board meetings
Tristram Hilborn, Chief Operating Officer Forestry England	Executive member	From 1 November 2019	2/2
David Hodson, Finance Director Forestry England	Executive member	Full year	5/5
Peter Latham	Non-executive Commissioner	Full year	5/5
Jennie Price	Non-executive Commissioner	Full year	5/5
Gurch Randhawa	Non-executive member	Full year	5/5
Mike Seddon, Chief Executive Forestry England	Executive member	Full year, including to 31 July 2019 as Chief Operating Officer Forestry England	5/5
Sir Harry Studholme (chair)	Non-executive Commissioner	To 9 February 2020	4/4
Sir William Worsley (chair)	Non-executive Commissioner	From 10 February 2020	1/1

Significant interests held by board members

A register of interests of all Forestry England Board members is maintained and published on our website. Related party transactions are separately disclosed within note 19.

Personal data related incidents

There were no protected personal data related incidents reported for Forestry England in 2019-20 (2018-19: nil). We will continue to monitor and assess our information risks to identify and address any weaknesses and ensure continued improvement of our systems.

Supplier payment policy

Forestry England complies with the government's Better Payment Practice Code. Unless otherwise stated in the contract or by special arrangement with individual suppliers, we aim to pay within ten days from the receipt of goods and

services or the presentation of a valid invoice, whichever is the later. In 2019-20 97.9% (2018-19: 97.4%) of invoices were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contract.

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Auditors

These accounts are audited by the Comptroller and Auditor General. The audit fee was £96,065 plus VAT (2018-19: £94,600 plus VAT). No fees were charged for other services (2018-19: nil).

Statement of Accounting Officer's responsibilities

Forestry England is an executive agency of the Forestry Commission. The Chief Executive of Forestry England has been appointed as Accounting Officer for the

Forestry England accounts by the Accounting Officer and Chief Executive of the Forestry Commission. Forestry England's framework document sets out the responsibilities of the Accounting Officer.

The Accounting Officer of Forestry England is responsible to the Accounting Officer of Forestry Commission for monies allocated to Forestry England from the Forestry Commission's account, and is responsible and accountable to Parliament for the use of public money and stewardship of public assets.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis and prepare the annual report and accounts so that they are fair, balanced and reasonable
- 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 accounts on a going concern basis

The responsibilities of an Accounting Officer (including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding Forestry England assets) are set out in Managing Public Money published by HM Treasury.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that Forestry England's auditors are aware of that information. So far as he is aware, there is

no relevant audit information of which the auditors are unaware.

Governance statement

This statement confirms that Forestry England fully complies with the Corporate Governance Code where applicable and relevant.

The Forestry Commission governance context

Forestry Commission is empowered by The Forestry Act 1967 (as amended) and the Forestry Act 1979 which set out the principal legislative framework within which the Forestry Commission operates.

The Forestry Commission is a non-ministerial government department that reports to Parliament through Defra ministers and has a Royal Charter, dated 25 March 1920. It is headed by a Board of Commissioners.

The Forestry Commissioners are established by statute and derive their powers primarily from the Forestry Acts but also from other legislation such as the Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999. Under the Plant Health Act 1967, the Commissioners are the competent authority for the protection of forest trees and timber from attack by pests and diseases.

Governance framework

On 1 April 2019 new arrangements established the Forestry Commission as an England only body, with Forestry England as its executive agency with responsibility for the management of the nation's forests. As set out in the Directors' report, the Forestry Commissioners have delegated to the Forestry England Board the discharge of their duties and exercise their powers in relation to the nation's forests.

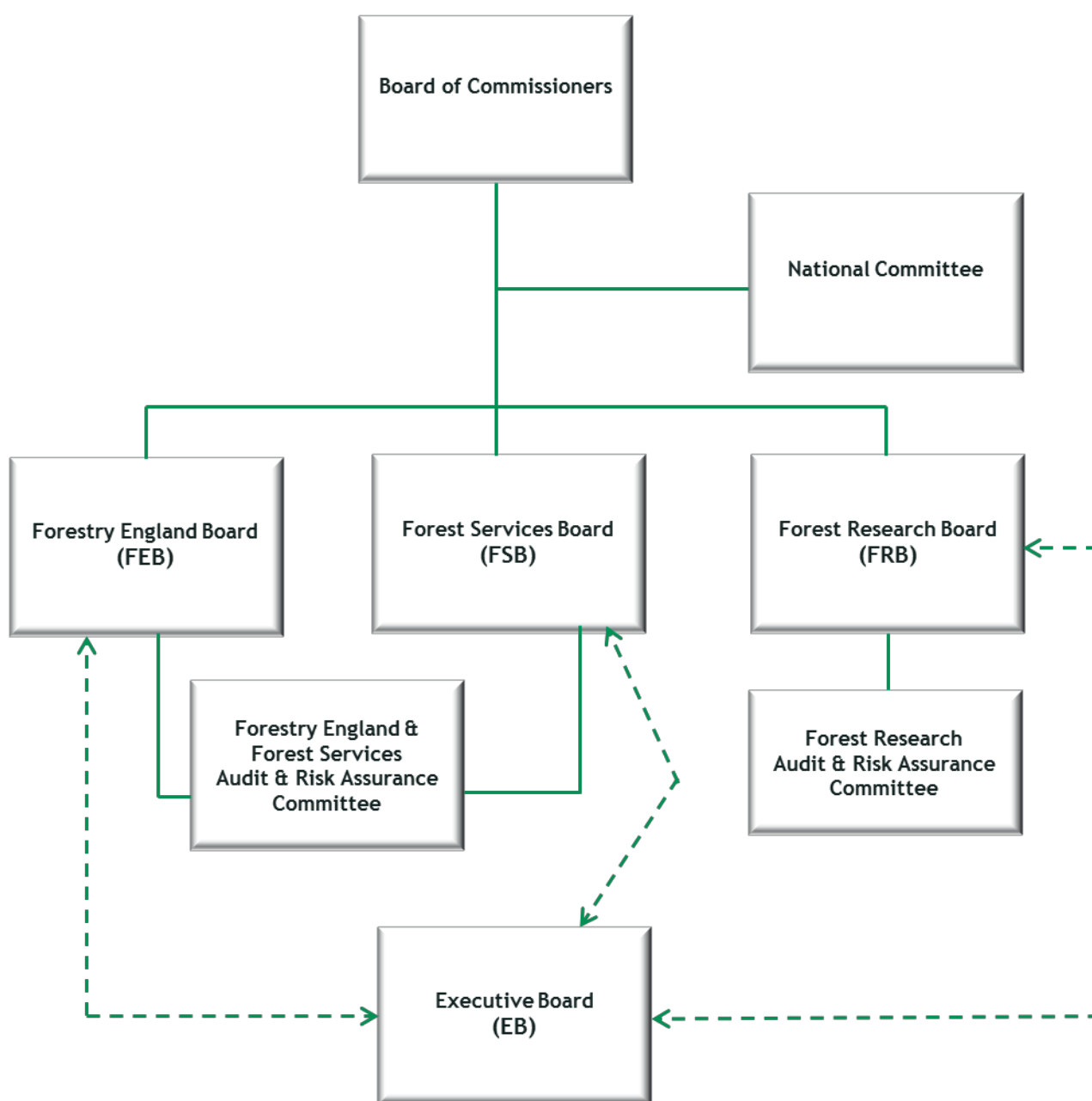
The purpose of the new structure (below) is to enable Forestry England to be fit for the

next chapter for the nation’s forests, through:

- strong and transparent leadership providing clear strategic direction
- robust, open decision making
- ongoing monitoring of the organisation’s performance and financial management
- assurance of compliance with law and policy

The Forestry England Board operates one committee, the Audit and Risk Assurance Committee which it shares with Forest Services.

The division of responsibilities in the structure between the Boards and the executive management functions are set out in the Framework agreements agreed between Forestry Commission and Defra, and Forestry Commission and Forestry England (currently in draft form).



In its first year there has been a wide ranging programme of work across the business including:

- management and performance information
- financial reporting
- business plans approval
- health and safety
- risks and risk management
- estate energy and sustainability strategy
- business investment and woodland creation programme
- forest resilience and plant health
- recreation and markets
- centenary programme
- staff survey results and actions

The Board has also visited three different forest locations, plus the England Office on formal visits, with additional visits to Forestry England sites that individual members have made during the course of the year. These visits enable the Board to increase their knowledge and understanding of the wide variety of staff expertise, visitor experiences and diverse forest locations that Forestry England has to offer. In addition the engagement with a wide variety of staff contributes to their ability to assess and monitor the culture within the organisation.

Membership and attendance of the Board is set out in the Directors report.

Audit and Risk Assurance Committee

The system of internal control is a significant part of the governance framework and is designed to provide assurance that Forestry England is compliant with the law in the performance of its duties and manages its risks effectively, efficiently and economically.

The Forestry Commissioners and the Forestry England and Forest Services Boards have established an Audit and Risk Assurance Committee (ARAC) as a sub-committee to support them in their

responsibilities for issues of risk, control and governance and assurance by:

- reviewing the comprehensiveness of information in meeting the assurance needs of the Commissioners, the Forestry Commission Accounting Officer and Forestry England Accounting Officer, and the Forestry England and Forest Services Boards
- reviewing the reliability and integrity of these assurances
- providing an opinion on how well the Commissioners and Accounting Officers are supported in decision making and in discharging their accountability obligations, particularly in respect of financial reporting

The membership is four Commissioners drawn from across the three Boards (Forestry England, Forest Services and Forest Research), and is attended by the Government Internal Audit Agency (GIAA) and external auditors from the National Audit Office. The Committee met in June 2019, November 2019 and March 2020. Its focus is on external and internal audit reports, the annual report and accounts, including the governance statement and risk management.

In its meetings this year the committee has considered:

- structural review and evaluation of effectiveness
- GIAA audit plan and reports, including: KPIs, procurement and letting of contracts, Government Procurement Card, Sales Reporting Package, credit management, fraud, wellbeing, cyber security
- external audit plan and reports
- risk management process
- risks, including fraud, security, EU Exit, Forest Holidays, valuation of the estate, climate emergency, COVID-19
- disaster recovery
- preparation of annual report and accounts, including the governance statement

Performance of the Board

The Forestry England Board is undertaking a self-assessment of its performance that will be completed after its first year of operation, and then repeated annually.

During this first year of operation the development, shaping and performance of the Board and the management information it receives has been kept under constant review as its leadership role and responsibilities are developed and embedded within Forestry England so that it delivers maximum value. To achieve this, the Board has worked closely with the executive team to ensure that the agendas, reports and management information it receives are of quality and relevance to enable the Board to fulfil its responsibilities to the best of its abilities.

A review of the Forestry Commission's new Board and governance structure was conducted by GIAA during 2019-20.

Review of effectiveness of governance

The Forestry England Accounting Officer has responsibility for conducting an annual review of the governance framework and provides an annual assurance statement to the Forestry Commission Accounting Officer. This review is informed by the work of internal audit, assurance from executive managers and external auditors in their management letter and other reports.

Annual Financial Assurance Statements are provided by the executive managers across Forestry England on the application of financial controls, the recording of all transactions and any reported incidents of fraud.

The GIAA Head of Internal Audit for Forestry England has prepared an annual report and assurance statement which includes an overall assessment of the adequacy and effectiveness of risk management, control and governance within Forestry England.

