



Forestry England

Annual report and accounts

2023-24





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Cover picture: Tree planting at Dalby Forest, Forestry England



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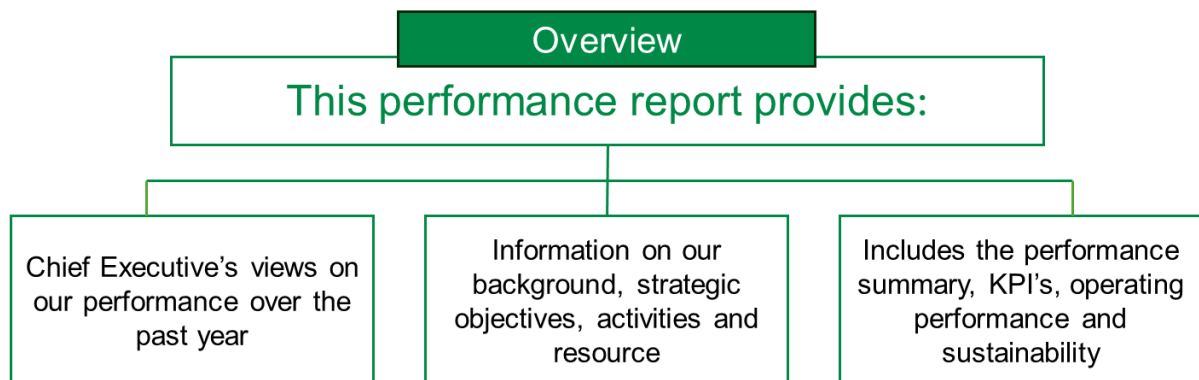
Performance report	5
Chief Executive statement	5
Purpose and activities	7
Performance overview	10
Sustainability	11
Performance analysis	12
Key performance indicators	30
Operating performance	31
Environmental sustainability	34
Accountability report	46
Corporate Governance	46
Accounting Officer’s statement	48
Governance statement	50
Remuneration and staff report	60
Remuneration report	60
Staff report	66
Other accountability matters	73
Independent auditor’s report	75
Financial statements	80
Statement of comprehensive net expenditure	80
Statement of financial position	81
Statement of cash flows	82
Statement of changes in taxpayers’ equity	83
Notes to the accounts	84

Honours

The following Forestry England colleagues were successful in the 2023 Kings Birthday honours lists for services to forestry:

- **Gareth Browning**, MBE, Beat Forester, Forestry England. For services to Forestry and Nature Recovery
- **Lawrence Langton**, BEM, Forest Craftsperson, Forestry England. For services to Forestry

Performance report



Chief Executive statement

I am constantly amazed by the drive of Forestry England colleagues, volunteers and business partners, and the achievements that result from their combined expertise and efforts. Despite challenging and unpredictable trading conditions, much has gone well.

Forestry is a long-term business and ensuring our forests are fit for the future requires judgements about what the future will hold. We were delighted to work with the University of Cambridge to produce the world's first horizon scan for UK forests. Drawing on the foresight of over 40 experts from across industry and academia, the scan looks for challenges and opportunities some 50 years ahead, identifying 15 top issues. We believe it will give us, the wider Forestry Commission, and everyone connected to forests and forestry the chance to secure resilient forests.

Today, the nation's forests provide the most valuable places for wildlife to thrive and expand in England. With support from the government's Nature for Climate Fund (NCF) we have acquired 969.5 hectares of land for woodland creation and so far planted 312 hectares of these new woodlands; we are on track to exceed the 6,000 hectares of wild core areas; our work in species reintroduction continues with 20 projects across England for species such as Golden Eagle, White Tailed Eagle, Pine Marten, Beaver, Wildcat and Wood Ant; and our commitment to long-term habitat improvement is evident in our stewardship of the Thetford Site of Special Scientific Interest (SSSI). We were proud to play our role in international conservation too, as we worked with the Botanic Gardens of Sydney to care for, distribute and plant a European meta collection of the critically endangered Wollemi pine.

We strive to make the nation's forests a living treasure for all, deeply connected to people's lives and improving their health and wellbeing. Our efforts to improve equality, diversity, and inclusion include projects such as a multi-faith tree planting at Wing Wood in Buckinghamshire, and partnerships that promote a more inclusive environment. We are investing over £3 million to make the forests managed by Forestry England more accessible thanks to the Defra-funded 'Access for All' programme. Some 285 million visits are made by people to enjoy the nation's forests encouraged by successful initiatives such as our fun and educational Zog trails for children.