The overall opinion is that internal control within Forestry England continues to provide moderate assurance. Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. Plans to address weaknesses and ensure continuous improvement of the system are in place.

Forestry England applies the principles of HM Treasury's Code of Good Practice for Corporate Governance as appropriate for an executive agency of the Forestry Commission. The one area that requires further attention will be met with the finalisation and sign off of the framework agreements between Defra and the Forestry Commission, and the Forestry Commission and Forestry England.

The Forestry England/Forest Services ARAC reviews its effectiveness in line with best practice as set out in HM Treasury's Audit Committee Handbook and results will be reported to the Forestry England Board. The first review of the new structure will take place once it has had sufficient time to embed.

Whistleblowing

Forestry England is committed to ensuring a high standard of conduct in all that it does, and has a duty to identify and remedy any area of malpractice. This is achieved by encouraging a culture of openness, where employees feel confident and able to raise any matters of concern.

There is currently an ongoing project to refresh and raise awareness of the whistleblowing policy and procedures in line with similar work taking place across Defra group.

Forestry England has a dedicated whistleblowing officer to whom a number of approaches have been made, of which one has been carried forward to the investigation stage in 2019-20. The case revealed a data breach due to a mistake,

but there was very limited opportunity for fraud and no harmful impact was identified as a result of this breach. A range of recommendations have been made to the business that have included refreshed training across teams that deal with sensitive information, strengthening our information security culture, as well as better systems and processes for dealing with data transfers. All of the information governance changes and strengthening will be carried out over the first half of 2020-21.

Risk management

Forestry England implement the Forestry Commission's Risk Management Policy and are fully committed to effective risk management, adopting best practice in the identification, evaluation and control of risks.

Risk Management is an important part of our control environment because it identifies and assesses risks to the delivery of our objectives. At the same time, these controls allow Forestry England to maximise its opportunities. Risk management is the systematic, positive identification, evaluation and treatment of those risks and opportunities. It is a key part of the broader, corporate governance arrangements. Sometimes risks can be viewed negatively, and this can lead to inaction through fear of getting things wrong. Forestry England's approach is to view risk management proactively, positively and empowering to the organisation and its staff.

Forestry England has a cross-function Risk Management Group (RMG) which meets quarterly to consider new and emerging risks from across the organisation, the management of existing active risks, and the effectiveness of all controls and mitigations. Each risk identified has a senior risk owner who is a member of the executive team with the authority to take action. The RMG reports its recommendations to the Executive Team who will consider and agree the content of

the corporate risk register. Those risks assessed as high risks are then reported to the ARAC and the Forestry England Board for consideration and review.

Alongside the work of the RMG, specific functional risk registers are maintained and monitored for areas of risk that are being managed at a level acceptable to the organisation e.g. health and safety, reputation management, capital investment projects. When the assessment level for a risk on any of these registers increases beyond the accepted level it will be escalated to the RMG and corporate register for active monitoring at a senior level.

Significant and principle risks

Forestry England has identified in its risk profile the following principle areas of risk in achieving its aims and objectives:

Economic - these risks relate to those financial events which would affect the management of the nation's forests and the impact on the wider economy. This includes opportunities or possible adverse effects relating to timber markets, exchange rates and non-forestry developments. Strong financial control mechanisms are in place, monitored by the Board at each Board meeting throughout the year.

Reputational - these risks relate to exposure to events which might undermine the level of confidence in Forestry England held by organisations and the general public and the consequences on effective delivery and relationships that might arise. Control mechanisms are in place through expert proactive and reactive management and communications across the organisation and with key stakeholders.

Environmental - these risks relate to the exposure of the nation's forests to climatic and ecological events. This includes implications for the targets of maintaining and enhancing biodiversity, the cultural value and landscape character of the estate, effective protection of the

environment, prudent use of natural resources and contribution to government carbon reduction targets. Consideration of changing climate implications is given in assessing the level of all relevant risks. Robust measures and procedures are in place and regularly reviewed to manage the response to specific environmental and climate-related risks, for example fire, flood and tree health.

Social - these risks relate to the implications for the aim of connecting everyone with the nation's forests, improving quality of life, and increasing understanding about forests, woodlands and their management. There is close monitoring of Forestry England events, their take-up and the experience offered through visitor evaluation and performance monitoring. It was identified during the year that there were potential risks around safeguarding practice which have now been addressed with the safeguarding policy and procedures now updated.

Safety - These risks relate to the safety of staff, volunteers, visitors and contractors in the nation's forests recognising that in 2019 Agriculture, Forestry & Fishing remains at the top of the chart for workplace ill-health and non-fatal injury. These risks are mitigated through an approach that blends advice with training and working closely with the Forest Industry Safety Accord (FISA) and other industry organisations to influence widely and make a positive impact. The aim is to build an excellent health and safety culture within the organisation and to empower our staff in managing themselves, teams, contractors and visitors so that safety is our top priority. Control mechanisms in place consist of a monitored incident reporting system, focused risk management and regular reports to every Board meeting.

Establishment of Forestry England

It was reported last year that the organisation was facing great structural reform and change from 1 April 2019. This change required new governance

arrangements to be implemented and the move of central services from Edinburgh to Bristol.

Forestry England are pleased to report that the new arrangements for governance and service provision are operating well to date. The risks these changes posed have been addressed through the development of the new governance structure and a very strong corporate services establishment programme approach that adopted tight management and controls and successfully closed in July 2019.

The ongoing risks arising from these structural changes relate to failure to embed the new arrangements successfully by not realising the benefit they offer both for Forestry England and the wider Forestry Commission family. These risks are being addressed through:

1. Putting in place strong networks across the Forestry Commission family to ensure that the three arms of Forestry England, Forest Services and Forest Research are well connected, benefitting and supporting each other.
2. Realising the potential that this structure gives through the strong leadership and direction of a clear and well-defined governance structure, realising the commercial potential of the organisation through non-forestry developments and establishing the identity of Forestry England through telling our story and establishing our new brand.

EU exit

The United Kingdom formally left the European Union on 31 January 2020, moving into what is known as a 'Transition Period' until 31 December 2020. The Transition Period allows the United Kingdom and the European Union time to negotiate new arrangements for the future relationship. During the Transition Period pre-existing arrangements for business, trade and travel are maintained.

Climate change emergency

The changing climate poses significant threat to the long term business of forestry, to land use, the health and well-being of our environment and society. Forestry England are integrating climate change measures into our national policies, strategies and forest plans and using its expertise in forestry to engage with and influence society and partners on what forestry can do to help combat the challenge of a changing climate.

Pests and diseases

Existing, emerging and potential pests and diseases as a result of changing climate represent significant risks in forests across Europe, including the nation's forests.

Changing climate and globalised plant trade both pose significant risks around introducing new pathogens, the resilience of our forests and the economic impact on timber production and markets. Biosecurity procedures and controls are used to mitigate the environmental threats together with strong financial management controls to manage the economic impacts.

Forest Holidays

The Forestry Commission's joint venture with Forest Holidays came under significant scrutiny in 2018-19, and a Governance Review was carried out by UK Government Investments at the request of ministers. Ministers accepted the recommendations which are now being implemented.

Information and cybersecurity

Information risks continue to have prominence as legislation, expectation and scrutiny are broader and deeper and there continues to be risks from the increased level of national and international cyber-attacks. We have mitigated this by implementing a strong infrastructure for cyber security, business continuity and disaster recovery. These risks are identified

and monitored by the Security Forum that has been established during the course of this year. In addition we are embedding good information governance approach, including expert GDPR and data protection practice into the organisation to strengthen our information security.

Nature for climate fund

The budget announcement of £640 million for a Nature for Climate Fund on 11 March 2020 was very welcome news. Whilst the details of this programme are to be confirmed, we expect Forestry England to play an important role in delivering the ambitious targets for woodland expansion.

COVID-19

The coronavirus (COVID-19) will have significant impacts on the organisation's operations in the short term. We have rapidly adapted our approach to many forestry operations, allowing them to safely continue. However, recreation activities have been significantly impacted by the necessary government controls. Recreation income will be impacted, and financial mitigation measures will mean deferring some operational plans and capital expenditure as we plan our recovery.

Wider circumstances and future challenges

The main challenges for Forestry England as an agency of Forestry Commission during 2020-21 and beyond are:

- returning the organisation to the sustainable growth position it was in prior to the COVID-19 outbreak to deliver its objectives and business plans
- likely financial fragility of third party businesses who contribute to the recreation offer within the nation's forests following COVID-19
- responding to government's economic recovery plans and contributing to green and wellbeing-based plans where appropriate

- responding to raised government and public expectations for increased woodland creation
- delivering public benefits and natural capital outcome within a constrained resourcing environment and competing priorities for land use
- securing sufficient funding from Defra to support the delivery of Forestry England's business and financial targets at a time of significant financial constraint across the department and government in general
- continue developing an appropriate response to the increasing threat of cyber security attacks, and information security in general
- handling the continued biosecurity threat and the potential substantial cost of counter-measures on the estate
- realising the benefits and mitigating the risks of the development and delivery of the non-forestry developments portfolio

Remuneration and staff report - subject to audit

The remuneration and staff report sets out Forestry England's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors. It also provides details on remuneration and staff that Parliament and others see as important to accountability, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No. 1981 and amended by HM Treasury's Financial Reporting Manual.

Remuneration report

Employment contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Executive members of the Forestry England Board hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Non-executives are generally appointed as Office Holders for a fixed term of three years with a maximum notice period of one month. Contracts are renewable for further fixed terms if both parties agree. In the event of early termination, for whatever reason, there is no provision for compensation.

Details of letters of appointment for the non-executives who served during the year are:

	Date of current contract	Unexpired term (months*)
Sir William Worsley	10/02/2020	34
Sir Harry Studholme	10/02/2017	-
Julia Grant	01/11/2019	31
Jennie Price	01/04/2019	24
Peter Latham	01/04/2019	24
Gurch Randhawa	01/05/2019	25

*months remaining from 31 March 2020

Remuneration policy

The Chief Executive was appointed on a full-time permanent basis through a fair and open external recruitment exercise under the terms of the Civil Service Commissioners' Recruitment Code. Fees for non-executive Commissioners and members who are not Forestry Commission or Forestry England employees, and remuneration for senior civil servants, are determined in accordance with guidelines prescribed by the Cabinet Office. The Forestry Commission's Senior Pay Committee comprises the Chairman, Forestry Commission Chief Executive Officer, a non-executive director and the Head of HR.

In reaching its recommendations, the Forestry Commission's Senior Pay Committee has regard to the following considerations:

- guidelines circulated by the Cabinet Office implementing government decisions on the recommendations of

the Senior Salaries Review Body (SSRB). The SSRB is responsible for monitoring the operation of the Senior Civil Service pay system and for making recommendations to the Government on the shape of the system, including the salary values for the minimum and maximum of each of the senior pay bands, the range of percentage increases to base salary and range of bonuses. Further information on the work of the SSRB can be found at www.ome.uk.com

- reporting officers' recommendations on the relative performance of each of their senior staff, whether a bonus should be paid, and if so, whether low or high. The Senior Pay Committee considers the recommendations, determines the allocation of senior staff to tranches, and decides the percentage increase to salary and any bonus to be awarded

Other Executive Board members receive annual salaries paid in accordance with the standard Forestry Commission Staff Pay Agreement negotiated through collective bargaining with the recognised trade unions. Their performance is monitored and reviewed through the Performance Management System of the Forestry Commission.

Remuneration (salary, benefits in kind and pensions)

(subject to audit)

The following sections provide details of the remuneration and pension interests of the members of the Forestry England Board for 2019-20.

		Salary	Bonus payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
		£000	£000	£	£000	£000
Mike Seddon Chief Executive	2019-20	85-90 ¹	0-5	-	109	200-205
	2018-19	75-80	-	-	25 ²	100-105
David Hodson Finance Director	2019-20	65-70	-	-	25	85-90
	2018-19	60-65	-	-	25	85-90
Tristram Hilborn Chief Operating Officer	2019-20	25-30 ³	-	4,500	23	55-60
	2018-19	-	-	-	-	-
Simon Hodgson Chief Executive	2019-20	-	-	-	-	-
	2018-19	65-70 ⁴	-	4,000	17	85-90

1. Mike Seddon was Chief Operating Officer until 31 July 2019, and Chief Executive from 1 August 2019. The full-year equivalent as Chief Operating Officer is 75-80, and as Chief Executive is 90-95. Pension benefits in year reflect the impact of the appointment on the final salary pension.
2. Prior year pension figure has changed from that disclosed in 2018-19 due to a retrospective update to the added pension.
3. Figure quoted is for the period 1 November 2019 to 31 March 2019. The full-year equivalent is 70-75.
4. Figure quoted is for the period 1 April 2018 to 13 January 2019. The full-year equivalent is 85-90.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The salary and pension entitlements of Ian Gambles, Acting Chief Executive Officer Forestry England from 14 January 2019 until 31 July 2019, are borne and disclosed in the Forestry Commission Annual Report and Accounts 2019-20 where he is Chief Executive Officer. Ian is also a member of the Forestry England Board.

Salary

'Salary' includes: gross salary; overtime; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based

on payments made by Forestry England 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. Benefits in kind are given in the form of the private use of a car and home to permanent place of work expenses.

Bonuses

Bonuses are based on performance levels attained and are awarded as part of the appraisal process. Bonuses relate to the performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to performance in 2017-18.

Pension benefits

(subject to audit)

	Accrued pension at pension age at 31 March 2020 and related lump sum £000	Real increase/ (decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2020 £000	CETV at 31 March 2019 £000	Real increase/ (decrease) in CETV £000	Employer contribution to partnership pension account to nearest £100
Mike Seddon	35-40 plus a lump sum of 80-85	5-7.5 plus a lump sum of 7.5- 10	698	581	84	-
David Hodson	10- 15	0-2.5	208	178	16	-
Tristram Hilborn	15-20 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	237	216	12	-

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with

earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for members show pension earned in PCSPS or **alpha** - as appropriate. Where the member has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that

scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

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 from the appointed provider Legal and General. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for board members show pension earned in PCSPS or alpha - as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is 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.

Remuneration of non-executives

(subject to audit)

The non-executive members of the Forestry England Board received the following remuneration for their services during the period ended 31 March 2020.

	2019-20		2018-19	
	Fees	Expenses	Fees	Expenses
	£000	£000	£000	£000
Sir William Worsley	6	-	-	-
Sir Harry Studholme	35	5	40	6
Julia Grant	12	1	12	1
Jennie Price	12	-	-	-
Peter Latham	12	1	-	-
Gurch Randhawa	7	1	-	-
Mark Pountain	-	-	5	1

Fair pay disclosure

(subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director of Forestry England in the financial year 2019-20 was £90,000-£95,000 (2018-19: £85,000-£90,000). This was 3.63 times (2018-19: 3.49) the median

remuneration of the workforce, which was £25,503 (2018-19: £25,044).

In 2019-20, no (2018-19: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18,000 to £92,000 (2018-19: £17,000 to £86,000).

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.

Staff report

Average number of persons employed

(subject to audit)

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

	Permanently employed staff	Others	2019-20	2018-19
			Total	Total
Directly employed	917	84	1,001	951
Other	-	80	80	72
Total	917	164	1,081	1,023

The average number of whole-time equivalent persons, by gender, employed during the year was as follows:

	Directors and senior civil servants on the Forestry England Board	Other directors	Permanently employed staff	Others	2019-20	2018-19
					Total	Total
Male	3	1	585	87	676	633
Female	-	4	324	77	405	390
Total	3	5	909	164	1,081	1,023

There are two senior civil servants, one is employed at Band 2, and one at Band 1. None of the 'other directors' are senior civil servants.

Staff costs

(subject to audit)

	Permanently employed staff £000	Others £000	2019-20	2018-19
			Total £000	Total £000
Salaries	26,477	2,197	28,674	26,966
Social security costs	2,615	198	2,813	2,719
Other pension costs	6,929	566	7,495	5,339
Agency/temporary staff	-	2,936	2,936	2,300
Total	36,021	5,897	41,918	37,324

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as **alpha** are unfunded multi-employer defined benefit schemes but Forestry England is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2019-20, employers' contributions of £7,600,000 were payable to the PCSPS (2018-19: £5,300,000) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account: a stakeholder pension with an employer contribution. Employers' contributions of £92,000 (2018-19: £76,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% of pensionable earnings (2018-19: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of 0.5% of pensionable pay, were payable to the PCSPS 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 balance sheet date were £7,400 (2018-19: £6,800). Contributions prepaid at that date were £nil.

Ill-health retirement

Two people (2018-19: 1) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2018-19: £13,200).

Sickness absence data

Working days lost per staff year	
Year	Number
2019-20	7.0
2018-19	5.1
2017-18	9.3

Our vision is that everyone working with the Forestry Commission remains safe and well and our woodlands are safe and enjoyable places to visit. We remain committed to the Forest Industry Safety Accord and have representatives on the Steering Group and the eight working groups, including Managing Safety, Electricity, Haulage and Forest Training. We have continued to deliver safety training to industry managers and main contractors on behalf of the Forestry Industry Safety Accord as well as launching new safety training for our own managers and staff.

Accidents

The following figures set out the reportable incidents in accordance with 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013' in 2019-20 and the preceding years.

RIDDOR incidents per 100 employees	
Year	Number
2019-20	0.28
2018-19	0.59
2017-18	0.10

The RIDDOR incidents during the year were:

- in December 2019 an employee leaned over the side of a compost bin and cracked a rib through the pressure

- also in December 2019 an employee was diagnosed by Occupational Health to be suffering from Hand-Arm Vibration syndrome
- in February 2020 an employee suffered a tick bite that produced a bulls eye rash resulting in a diagnosis of Lyme Disease

We continue to monitor our health and safety performance and strive to make our woodlands and workplaces safer places.

Staff policies

Leadership development

In the last six months of 2018-19, Forestry England completed the delivery of one-day events to introduce the Forestry England Leadership Model to all staff. In the previous eighteen months it was delivered to senior and middle managers. Each workshop cohort was delivered by different training providers, all tailoring their offer to the particular staffing group. Feedback was overwhelmingly positive.

The Leadership Model is a way of leading and behaving that may help to improve staff engagement, lead to fewer absences, and support improved safety outcomes, alongside delivering the Forestry England Improvement Plan. We continue to see positive change from those engaging with the new leadership behaviours. This has been linked to the delivery of the Discovery Insights Beginning the Journey workshops to all senior leaders and their teams in Forestry England. This personality profiling tool has been exceptionally well received and offers both individual self-awareness and support to improve team work and communications. The programme is now being delivered more widely within teams and there is ongoing work to keep it alive through further workshops and reminders via email of the power of the tool and how to keep it alive at a local level.

Training

In 2019-20, the Technical Training team have delivered 259 technical and non-technical events, covering 104 separate subjects to 1,242 personnel. The introduction of IOSH managing safely and leading safely has sought to standardise health and safety training, while a partnership with British Cycling has added three cycle courses including cycle trail inspections to our portfolio.

Striving to continually raise safety standards, a new consolidation programme has been introduced across the business, meaning that newly trained personnel undergo a formal period of structured supervised consolidation before being signed off as operationally proficient. All training offered by Technical Training is now scrutinized under an internal quality assurance process to ensure its suitability, and that it is delivered to an appropriate standard.

The following training and workshops were delivered through the HR Leadership Development Team in 2019-20:

- a further 23 Discovery Insights introductory workshops were run for leadership teams across the business and a further 10 are planned in the final quarter
- following the successful launch of Success Profiles across Forestry Commission (which modernised the recruitment process), further one-to-one support has been offered to recruiting managers
- mental health awareness and mental health first aid training events continue to be offered with a planned delivery of more events in the final quarter of the year
- a number of pension awareness workshops offered for colleagues across England

Diversity, inclusion and wellbeing

Forestry England continues to strive towards building a diverse and inclusive environment for all staff and visitors. Further information is available via our annually reported equality monitoring report.

Wellbeing and mental health continues to be a high priority. This has been reflected in our centenary celebrations and the promotion of our forests for wellbeing externally. Please see our website for more information. Our staff wellbeing programme continues to grow in strength. There are over 200 trained mental health first aiders across the organisation providing support and advice where required. We continue to break the stigma around mental health by sharing monthly stories from staff with their lived personal experiences. This is creating a positive culture of talking with others.

In the autumn of 2019, we have increased the number of health kiosks following the 2018 trial to 13 which has been positively received by staff as helping them to understand their health to enable them to make positive lifestyle changes. Forestry England was also awarded Bronze (achieving positive change) by Mind in their Workplace Wellness Index.

iTrent integrated HR and payroll system

iTrent went live in April 2018 and all of the integrated modules are now performing well. Work is currently underway on the iTrent establishment structure to improve data integrity and meaningful management information. It will also increase cohesion with finance systems.

A further project is underway to add functionality within iTrent for a Learning Management System. This will be fully automated and will enable colleagues to browse the training available online and book onto waiting lists. It allows the central management of learning events with colleagues receiving all notifications electronically. The system will also send out

reminders when training with resumptions reaches its expiry date. The iTrent Training module was planned to go live in three phases throughout the final quarter of 2019-20. Due to some system-related issues, the final go-live to all staff has been delayed until the first quarter of 2020-21.

Workforce policies

Forestry England will enjoy a set of streamlined, user friendly, legally compliant, appropriate for Forestry England, suite of workforce policies that will enable efficient business decisions in respect of staffing.

All workforce policies were audited during 2018-19 under a Phase 1 joint HR project workstream across the Forestry Commission, Forestry England and Forest Research.

Suitable resources have been assigned to determine and deliver Phase 2 of the workforce policy project in 2020, looking at the scope of the programme and prioritisation of renewed and modernised workforce policies.

Offer 2020

Last year we reported on the introduction of a project called Offer 2020, which has been developing a new employee offer including improvements to pay, benefits, recognition, learning and development, work-life balance and wellbeing.

The Offer 2020 project will be submitting a business case to the Cabinet Office in late 2020 to address issues with the current Forestry Commission pay structure. The project is actively working with the Forestry Commission's Trade Union to develop this business case.

Employee consultation and trade union relationship

Forestry England continues to have a productive and respectful relationship with the Forestry Commission trade unions. To

encourage employee consultation and communication, a Forestry Commission Trade Union staff council meeting is held quarterly each year for the whole Forestry Commission. Organisationally specific staff council meetings are held no less than twice yearly for Forestry England. Key issues discussed include the Offer 2020 project, workforce policies, wellbeing, mental health, housing, and health and safety issues.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials 2019-20	Full time equivalent employee number
13	12.3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1-50%	12
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Percentage of total pay bill spent on facility time 0.059%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours during the year was 99.07%.