In the autumn we celebrated outstanding examples of colleagues' work and achievements, in our inaugural Forestry England People Awards. Over 200 colleagues were nominated by their

peers, with awards centred around our organisational values, individual and team achievements. We also continue to invest in early careers, and our Level 3 Forest Operative apprenticeship continues to gain momentum. Additionally, we initiated a groundbreaking collaboration with Arbortec to commission female-fit chainsaw Personal Protective Equipment (PPE). These new items will be available to the wider market, endorsing our role as key industry leaders in this area.

The changing global economy, higher levels of inflation, together with lower levels of core funding from the government have posed significant challenges, forcing us to adapt, evolve, and respond. In addition, staff turnover and the associated progression of staff into new roles means that some 30% of colleagues in delivery roles are relatively new. As they are learning and adapting to their responsibilities we are in a transitional phase. However, while staff turnover is challenging, it is heartening to see colleagues gaining new or more senior roles across the wider Forestry Commission and forestry and other professional sectors.

Responding to these challenges, we started "Securing the future", a short to medium-term strategic programme to transform the business, more details of which are provided on page 27 below. While this programme involves making some hard decisions, I am confident that we will emerge in a stronger and more sustainable position, able to thrive. In parallel we have secured agreement of Defra to look afresh at our government funding arrangements in the coming year.

Against this backdrop, I am proud of our continued internationally accredited sustainable stewardship of the nation's forests, representing the single largest source of England's domestic timber, softwood and hardwood consistently delivering over one million cubic metres, helping to underpin capacity and stability in the wider forestry sector.

In preparing these accounts we identified a long-standing error in the calculation of the valuation of the forest estate and biological assets, where the valuations have been historically understated. This error has been corrected in this Annual Report and Accounts including prior year adjustments to restate the forest estate valuation at 31 March 2023, and at 31 March 2022. Further information is contained in the Financial Performance and Financial statements sections.

Although the challenges of this year have been considerable, so has what we have been able to achieve. I extend my appreciation to our visitors, customers, staff and partners who have joined us on this journey and enjoy the amazing benefits our forests give us.

Thank you for your continued support.

Mike Seddon



Purpose and activities

For over 100 years, we have been growing, shaping and caring for the nation's forests, for the benefit and enjoyment of all, for this generation and the next.



What we do

We care for more land and trees than any other organisation in England. Shaping landscapes for people, wildlife and timber. We care for over 1,800 miles of walking, running and cycling trails, supply England's largest amount of sustainably sourced timber, and conserve the homes of thousands of plants and animals.

Why we do it:

Forests are vital for the future of our planet. They improve the health and well-being of everyone and with careful planning and expert management, the nation's forests will continue to thrive. We are always thinking beyond today, planning and planting forests that will help create a sustainable future. Find out more about us at www.forestryengland.uk.

Our structure:

Forestry England manages the nation's forests. We are an Executive Agency of the Forestry Commission, which also includes Forest Services, the government's expert forestry advisors and regulators, and Forest Research, who deliver internationally renowned forestry and tree-related research to England, Scotland and Wales. Forestry England staff are employees of the Forestry Commission and are civil servants.

Our values:

These are the beliefs that are most important to us and influence how we behave every day. Our values should be upheld by everyone, all the time and help guide our decisions day-to-day. They are:

- Think beyond a lifetime
- Do it together
- Be adventurous
- Look out and look after

Performance overview

1 April 2023 - 31 March 2024



285 million
estimated visits
to the nation's forests



278 hectares
of new woodland
planted



6 million
trees dispatched
from our nurseries



6 million
trees planted
in the nation's forests



1 million
cubic metres of
timber harvested



201,865
hours kindly given
by volunteers



43,891
households
are members
of their local
forest



99.9%
of people live within a
one hour drive
of the nation's forests

The nation's forests are vast

They include the following priority habitats*



23,000
hectares of
Priority woodland



23,000
hectares of
open habitat



11,000
hectares of
wetlands



92
species of tree



37
conifer



55
broadleaf

We have planted...

20
reintroduction
projects

ongoing
including:
Pine martens
Golden eagles
Beavers
Wildcats
Water vole



94.15%
of SSSIs
(Sites of Specific
Scientific Interest)
are in a
**favourable
or recovering
condition**

Challenges



Recruitment
& retention



Wildfires & record
temperatures



Pest &
diseases



External landscape
pressures



Cost of living crisis
& global inflation

Performance overview

Growing the future: 2021-2026

Forestry England’s five-year plan, Growing the future: 2021-26, builds on our expert land management, timber production and recreation offer, and identifies our priorities up until 2026. It sets out where we will focus our work so that we can achieve our objectives and purpose to evolve, innovate and grow the vast benefits the nation’s forests give to people, nature and the economy. We are clear about our priorities for action across five key areas: climate, people, wildlife, our people and values and our sustainable approach.