Expenditure on consultancy

During the year Forestry England incurred £971,000 consultancy costs (2018-19:

£429,000). This was spent on a range of activities, for instance wayleave surveys, ICT and procurement advice. No company or individual received in excess of £100,000 for their consultancy services in year (2018-19: £75,000 for their consultancy services).

Expenditure on agency and temporary staff

Costs incurred on agency and temporary staff during the year total £2,936,000 (2018-19 full year: £2,300,000).

Reporting of civil service and other compensation schemes - exit packages

(subject to audit)

Two staff members left under voluntary exit or voluntary redundancy terms in the year to 31 March 2020 (2018-19: nil).

Compensation payments totalled £28,000 (2018-19: £nil).

One staff member left under compulsory redundancy terms in the year to 31 March 2020 (2018-19: nil). Compensation payments totalled £25,000 (2017-18: £nil).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Forestry England has agreed early retirements, the additional costs are met by Forestry England and not by the civil service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the figures above.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<£10,000	-	-	1	-	1	-
£10,000-£25,000	-	-	1	-	1	-
£25,000-£50,000	1	-	-	-	1	-
Total number of exit packages	1	-	2	-	3	-
Total cost £	25,289	-	28,141	-	53,430	-

Other accountability matters

Losses and special payments

(subject to audit)

	2019-20		2018-19	
	Number	£000	Number	£000
Losses	106	994	70	165
Special payments	56	76	55	219
Total	161	1,070	125	384

Held annually in beautiful forest locations across the country, Forest Live is a major live music series managed by Forestry England. In March 2020, all Forest Live 2020 events were cancelled, in accordance with government guidance on containing the COVID-19 coronavirus outbreak. All ticket income was refunded, and steps were taken to mitigate or avoid costs relating to the programme. Costs that could not be avoided or deferred to the 2021 programme have been accounted for in 2019-20, and are included in the losses figure above. These costs are also included in the staff and other costs note as 'Forest Live 2020' on page 64.

At Wendover we terminated a café lease early and incurred a loss of £130,000.

Other losses are smaller in value and include a road traffic accident where a Forestry England vehicle ran into the back of a vehicle stopped at traffic lights. Damages and costs agreed totalled £15,000.

In a public liability claim, a concert claimant allegedly slipped down an embankment on exiting a concert. Agreed damages and costs totalled £11,000. All other special payments are below £10,000 each.

Remote contingent liabilities

(subject to audit)

In addition to contingent liabilities reported within the meaning of IAS 37, Forestry England also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are currently no remote contingent liabilities

Mike Seddon
18 September 2020
Accounting Officer
Forestry England

Independent auditor's report to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of Forestry England for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Parliamentary 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 Forestry England's affairs as at 31 March 2020 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of matter - material uncertainty regarding the valuation of property, plant and equipment, biological assets and financial assets

I draw attention to Note 2: Critical accounting estimates and judgements: COVID-19: impact on valuations in the financial statements, which describes the material uncertainty associated with the valuation of property, plant & equipment, biological assets and financial assets that Forestry England is facing as a result of COVID-19 impacting disclosure of an uncertainty in the valuation basis for Property Plant and Equipment, biological

assets and financial assets. My opinion is not modified in respect of this matter.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities 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 my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Forestry England in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Forestry England's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Forestry England have not disclosed in the financial statements any identified material uncertainties that may cast

significant doubt about Forestry England's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forestry England's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of Forestry England's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Forestry England's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Forestry England to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,

including any significant deficiencies in internal control that I identify during my audit.

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 Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and the Parliamentary Accountability Report, but does not include the parts of the Parliamentary Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, 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, 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:

- the parts of the Parliamentary Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Parliamentary Accountability Report; and
- the information given in the Performance Report and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Parliamentary Accountability Report to be audited are not in agreement with the accounting records and returns; 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 HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies

28 September 2020

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Financial statements

Statement of comprehensive income

for the year ended 31 March 2020

	Note	2019-20 £ 000	2018-19 £ 000
Revenue from contracts with customers	3	76,928	77,539
Other operating income	3	11,212	12,302
Total operating income		88,140	89,841
Staff costs	4	(41,918)	(37,324)
Purchase of goods or services	4	(62,147)	(58,006)
Depreciation and impairment charges	4	(5,957)	(5,799)
Provisions expense	4	(597)	(577)
Value of felled timber	5 & 6	(29,634)	(32,797)
Impairment of property, plant and equipment	5	(2,470)	(565)
Total operating expenditure		(142,723)	(135,068)
Operating deficit before gain on revaluation of biological assets		(54,583)	(45,227)
(Gain) on revaluation of biological assets	6	34,364	42,589
Operating deficit		(20,219)	(2,638)
Funding from the Forestry Commission		16,014	17,168
Capital grants from the Forestry Commission		436	-
Interest on land transaction		309	-
Gain on sale of assets		3,512	4,355
(Deficit)/surplus for the year		52	18,885
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	5	111,734	104,172
Net loss on revaluation of financial assets	7	(3,265)	(463)
Net loss on revaluation of partnership lease receivables	9	(111)	(148)
Comprehensive surplus for the year		108,410	122,446

The notes on pages 49 to 80 form part of these accounts.

Statement of financial position

as at 31 March 2020

	Note	31 March 2020 £ 000	31 March 2019 £ 000
Non-current assets			
Property, plant and equipment	5	2,240,269	2,142,889
Intangible assets		379	-
Biological assets	6	369,633	347,124
Financial assets	7	12,265	15,530
Trade receivables, financial and other assets	9	7,791	7,954
Total non-current assets		2,630,337	2,513,497
Current assets			
Assets held for sale		-	1,057
Inventories		2,996	2,711
Trade receivables, financial and other assets	9	25,775	23,769
Cash and cash equivalents	10	22,264	28,108
Total current assets		51,035	55,645
Total assets		2,681,372	2,569,142
Current liabilities			
Trade payables, financial and other liabilities	11	(14,474)	(12,209)
Provisions	13	(104)	(231)
Total current liabilities		(14,578)	(12,440)
Total assets less current liabilities		2,666,794	2,556,702
Non-current liabilities			
Trade payables, financial and other liabilities	11	(19,723)	(18,685)
Provisions	13	(1,023)	(379)
Total non-current liabilities		(20,746)	(19,064)
Total assets less total liabilities		2,646,048	2,537,638
Taxpayers' equity and other reserves			
General fund		516,534	516,069
Revaluation reserve		2,129,514	2,021,569
Total taxpayers' equity and other reserves		2,646,048	2,537,638

Mike Seddon
18 September 2020
Accounting Officer
Forestry England

The notes on pages 49 to 80 form part of these accounts.

Statement of cash flows

for the year ended 31 March 2020

	Note	2019-20 £ 000	2018-19 £ 000
Cash flows from operating activities			
Operating deficit for the year		(20,219)	(2,638)
Adjustment for non-cash transactions	4	6,554	6,376
Value of felled timber	5 & 6	29,634	32,797
Impairment of property, plant and equipment	5	2,470	565
(Gain) on revaluation of biological assets	6	(34,364)	(42,589)
(Increase)/decrease in plant and seed (biological assets)	6	(324)	129
(Increase) in inventories		(285)	(449)
(Increase) in trade and other receivables	9	(4,518)	(5,430)
Less movements in partnership lease receivables	9	(111)	(148)
Increase in trade and other payables	11	3,303	3,686
Less finance lease additions	5	(208)	(358)
Use of provisions	13	(80)	(213)
Net cash outflow from operating activities		(18,148)	(8,272)
Cash flows from investing activities			
Purchases of non-financial assets		(12,763)	(8,523)
Proceeds from disposal of non-financial assets		5,383	6,159
(Increase)/decrease in capital receivables	9	2,675	(2,675)
Asset reclassified to receivables		250	-
Interest on land transaction		309	-
Net cash outflow from investing activities		(4,146)	(5,039)
Cash flows from financing activities			
Funding from the Forestry Commission		16,014	17,168
Capital grants from the Forestry Commission		436	-
Net cash inflow from financing activities		16,450	17,168
Net increase/(decrease) in cash and cash equivalents in the period		(5,844)	3,857
Cash and cash equivalents at the beginning of the period	10	28,108	24,251
Cash and cash equivalents at the end of the period	10	22,264	28,108

The notes on pages 49 to 80 form part of these accounts.

Statement of changes in taxpayers' equity

for the year ended 31 March 2020

	General fund £ 000	Revaluation reserve £ 000	Taxpayers' equity £ 000
Balance at 31 March 2018	497,313	1,917,879	2,415,192
Comprehensive surplus for the year	122,446	-	122,446
Net gain on revaluation of property, plant and equipment	(104,172)	104,172	-
Net gain on revaluation of financial assets	463	(463)	-
Realised element of revaluation reserve	19	(19)	-
Balance at 31 March 2019	516,069	2,021,569	2,537,638
Comprehensive surplus for the year	108,410	-	108,410
Net gain on revaluation of property, plant and equipment	(111,734)	111,734	-
Net loss on revaluation of financial assets	3,265	(3,265)	-
Realised element of revaluation reserve	524	(524)	-
Balance at 31 March 2020	516,534	2,129,514	2,646,048

The notes on pages 49 to 80 form part of these accounts.

Notes to the accounts

Note 1: Statement of accounting policies

These financial statements have been prepared on a going concern basis and in accordance with the accounts direction issued by Forestry Commission and the 2019-20 Financial Reporting Manual (FRoM) issued by HM Treasury. The FRoM applies International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted for the public sector. Forestry England accounting policies have been selected based on a judgement of the most appropriate treatment to the particular circumstances of the entity to ensure a true and fair view. The particular policies selected by Forestry England are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, including areas impacted by COVID-19, are disclosed in note 2.

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, inventories and available-for-sale financial assets.

1.2 Funding

Forestry England receives funding from the Forestry Commission. Funding is equal to the agreed annual subsidy limit and is accounted for through the Statement of Comprehensive Income.

1.3 Public corporation dividend

Forestry England pays a dividend to Forestry Commission, 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 HM Treasury and is set at zero per cent whilst Forestry England is loss-making. If Forestry England makes a surplus before revaluation gains on biological assets, HM Treasury's real rate of 3.5 per cent will apply.

1.4 Employee benefits

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded, defined benefit, contributory, public service occupational pension scheme. Forestry England accounts for the PCSPS scheme as a defined contribution plan and recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employee's services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, Forestry England recognises the contributions payable for the year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Performance pay

The Forestry Commission's Senior Pay committee determines performance pay for staff in the Senior Staff Grade. The Committee comprises the Chairman, Director England, Director Central Services and the Chair of the National Committee for Scotland. Remaining board members receive annual salaries paid in accordance with the standard Forestry Commission Staff Pay Agreement negotiated through collective bargaining and the recognised trade unions. Their performance is monitored and

reviewed through the Performance Management System (PMS) of the Forestry Commission. Increases in salary, if awarded, are based on their manager's assessment of their performance.

1.5 Contingent liabilities

Forestry England discloses contingent liabilities in accordance with IAS 37. Where applicable, it also discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of economic benefits is remote, but which have been reported to Parliament in accordance with the requirements of HM Treasury's Managing Public Money.

Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 are stated at discounted amounts. Where applicable, amounts reported to Parliament are separately noted.

1.6 Property, plant and equipment

Legal ownership of all land and buildings is vested in the secretary of state together with the legal ownership of the timber and other tangible fixed assets. Where Forestry England is the principal beneficial user of assets owned by the secretary of state or Forestry Commissioners these are treated as property, plant and equipment assets of the agency. Property, plant and equipment are revalued annually as at 31 March.

See also 'Land and Buildings Leased to Customers' at 1.8 below, and 'Leases' at 1.14 below.

Nation's forests

The nation's forests comprises freehold afforested land (including land improvements) and the value of trees that have not been apportioned to biological assets under IAS 41 (Agriculture). Valuation of the nation's forests is complex and relies

on judgements and estimation techniques. Details of these are set out in note 2 Critical Accounting Estimates and Judgements.

Nation's forests land

Nation's forests land is shown at fair value and excludes the value attributable to any trees growing on that land. External professional valuers undertake a full external professional valuation of the nation's forest land at five-yearly intervals. Following a public procurement exercise in 2017, Savills, Chartered Surveyors were appointed as the Forestry Commission's valuers as from the full valuation as at 31 March 2018. In accordance with Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards (the 'Red Book'), the nation's forests land is valued at fair value using market value for existing use. In the intervening years between professional valuations, custom indices are used to restate land values.

Trees not apportioned to biological assets

Trees falling outwith the definition of biological assets are shown at fair value. External professional valuers undertake a full external professional valuation at five yearly intervals. As detailed above, the valuation is carried out by Savills, Chartered Surveyors, in accordance with RICS Appraisal and Valuation Standards (the 'Red Book') under the Existing Use or Fair Value models as appropriate for obtaining a fair value. In the intervening years between professional valuations, custom indices are used to restate tree values.

Other land

Non-forest land is shown at fair value. Professionally qualified staff members employed by Forestry England undertake a full revaluation of non-forest land at five yearly intervals coinciding with that for the nation's forests (31 March 2018). They follow the principles set out in the RICS Red Book and value on the basis of Open Market Value, Existing Use Value, Depreciated

Replacement Cost or Discounted Cash Flow as appropriate under the RICS Standards for determining fair value. The work of internal chartered surveyors is reviewed by Savills. A full valuation took place on 31 March 2018.

Other land has been categorised into its component parts and during intervening years between the five yearly full valuations, the most appropriate indices are applied to the relevant components to reflect their fair value as detailed below.

- Open land - custom indices provided by Savills, Chartered Surveyors
- Agricultural land - Farmland Market Index provided by the RICS Rural Land Survey
- Telecom masts - indices provided by Strutt and Parker, Chartered Surveyors
- Wayleaves - index provided by the Energy Networks Association
- Quarries and mineral workings - internal chartered surveyors undertook full valuations based on the capitalisation of the future cash inflows taking into account the reserve levels in the individual quarries
- Car parks, trails and picnic areas - indices provided by the Office for National Statistics (ONS) using the relevant Producer Price Index
- Community woodlands - internal chartered surveyors assessed the components of the woodlands and determined that the woodlands consist of three main components which are listed below together with the associated valuation methodology
 - Land - internal chartered surveyors determined that the land is agricultural in nature, and therefore, the Farmland Market Index provided by the RICS Rural Land Survey is the most appropriate valuation method
 - Landscaping and planting - custom indices provided by Savills, Chartered Surveyors
 - Infrastructure - consists mainly of paths and determined by internal chartered surveyors that the ONS indices applied to car parks, trails

and picnic areas above is the most appropriate valuation method.

Dwellings and other buildings

Dwellings and other buildings are shown at fair value less accumulated depreciation. The threshold for capitalisation of buildings is £10,000.

Professionally qualified staff employed by Forestry England undertake a full revaluation of dwellings and other buildings at five-yearly intervals coinciding with that for the nation's forests and other land (31 March 2018). They follow the principles set out in the RICS Red Book and value on the basis of Open Market Value, Existing Use Value, Depreciated Replacement Cost or Discounted Cash Flow as appropriate under the RICS standards for determining fair value. Suitably qualified external valuers review the work of internal professional valuers. A full valuation took place on 31 March 2018 and Savills, Chartered Surveyors, reviewed this.

During intervening years between the five yearly full valuations, indices provided by Savills are used to reflect the fair value of dwellings and other buildings. The indices provided are forest district specific and are based on Savill's knowledge of the market to support properties valued at market value. Additional indices are provided for DRC valued properties based on the Building Cost Information Service (BCIS) All-in Tender Price Index.

Expenditure on infrastructure

To maximise the environmental, social and economic benefits of the nation's forests, Other Land, Biological Asset Timber and Other Timber, Forestry England improves and develops access and services by adding to the infrastructure on its sites. Infrastructure includes new roads, bridges, culverts etc. Costs in respect of infrastructure works are expensed as they occur. Forestry England takes the view that the professional valuations of its land and

timber properly recognise the contribution that infrastructure items make to land values. It also considers that the annual revaluation by indexation reflects improvements made through new infrastructure.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Forestry England and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Non-current assets held for sale

Non-current assets are reviewed regularly to ensure that they continue to contribute positively to policy and business objectives. Assets that no longer provide the required level of contribution are considered for disposal by senior management. Decisions to sell such assets, including surplus properties, take into account a number of factors including the social and environmental effects as well as marketability. Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale within twelve months of the reporting date is considered to be highly probable. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Vehicles, machinery and equipment

Vehicles, machinery and equipment are shown at fair value less accumulated depreciation. Assets are revalued every five years by professionally qualified staff employed by Forestry England. In the intervening years between professional

valuations, values are restated using indices provided by the Office for National Statistics. The normal threshold for capitalisation of plant and machinery is £3,000.

Office machinery and equipment

Office machinery and equipment is shown at fair value less subsequent depreciation. Values are restated to current value each year using indices provided by the Office for National Statistics. The normal threshold for capitalisation of assets is £2,000.

Assets under construction

Assets under construction are carried at the costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets under construction are transferred to the appropriate property, plant and equipment category when completed and ready for use.

Revaluation reserve

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

1.7 Depreciation

Land (nation's forests and non-forest land), together with the value of trees not apportioned to biological assets, are not depreciated.

Assets under construction are not depreciated until the asset under construction is capable of operating in the manner intended by management.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life. Asset lives are as follows:

Lease premium	unexpired term of the lease
Freehold buildings	over 1 to 60 years
Buildings held under a finance lease	lesser of unexpired term of lease and 60 years
Plant and machinery	over 3 to 16 years
Plant and machinery held under a finance lease	lesser of unexpired term of lease and 16 years
Information technology	over 4 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the general fund.

1.8 Land and buildings leased to customers

Assets leased to external parties under an operating lease are capitalised under the appropriate accounting policy. Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

1.9 Government grants receivable

Capital grants from the government are recognised at their fair value and treated in accordance with IAS 20. Amounts are credited to deferred income and released to the Statement of Comprehensive Income to equal the depreciation charge over the life of the asset.

Where the grant contributes to only part of the cost of the asset, only that proportion is released from deferred income.

Grants of a revenue nature are credited to income to match them with the expenditure to which they relate.

1.10 Subsidiaries, associates and joint ventures

Where an investment is in another entity it is accounted for following the requirements of IAS 39 (see note 1.20).

The investments in Forest Holidays Group Limited and Camping in the Forest (CiTF) LLP are accounted for under the requirements of IAS 39 and are treated as financial assets within note 7. Further details of the investments are included within the financial commentary section. The investments and associated balances are included in the following areas of the financial statements:

Investment	Investments within note 8
Partnership loan	Trade and other receivables within note 9

Partnership lease	Trade and other receivables within note 9
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1.11 Biological assets

Trees growing on nation's forests land are apportioned to biological assets or the nation's forests. Apportionment is determined by a strategic assessment that identifies the primary ministerial objective that the land is held to meet. Trees growing on areas that are primarily held in support of the government's objective of making a positive contribution to the economy (generate income) are apportioned to biological assets under IAS 41 (Agriculture). The remaining trees are apportioned to the nation's forests and are outwith the scope of IAS 41.

Biological assets are measured at fair value less estimated point-of-sale costs, except where fair value cannot be measured reliably. External professional valuers undertake a full external professional valuation at five yearly intervals, with the last full valuation carried out as at 31 March 2018. As detailed above, the valuation was carried out by Savills, Chartered Surveyors in accordance with RICS Appraisal and Valuation Standards (the 'Red Book') under the Existing Use or Fair Value models as appropriate for obtaining a fair value. In the intervening years between professional valuations, custom indices are used to restate land values.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income in the year of revaluation.

Holdings of plants and seed are accounted for as biological assets under IAS 41. They are stated at the lower of current cost and net realisable value. Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion and disposal.

1.12 Inventories

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

1.13 Revenue recognition

Operating income relates directly to the operating activities of Forestry England. Income is accounted for in accordance with the five stage model set out in IFRS 15 Revenue from contracts with customers and is recognised when performance obligations are satisfied.

1.14 Leases

Where substantially all the risk and rewards of ownership of a leased asset (a finance lease) are borne by Forestry England, the right to use the asset is initially recorded as a tangible fixed asset. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. A corresponding debt is recorded to the lessor represented by the minimum lease payments over the unexpired term of the lease. Where it is not possible to determine the interest rate implicit in the lease, discounting is on the basis of HM Treasury's rate of 3.5 per cent.

Assets held under finance leases are depreciated over the shorter of the useful life of the asset and the term of the lease. The value of each underlying asset is revalued annually as though ownership of the asset was vested in Forestry England. The policies and procedures for carrying out revaluations are those set out in 1.6 above.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest

element of the finance cost is charged to the Statement of Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Costs (net of any incentives received from the lessor) in respect of operating leases (any lease other than a finance lease) are charged on a straight-line basis over the lease term.

1.15 Provisions

Forestry England provides for present legal and constructive obligations which are of uncertain timing or amount at the reporting 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 risk-adjusted cash flows are discounted using the real rate set by HM Treasury. The increase in the provision due to passage of time is recognised in the Statement of Comprehensive Income.

1.16 Value added tax (VAT)

Forestry England is not separately registered for VAT and is included within the overall VAT registration of the Forestry Commission. To comply with the government accounting regulations and normal commercial practice, income and expenditure shown in the Statement of Comprehensive Income is net of VAT. These accounts report any VAT due to or from HM Revenue and Customs at the year-end as a receivable or payable in the Statement of Financial Position. Irrecoverable VAT is charged to the Statement of Comprehensive Income in the year in which it is incurred.

1.17 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker responsible for allocating resources and assessing performance of the

operating segments has been identified as the Forestry England Management Board. In applying IFRS 8, management has determined that Forestry England operates as one operating segment.

1.18 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which Forestry England operates ('the functional currency'). The functional currency and the presentational currency of the financial statements is GB pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the banking transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.19 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at

the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

1.20 Financial assets

Classification

Forestry England classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. Forestry England does not trade in derivatives and does not apply hedge accounting.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is calculated using the expected credit loss model as specified by IFRS 9. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available for sale financial assets comprise investments.

Recognition and measurement

Financial assets are recognised when Forestry England becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and Forestry England has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that Forestry England will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that

the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Income when Forestry England's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Forestry England establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Forestry England assesses at each reporting date whether there is objective evidence

that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

1.21 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are transferred to Forestry Commission and shown in its accounts within borrowings in current liabilities on the Statement of Financial Position.

1.22 Financial liabilities

Classification

Forestry England classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives.

Liabilities in this category are classified as current liabilities. Forestry England does not trade in derivatives and does not apply hedge accounting.

Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the reporting date. These are classified as non-current liabilities. Forestry England's other financial liabilities comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

Financial liabilities are recognised when Forestry England becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Income.

Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.23 Effective in these financial statements

All International Financial Reporting Standards (IFRS), interpretations and amendments effective at 31 March 2020 have been adopted in these statements.

1.24 Effective for future financial years

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for future reporting periods. Those with relevance to Forestry England are outlined below. None have been adopted early.

The following standards will be applied upon formal adoption in the FReM.

- IFRS 16 - Leases. This standard is effective from 1 January 2021. It will supersede all existing IFRS standards on leases. It will result in a uniform accounting treatment for most leases, with the distinction between operating and finance leases removed.
- IFRS 17 - Insurance Contracts. This standard is effective from 1 January 2021. This standard will apply to all types of insurance contract and proposes a building blocks approach based on the expected present value of future cash flows to measuring insurance contract liabilities.

IFRS 16 is expected to have some impact in financial reporting terms, but that impact has been assessed as immaterial. Operating leases commitments for future years total £4.7m. The impact of implementation of IFRS 16 in 2021-22 will therefore be limited to the addition of up to £4.7m as finance lease assets with a related finance lease liability, and is expected to be lower, as

some of these operating leases will not be classified as finance leases under IFRS 16.

IFRS 17 is not expected to have a material impact. This will be assessed when further guidance is forthcoming from HM Treasury.

Note 2: Critical accounting estimates and judgements

The preparation of financial statements requires Forestry England to make estimates.

Critical accounting judgements and sources of estimation uncertainty

In the application of Forestry England's accounting policies, judgements, estimates and assumptions need to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

The following are the critical judgements and estimates that have been made in the process of applying Forestry England's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of the nation's forests and biological assets

Forestry England retains and manages its woodlands and forests to meet agreed ministerial objectives, primarily for Social, Environmental and Economic reasons (set out in 'A Strategy for England's Trees, Woods and Forests').

Social and environmental areas generate a significant proportion of the agency's annual timber income. However, the planned felling of this timber (and resulting sales income) is to maintain and enhance the areas' contribution to Social and Environmental objectives. Where land is classed as a specific Social and Environmental category such as 'Special Protection Area', 'Area of Outstanding Natural Beauty' or as a 'National Park' it is deemed appropriate that such woodland fall outwith the scope of IAS 41.

Woodland retained and managed to meet economic objectives will primarily generate benefit to Forestry England from timber sales. Consequently, these areas are regarded as within the scope of IAS 41. The electronic land management records for each forest district were analysed to identify all afforested or woodland areas subject to a social or environmental designation. Trees growing on these areas were deemed to fall outwith the scope of IAS 41. The balance of each forest district's afforested or woodland areas were deemed to fall within the standard. Management considers that the administrative costs of accounting and valuing each individual area of land are prohibitive. It considers that reliable accounting and valuation estimates can be obtained by expressing the land areas in percentage terms. For example, if a district comprised 100 hectares and 70 hectares was designated for Social and Environmental purposes then reasonable information can be derived from estimating that 70 per cent of the district's trees were outwith IAS 41. The remaining 30 per cent of trees would fall within IAS 41.

Land designations are not subject to frequent change. Management therefore considers that a detailed review of the designations should take place periodically. A full review of land designations was carried out in 2019-20, resulting in the following designated Biological Assets areas, as a percentage of each District:

Forest District	31 March 2020 %	31 March 2013 %
Central	15.1	12.5
East	6.6	6.3
North	53.4	56.2
Yorkshire	0.7	3.3
South	8.2	8.1
West	16.1	15.1
Total nation's forest	22.9	23.8

Management recognises that land use and designations may change over time. It shall therefore carry out an annual review to consider whether changes such as major sales or acquisitions of land may materially affect the analysis and its accounting and valuation estimates. Where material changes have occurred, the analysis shall be updated for that year. Retrospective adjustments shall not be made prior to the current year.

Valuation of the nation's forests and biological assets

There is a high degree of estimation uncertainty inherent in the valuation of the nation's forests and biological assets. The external valuers considered that reasonably accurate valuations of biological assets could only be obtained by extensive analysis of crops. This would be costly and time consuming.

IAS 41 allows market value to be based on the combined land plus biological assets where an active market exists for the combined asset. A professional valuation of the nation's forests took place on 31 March 2018. As the valuation basis (Existing Use Value) would be the same as Fair Value, it is

reasonable to assume that this can form the basis of the IFRS valuation, provided that forest and woodland could be componentised between land, biological assets outwith IAS 41, and biological assets under IAS 41.

It was determined that the estimate of the biological assets' worth could be obtained by deducting a land valuation from the value of the whole to estimate the timber value. As part of the professional valuation, an average land value per hectare for the nation's forests was determined in each forest district. This was applied to the total estate to give a land valuation which was deducted from the total woodland values to derive a value for trees in each forest district.

Once the timber value was ascertained the nation's forests was componentised into land and biological assets falling within the scope of IAS 41 and those falling outwith its scope. Land and biological assets falling outwith the scope of IAS 41 have been treated in accordance with IAS 16 and remain classed as the nation's forests, with the impact that the large majority of Land and Timber still fall within this classification.

On initial recognition and at the end of each reporting period, a biological asset must be measured at fair value less estimated point-of-sale costs. Fair value is linked to the market valuation determined by proceeds from the sales of woodlands as a whole and it has been determined that associated costs would be those relating to marketing and sales expenses. Analysis of sales and marketing costs in prior years show these to vary annually. Management has calculated the cost of sales percentage figure by using the actual sales cost data attributed to woodland sales over the three years to 30 November in the year of disposal. For 2019-20 woodland disposals, the cost of sales percentage was calculated as 4.5 per cent of the Fair Value. Management considers that the incorporation of any ad-hoc actual disposal costs in the cost of

sales percentage, post November 2012, would distort the true cost of sales figure for the period when Forestry England was acquiring and disposing of woodlands.

Forestry England shall monitor and review costs of sales annually and update its estimated point-of-sale costs where material.

Other land

Other land primarily includes specialist land holdings for which there are no, or limited, external markets. Management considers that Forestry England's internal professionally qualified staff members are best placed to value this land. To ensure compliance with RICS valuation standards, external professional valuers review the work of the internal valuers for consistency and appropriateness. Where appropriate, management ensures that external professional valuations are obtained where active markets operate.

To achieve greater independence to the other land valuation process during intervening years between formal professional valuations, management reviewed the components of Other Land and obtained external professional input into the valuations of the components of other land. The other land valuation now includes valuations that are based on indices provided by external Chartered Surveyors. These indices are reviewed by internal Chartered Surveyors to ensure that they are reasonable and consistent with internal valuation knowledge. Accounting policy note 1.6 details the components of other land and together with the source of the valuation.

Dwellings and other buildings

Other buildings primarily include specialist buildings held for operational activities and for which there are no active external markets. Management considers that Forestry England's internal professionally qualified staff members are best placed to

value these buildings. To ensure compliance with RICS valuation standards, external professional valuers review the work of the internal valuers for consistency and appropriateness. Where appropriate, management ensures that external professional valuations of dwellings and other buildings are obtained where active markets operate.

To achieve greater independence to the other buildings valuation process during intervening years between formal professional valuations, management reviewed the components of other buildings and obtained external professional input into the valuation process. The other buildings valuation now includes valuations that are based on indices provided by external Chartered Surveyors. These indices are reviewed by internal Chartered Surveyors to ensure that they are reasonable and consistent with internal valuation knowledge. Accounting policy note 1.6 details the components of other buildings together with the source of the valuation.

COVID-19: impact on valuations

(see notes 5, 6, 7, 9, and 17)

We rely on the work of external professional valuers in our valuations of the nation's forest land, biological assets, and Forest Holidays and Camping in the Forest land, investments and finance lease receivables. These professional valuers have drawn management's attention to the fact that the ongoing COVID-19 outbreak introduces significant uncertainty in relation to many factors that have historically acted as drivers for land, property and investment market activity. This could affect the market values and income yield assumptions which are used as the basis for these valuations, and therefore the values and indices provided by our external professional valuers as at 31 March 2020 are all subject to material valuation uncertainty. Management acknowledges the uncertainty but considers that the

valuations provided are an appropriate basis on which to determine fair values at the date of reporting. Management notes that on 28 May 2020 the RICS Material Valuation Uncertainty Leaders Forum (UK) recommended that reporting material

valuation uncertainty may no longer be appropriate for commercial forestry (excluding amenity woodland). This covers the Biological Assets of £370 million as set out in note 6.

Note 3: Income

	2019-20	2018-19
	£ 000	£ 000
Revenue within scope of IFRS 15		
Timber - standing sales	35,527	30,842
Timber - direct production	15,276	22,336
Plant and seed	3,146	2,730
Christmas trees	645	706
Game	539	619
Ticketed events	6,187	5,388
Car parking and admissions	7,863	7,732
Car parking - memberships	791	1,090
Deeds of grant	40	117
Other sales of goods or services	1,031	1,086
Radio masts and wayleaves	1,151	962
Permissions	1,809	1,426
Administrative income and recharges	1,510	1,120
Corporate services charges	1,413	1,385
	76,928	77,539
Other income		
Retail and leisure rents	4,293	4,012
Residential rents	1,109	1,108
Agricultural rents	319	322
Mineral extraction rents and royalties	722	655
Other rents	1,311	1,224
Grants and other funding	3,458	4,981
	11,212	12,302
Total	88,140	89,841

Note 4: Staff and other costs

	2019-20	2018-19
	£ 000	£ 000
Staff costs		
Wages and salaries	28,674	26,966
Social security costs	2,813	2,719
Other pension costs	7,495	5,339
Agency and temporary staff	2,936	2,300
	41,918	37,324
Other costs		
Travel and subsistence	1,688	1,577
Staff transfers	173	151
Computer costs	4,520	4,125
Accommodation and office services	4,682	3,562
Communication	1,284	965
Training	762	722
Losses and compensation	381	220
Legal expenses	640	627
Auditors' remuneration - audit work	97	96
Shared central services	1,069	5,471
Sustainable forest management	28,001	25,630
Forest estate	3,305	2,686
Forest Live 2020	687	-
Recreation and public affairs	13,690	11,056
	60,979	56,888
Rentals under operating leases		
Land and buildings	659	644
Plant and machinery	509	474
	1,168	1,118
Non-cash costs		
Depreciation of property, plant and equipment	5,957	5,799
Provisions		
Provided in year	742	662
Provisions not required written back	(147)	(85)
Unwinding of discount	2	-
	6,554	6,376
Total	110,619	101,706

Further analysis of staff costs is available in the Staff Report on page 36.

Held annually in beautiful forest locations across the country, Forest Live is a major live music series managed by Forestry England. In March 2020, all Forest Live 2020 events were cancelled, in accordance with government guidance on containing the COVID-19 coronavirus outbreak. All

ticket income was refunded, and steps were taken to mitigate or avoid costs relating to the programme. Costs that could not be avoided or deferred to the 2021 programme have been accounted for in 2019-20 and are disclosed as 'Forest Live 2020' costs in this note. The costs are also included in the losses note on page 41.

Note 5: Property, plant and equipment

	Land and buildings £ 000	VME £ 000	OME £ 000	AUC £ 000	Total £ 000
Cost or valuation					
At 1 April 2019	2,146,055	18,247	1,436	6,026	2,171,764
Additions	5,157	3,018	36	4,381	12,592
Reclassifications	4,282	-	41	(4,573)	(250)
Disposals	(16)	(1,890)	-	(610)	(2,516)
Fellings	(17,457)	-	-	-	(17,457)
Write off	-	-	-	(171)	(171)
Revaluation	110,935	314	10	-	111,259
Impairment	(2,470)	-	-	-	(2,470)
At 31 March 2020	2,246,486	19,689	1,523	5,053	2,272,751
Depreciation					
At 1 April 2019	18,093	10,514	268	-	28,875
Charged in year	3,939	1,852	165	-	5,956
Disposals	-	(1,874)	-	-	(1,874)
Revaluation	(612)	135	2	-	(475)
At 31 March 2020	21,420	10,627	435	-	32,482
Carrying value					
At 31 March 2020	2,225,066	9,062	1,088	5,053	2,240,269
At 31 March 2019	2,127,962	7,733	1,168	6,026	2,142,889
Asset financing					
Owned	2,116,512	8,466	1,088	5,053	2,131,119
Finance leased	108,554	596	-	-	109,150
Total	2,225,066	9,062	1,088	5,053	2,240,269

	Land and buildings £ 000	VME £ 000	OME £ 000	AUC £ 000	Total £ 000
Cost or valuation					
At 1 April 2018	2,060,252	16,380	862	2,817	2,080,311
Additions	1,277	1,659	110	5,835	8,881
Reclassifications	2,169	-	457	(2,626)	-
Disposals	(1,595)	(91)	(4)	-	(1,690)
Fellings	(20,132)	-	-	-	(20,132)
Revaluation	104,649	299	11	-	104,959
Impairment	(565)	-	-	-	(565)
At 31 March 2019	2,146,055	18,247	1,436	6,026	2,171,764
Depreciation					
At 1 April 2018	13,576	8,599	177	-	22,352
Charged in year	3,860	1,848	91	-	5,799
Disposals	-	(62)	(1)	-	(63)
Revaluation	657	129	1	-	787
At 31 March 2019	18,093	10,514	268	-	28,875
Carrying value					
At 31 March 2019	2,127,962	7,733	1,168	6,026	2,142,889
At 31 March 2018	2,046,676	7,781	685	2,817	2,057,959
Asset financing					
Owned	2,017,556	7,093	1,168	6,026	2,031,843
Finance leased	110,406	640	-	-	111,046
Total	2,127,962	7,733	1,168	6,026	2,142,889

Land and buildings are constituted as follows:

	Nation's forests £ 000	Other land £ 000	CITF and FH land £ 000	Dwellings and other buildings £ 000	Total £ 000
Cost or valuation					
At 1 April 2019	1,734,583	262,799	17,071	131,602	2,146,055
Additions	720	2,953	-	1,484	5,157
Reclassifications	-	-	-	4,282	4,282
Disposals	(16)	-	-	-	(16)
Fellings	(17,457)	-	-	-	(17,457)
Write off	-	-	-	-	-
Revaluation	109,767	1,626	2,136	(2,594)	110,935
Impairment	-	-	-	(2,470)	(2,470)
At 31 March 2020	1,827,597	267,378	19,207	132,304	2,246,486
Depreciation					
At 1 April 2019	-	-	-	18,093	18,093
Charged in year	-	-	-	3,939	3,939
Disposals	-	-	-	-	-
Revaluation	-	-	-	(612)	(612)
At 31 March 2020	-	-	-	21,420	21,420
Carrying value					
At 31 March 2020	1,827,597	267,378	19,207	110,884	2,225,066
At 31 March 2019	1,734,583	262,799	17,071	113,509	2,127,962
Asset financing					
Owned	1,719,043	267,378	19,207	110,884	2,116,512
Finance leased	108,554	-	-	-	108,554
Total	1,827,597	267,378	19,207	110,884	2,225,066

	Nation's forests £ 000	Other land £ 000	CITF and FH land £ 000	Dwellings and other buildings £ 000	Total £ 000
Cost or valuation					
At 1 April 2018	1,660,049	262,967	13,297	123,939	2,060,252
Additions	4	925	-	348	1,277
Reclassifications	-	-	-	2,169	2,169
Disposals	(1,595)	-	-	-	(1,595)
Fellings	(20,132)	-	-	-	(20,132)
Write off	-	-	-	-	-
Revaluation	96,257	(1,093)	3,774	5,711	104,649
Impairment	-	-	-	(565)	(565)
At 31 March 2019	1,734,583	262,799	17,071	131,602	2,146,055
Depreciation					
At 1 April 2018	-	-	-	13,576	13,576
Charged in year	-	-	-	3,860	3,860
Disposals	-	-	-	-	-
Revaluation	-	-	-	657	657
At 31 March 2019	-	-	-	18,093	18,093
Carrying value					
At 31 March 2019	1,734,583	262,799	17,071	113,509	2,127,962
At 31 March 2018	1,660,049	262,967	13,297	110,363	2,046,676
Asset financing					
Owned	1,624,177	262,799	17,071	113,509	2,017,556
Finance leased	110,406	-	-	-	110,406
Total	1,734,583	262,799	17,071	113,509	2,127,962

Savills, Chartered Surveyors, carried out a professional valuation of the nation's forests as at 31 March 2018. The next professional valuation is due on 31 March 2023. In the intervening years, the assets are revalued using specialist forestry indices developed and provided by Savills.

Other Land, Dwellings, and Other Buildings were valued as at 31 March 2018 by professionally qualified staff employed by Forestry England. The results of this valuation were also subject to professional review by Savills. The next professional valuation is due on 31 March 2023. In the intervening years, the assets are revalued using the indices detailed in note 1.6.

Camping in the Forest LLP and Forest Holidays LLP (CITF and FH) land represents the land element of our freehold reversionary interest in sites currently leased to the aforementioned LLPs. The buildings element of this freehold reversionary interest is recognised as a finance lease receivable, and disclosed as a 'partnership lease' in Note 9. An annual valuation of the freehold reversionary interest is undertaken by independent external valuers, currently Avison Young. These values are then disclosed as freehold land and finance lease receivables in proportion to the net book values of land and buildings at the inception of the lease (2006).

Vehicles, machinery and equipment (VME) is valued at five-year intervals. A professional valuation took place on 31 March 2016. Professionally qualified staff employed by Forestry England undertook the valuation. In the intervening years, revaluations are on the basis of indices provided by the Office for National Statistics or internal professional staff, as appropriate.

Office machinery and equipment (OME) was restated to current value at 31 March 2020 using an index provided by the Office for National Statistics.

Assets under construction (AUC) are not depreciated until completed.

Note 6: Biological assets

	2019-20	2018-19
	£ 000	£ 000
At 1 April	347,124	317,508
Fellings	(12,177)	(12,666)
Movements on plant and seed	323	(130)
Reclassified as held for sale	-	-
Disposals	(1)	(177)
Gains and losses arising from changes in fair value	34,364	42,589
At 31 March	369,633	347,124
Carrying value		
Plant and seed	4,121	3,798
Timber	365,512	343,326
Total	369,633	347,124

Timber growing in the nation's forests is categorised as biological assets, or as other timber, depending on the strategic objective the land is held to meet. Other timber is outwith the scope of IAS 41, and not included in the disclosures above.

The approximate area of the land in the nation's forests, where the timber growing is within the scope of IAS 41, is as follows:

	At 31 March 2020	At 31 March 2019
	Area in hectares	Area in hectares
North	31,795	33,761
Yorkshire	123	581
Central	3,289	2,719
East	2,050	1,972
West	5,608	5,253
South	2,308	2,289
Total	45,173	46,575

Savills Chartered Surveyors carried out a full valuation of the nation's forests, including biological assets, at 31 March 2018. The next full valuation is due for 31 March 2023. In the intervening years, the assets are revalued using specialist indices developed and provided by Savills. Apportionment of biological assets was carried out by Forestry England staff using the judgements and estimates outlined in Note 2.

The fair value of biological assets is driven by the open market value of woodlands and forests. These values are determined by a number of factors, all of which are subject to considerable volatility. Forestry England has little control over these factors and consequently cannot materially affect the amounts recognised in the Statement of Comprehensive Net Income as gains or losses on revaluation of biological assets. To mitigate this, Forestry England maintains regular conversation with its valuers to gauge market movements during the course of the year.

Note 7: Financial assets

	Forest		Total £ 000
	CITF £ 000	Holidays £ 000	
At 1 April 2019	2,880	12,650	15,530
Revaluation	(255)	(3,010)	(3,265)
At 31 March 2020	2,625	9,640	12,265
At 1 April 2018	3,193	12,800	15,993
Revaluation	(313)	(150)	(463)
At 31 March 2019	2,880	12,650	15,530

Camping in the Forest LLP (CITF) is a limited liability partnership between the Forestry Commissioners, the Scottish Government, Natural Resources Wales and the Camping and Caravanning Club. The combined interest of the government bodies is held within a limited liability partnership with designated members representing each public organisation. The partnership has existed since 2006, in its current form since 2012, and with the addition of the public holdings limited liability partnership in 2019, following full devolution of Scottish forestry.

Forest Holidays Ltd is a limited liability company in which the Forestry Commissioners hold an equity interest, alongside the Scottish Government and Natural Resources Wales. The combined equity interest, representing 11.56% of the total, is held within a limited liability partnership with designated members representing each public organisation. The majority investor is Phoenix Equity Partners. The arrangement has existed since 2006, with a restructuring in 2012, refinancing in 2017, and with the addition of the public holdings limited liability partnership in 2019, following full devolution of Scottish forestry.

The carrying values at year end represent the fair value of these investments.

The fair values are dependent on the prevailing conditions of the UK economy, especially the leisure industry: changes in tourism habits, particularly changes in the 'staycation' market, could positively or negatively impact on future valuations. The fair values are also affected by the current performance and future business plans of each organisation.

Changes in the fair value of investments are disclosed within Other Comprehensive Income in the Statement of Comprehensive Income.

Although the investments are disclosed as available-for-sale financial assets, the Forestry Commissioners have no current plans to dispose of or otherwise change the investments.

Note 8: Financial instruments

Financial instruments

	31 March 2020			31 March 2019		
	Loans and receivables £ 000	Available for sale £ 000	Total £ 000	Loans and receivables £ 000	Available for sale £ 000	Total £ 000
Financial assets available for sale	-	12,265	12,265	-	15,530	15,530
Trade and other receivables (excluding prepayments)	31,841	-	31,841	28,933	-	28,933
Cash and cash equivalents	22,264	-	22,264	28,108	-	28,108
Total assets	54,105	12,265	66,370	57,041	15,530	72,571
	Liabilities at fair value through the profit and loss statement £ 000			Liabilities at fair value through the profit and loss statement £ 000		
		Other financial liabilities £ 000	Total £ 000		Other financial liabilities £ 000	Total £ 000
Finance lease liabilities	-	2,704	2,704	-	2,674	2,674
Trade and other payables (excluding statutory liabilities)	-	27,368	27,368	-	22,620	22,620
Total liabilities	-	30,072	30,072	-	25,294	25,294

Note 9: Trade receivables, financial and other assets

	31 March 2020 £ 000	31 March 2019 £ 000
Amounts falling due within one year		
Trade receivables	11,319	12,410
Provision for impairment of trade receivables	(175)	(164)
Trade receivables - net	11,144	12,246
VAT receivable	1,080	-
Other receivables	6,290	754
House purchase and other loans to employees	19	3
Prepayments and accrued income	6,827	10,361
Partnership lease	415	405
	25,775	23,769
Amounts falling due after more than one year		
House purchase and other loans to employees	29	29
Prepayments and accrued income	33	75
Partnership lease	7,729	7,850
	7,791	7,954
Total current and non-current	33,566	31,723

The carrying amounts of trade and other receivables are a reasonable approximation of their fair value.

As at 31 March 2020, trade receivables of £1,596,000 (2018-19: £3,119,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

Note 10: Cash and cash equivalents

	2019-20 £ 000	2018-19 £ 000
At 1 April	28,108	24,251
Net change in balances	(5,844)	3,857
At 31 March	22,264	28,108
	31 March 2020	31 March 2019
Held at		
Government Banking Service	22,247	28,088
Commercial banks and in hand	17	20
Total	22,264	28,108

Note 11: Trade payables and other liabilities

	31 March 2020 £ 000	31 March 2019 £ 000
Amounts falling due within one year		
Trade payables	4,741	1,853
Other payables	791	614
VAT payable	-	341
Other taxation and social security payables	705	668
Accruals	3,314	2,286
Deferred income	1,295	1,220
Contract liabilities	3,420	4,591
Finance lease payables	87	87
Payments received on account	121	549
	14,474	12,209
Amounts falling due after one year		
Deferred income	17,098	16,068
Payments received on account	8	30
Finance lease payables	2,617	2,587
	19,723	18,685
Total current and non-current	34,197	30,894

Further information on contract liabilities is provided in Note 12.

Note 12: Contract balances

	31 March 2020 £ 000	31 March 2019 £ 000
Contract assets	-	-
Contract liabilities	3,420	4,591

Contract liabilities predominantly relate to Forest Live and standing sales timber contracts. Forest Live happens in summer, with tickets going on sale in autumn of the previous year. All ticket income and related booking fees are disclosed as a contract liability. Some timber standing sales contracts include regular payments, whether or not the timber is felled and removed. Where timber hasn't been felled, the income received under these contracts is recognised as a contract liability.

Significant changes in contract liabilities in the period were as follows:

	Contract liabilities £ 000
At 1 April 2019	4,591
Recognised as income during the period	(4,591)
Recognised as contract liabilities during the period	3,420
At 31 March 2020	<u>3,420</u>

Included within the closing contract liabilities for as at 31 March 2020 is £2,721,000 of Forest Live ticket income. Forest Live 2020 was cancelled due to COVID-19, and all ticket income was refunded by the end of April 2020. All other income disclosed within contract liabilities is expected to be received in the coming year.

Note 13: Provisions for liabilities and charges

	Early departures £ 000	Legal claims £ 000	Other £ 000	Total £ 000
Balance at 31 March 2019	427	151	32	610
Provided in year	49	693	-	742
Provisions not required written back	-	(117)	(30)	(147)
Provisions utilised in year	(50)	(30)	-	(80)
Unwinding of discount	2	-	-	2
Balance at 31 March 2020	428	697	2	1,127
Expected timing of discounted cash flows				
Not later than one year	24	80	-	104
Later than one year and not later than five years	74	617	2	693
Later than five years	330	-	-	330
Total	428	697	2	1,127

	Early departures £ 000	Legal claims £ 000	Other £ 000	Total £ 000
At 1 April 2018	66	150	32	248
Provided in year	409	251	-	660
Provisions not required written back	-	(85)	-	(85)
Provisions utilised in year	(48)	(165)	-	(213)
Unwinding of discount	-	-	-	-
Balance at 31 March 2019	427	151	32	610
Expected timing of discounted cash flows				
Not later than one year	49	152	30	231
Later than one year and not later than five years	83	(1)	2	84
Later than five years	295	-	-	295
Total	427	151	32	610

Early departure costs

Forestry England meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. Forestry England provides for this in full when the early retirement programme becomes binding on Forestry England by establishing a provision for the estimated payments, and discounting the provision at the HM Treasury stipulated rate of (0.5)%.

Note 14: Capital commitments

Amounts contracted for but not provided for in the accounts were as follows:

	31 March 2020 £ 000	31 March 2019 £ 000
Land and buildings	6,273	262
Other	2,559	1,646
Total	8,832	1,908

The land and building capital commitments at 31 March 2020 relate to the acquisition of Monkridge Farm, Croxton Estate, Hatcase and Winkleigh Wood as well as development projects in West district. Other capital commitments relate to vehicles and machinery, and development of our sales recording package and a new larder system.

Note 15: Commitments under leases**Operating lease commitments**

Total future minimum lease commitments under operating leases are as follows:

	31 March 2020 £ 000	31 March 2019 £ 000
Land		
Not later than one year	3	3
Later than one year but not later than five years	9	10
Later than five years	132	127
	144	140
Buildings		
Not later than one year	377	385
Later than one year but not later than five years	1,343	1,314
Later than five years	2,421	2,700
	4,141	4,399
Plant and machinery		
Not later than one year	95	122
Later than one year but not later than five years	37	58
Later than five years	-	-
	132	180
Total	4,417	4,719

Finance lease commitments

Total future minimum lease commitments under finance leases are as follows:

	31 March 2020 £ 000	31 March 2019 £ 000
Land		
Not later than one year	173	173
Later than one year but not later than five years	630	631
Later than five years	3,895	3,902
	4,698	4,706
Less interest element	(2,266)	(2,273)
Present value of obligations	2,432	2,433
Plant and machinery		
Not later than one year	115	148
Later than one year but not later than five years	173	104
	288	252
Less interest element	(16)	(12)
Present value of obligations	272	240
Total present value of obligations	2,704	2,673

Note 16: Other financial commitments

Forestry England has entered into non-cancellable contracts for 'Enchanted Christmas' at Westonbirt. We have also entered into non-cancellable contracts for our new finance system and other IT systems for which payment will be due over the coming five years. The payments to which the agency is committed are analysed by the period during which the commitment expires as follows.

	31 March 2020 £ 000	31 March 2019 £ 000
Not later than one year	2,942	2,178
Later than one year but not later than five years	2,651	95
Total	5,593	2,273

Note 17: Lease receivables**Operating lease receivables**

Total future minimum lease receivables under non-cancellable contracts are as follows:

	31 March 2020 £ 000	31 March 2019 £ 000
Land and buildings		
Not later than one year	4,740	6,097
Later than one year but not later than five years	12,736	12,894
Later than five years	73,231	74,148
Total	90,707	93,139

Forestry England leases land and buildings under agreements that terminate between April 2020 and March 2127.

Finance lease receivables

Total future minimum lease receivables under the Forest Holidays buildings lease are as follows:

	31 March 2020 £ 000	31 March 2019 £ 000
Land and buildings		
Not later than one year	415	405
Later than one year but not later than five years	1,659	1,620
Later than five years	25,716	26,318
Total	27,790	28,343
Less interest element	(19,646)	(20,087)
Present value of obligations	8,144	8,256

Note 18: Contingent liabilities disclosed under IAS 37

In 2001 Forestry England acquired 51 hectares of land at Sefton Meadows from Sefton Council. On 27 August 2009 Forestry England was served a notice by the Environment Agency that the site had been classified as a contaminated special site under Part 2A of the EPA 1990. This is a result of the industrial development and other operational practices undertaken on the land prior to its acquisition by Forestry England.

Forestry England has appointed Wardell Armstrong to prepare a Statement of Remediation and is working closely with the Environment Agency to this end.

This has been classified as a contingent liability in line with IAS 37 due to the uncertainty regarding Forestry England's legal liability and due to the absence of a sufficiently reliable estimate of the amount of the possible obligation.

Note 19: Related party transactions

The Forestry Commission is regarded as a related party. During the year, Forestry England received annual subsidy funding of £16,014,000 (2018-19: £17,168,000) from Forestry Commission.

Forestry England has had material transactions with various government departments and other central government bodies, including HM Revenue and Customs, Forest Research, Forestry and Land Scotland, Dorset Council, Natural Resources Wales, Sport England, and the Heritage Lottery Fund.

The following additional activities were carried out with related parties:

2019-20	Ground rent received £ 000	Income from other services £ 000	Purchases from related party £ 000	Amount owed (to)/by related party £ 000
Entities sponsored by Defra	-	100	159	55
Forest Holidays	746	305	-	3
Camping in the Forest	395	58	-	-
MHR	-	-	99	-
Trebartha Estates	-	-	2	-
North York Moors National Park Trust	-	16	4	-
Total	1,141	479	264	58

2018-19	Ground rent received £ 000	Income from other services £ 000	Purchases from related party £ 000	Amount owed (to)/by related party £ 000
Entities sponsored by Defra	-	30	223	-
Forest Holidays	727	151	2	2
Camping in the Forest	369	95	-	1
Grown in Britain	-	-	42	-
Forest Industry Safety Accord	-	-	12	-
William Robinson Gravetye Charity	-	13	100	-
The University of Exeter	-	-	33	-
Total	1,096	289	412	3

All balances were unsecured and all transactions were carried out at arms' length.

Forest Holidays and Camping in the Forest are considered to be related parties for the purpose of these accounts. Mike Seddon, Chief Executive Forestry England, was a director of Camping in the Forest between February 2019 and September 2019, and was replaced by Hayley Skipper, Director of Operations - Commercial Visitor Development, from October 2019.

Following full devolution of forestry, two separate limited liability partnerships (LLPs) were created to effectively manage the interests of the public sector holdings in Forest Holidays and Camping in the Forest. Forest Holidays Public Sector Holdings LLP was incorporated on 30 April 2019, while Camping in the Forest Public Sector Holdings LLP was incorporated on 4 September

2019. Each LLP has a designated member from Natural Resources Wales, Forestry and Land Scotland, and the Forestry Commission.

Transactions with North York Moors National Park Trust are disclosed as Sir William Worsley, Chair of the Forestry Commission, was a trustee until December 2019.

Jennie Price, Commissioner, is a consultant at MHR Ltd. Transactions between Forestry England and MHR have been disclosed.

Transactions between Forestry England and Trebartha Estates are disclosed because Peter Latham is a retired Director of Trebartha Estates Ltd, and his brother is Chair.

Peter Latham retired as Chair of James Latham plc in August 2017, though has over 6% of the shareholding and the Latham family hold approximately 50% of the shares. The Forestry Commission received income of £2,700 from James Latham plc during 2019-20 for port inspection fees, of which £650 was outstanding at 31 March 2020. There were no transactions between Forestry England and James Latham plc.

George McRobbie, a non-executive director of Forestry Commission, is a director of Tilhill Forestry and of Maelor Forest Nursery Holdings. Both entities had transactions with Forestry England which are disclosed in the Forestry Commission Annual Report and Accounts 2019-20.

Sir Harry Studholme, the retired non-executive Chair of the Forestry Commission, received grants from Forestry Commission, which are disclosed in the Forestry Commission Annual Report and Accounts 2019-20.

Note 20: Events after 31 March 2020

In accordance with the requirements of IAS 10, events after 31 March 2020 are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. The authorised date for issue is the date of the Comptroller and Auditor General's audit certificate.

There were no reportable events after the end of the reporting period.

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