At the heart of Growing the future is Forestry England’s core principle of delivering valuable, sustainable benefits from the nation’s forests, underpinned by generating income for financial sustainability.

Growing the future is today’s expression of our natural capital approach to managing the nation’s forests. Forestry England will increase the value of the benefits provided while ensuring the natural capital resource maintains or improves its quality and condition.

The UN Global Goals

The UN Sustainable Development Goals (SDGs) are a roadmap of seventeen interlinked social, economic and environmental objectives to deliver global sustainable development by securing the rights and well-being of everyone on a healthy planet. The SDGs are illustrated below, and the following section shows how Forestry England’s strategic goals support a number of the SDGs.

SUSTAINABLE DEVELOPMENT GOALS



At Forestry England we pride ourselves on being world leaders in sustainable forest management for the climate, people and wildlife. Whilst in this report we don't quantify the impact of our work on each of the goals, throughout the report we refer to the relevant goals where our actions and ambitions align.

Sustainability

Growing the future: 2021-26, sets out our commitment to achieve net zero and includes actions that support nature recovery and biodiversity, as well as actions specific to climate change adaptation. These priorities are interwoven with the positive impacts on people and the economy that our work leading sustainable forest management delivers.

Forestry England maintains an environmental management system (EMS) to deliver the organisation's environmental policy and requirements of the Greening Government Commitments (GGC). Our sustainability performance update for this year follows the GGC framework and is set out within the performance section of this report.

Forestry England's activities take place in rural and semi-rural environments. We seek to ensure that the impact of our activities supports UK environmental policy and the UN SDGs by balancing social, economic and environmental needs whilst transitioning our organisation to become net zero.

Performance analysis

Five-year targets for Growing the future: 2021-26

The end of March 2024 completes year three of this five-year plan. This report presents the progress made in year three and the total progress made since its launch, our successes, challenges and areas of focus for the coming years.

Key for infographics

This key shows our in-year progress since implementing Growing the future 2021-26 and if we are on track to achieve our ambitions.

**Our vision:
For climate**

The nation's forests are resilient to climate change, increasing the value of benefits they provide to communities by producing high-quality sustainable timber and absorbing more carbon emissions.



New woodlands

Planting new woodlands



Sustainable timber

Over 1 million m³ to market yearly, maintaining forest management



Structural and tree species diversity

Supporting adaptation to climate change for future generations

Five year targets

Progress 2022-23	34 hectares	1,111,000 m ³	98 tree species planted this year
Progress 2023-24	278 hectares	1,206,000 m ³	92 tree species planted this year
Growing the Future cumulative progress	312 hectares	On target	On target
Target by 2026	Over 2,000 ha by 2026	1,000,000 m ³ per year	More diverse woodlands

This vision supports the UN SDGs '8, Decent Work and Economic Growth', '9, Industry, Innovation and Infrastructure', '13, Climate Action' and '15, Life on Land'.

Planting new woodlands, absorbing more carbon and supporting the UK's journey to net zero.

- During 2023-24, we acquired 761 hectares of land for woodland creation. Cumulatively to the end of 2023-24 we completed 312 hectares of planting.
- Raised £1,000 through a Crowdfunder campaign and £60,000 from our partnership with British Airways to support the planting of 9,000 trees and establish wildflower meadows in Wing Wood, Buckinghamshire. Members of various faith communities took part in a tree planting day at Wing Wood to celebrate Vaisakhi and plant 550 of these trees.
- Received grant funding from National Highways for community woodland projects at Jeskyns Farm and Hole Farm.

- Commemorated King Charles III's Coronation through The Coronation Living Heritage Fund by facilitating the planting of trees. With a £2.5 million allocation from the NCF, the fund's goal is to acquire 620 hectares of land and plant 310 hectares by March 2025. Additionally, the Palace supported the recognition of newly established woodlands financed through the NCF as Coronation Woods, representing its lasting legacy.

Producing sustainable, home-grown timber; a renewable resource which locks in carbon and can replace more carbon-intense construction materials.

- Produced 1.206 million m³ of sustainably produced timber generating an income of £49 million.
- Maintained UK Woodland Assurance accreditation.

Building the resilience of the nation's forests to ensure they thrive in a changing climate.

- In December 2023, over 170 Wollemi pine trees from the Botanic Gardens of Sydney found new homes across the UK and Europe, thanks to collaboration with the Bedgebury National Pinetum tree nursery. Six trees each were planted at the Westonbirt Arboretum and the Bedgebury National Pinetum. King Charles III joined the planting at Westonbirt alongside staff with the remaining trees distributed among 27 botanic gardens across the UK and Europe.
- Westonbirt Arboretum has secured over £350,000 in funding to launch the 'Silk Wood Community Planting Project' in collaboration with The Friends of Westonbirt Arboretum. The project aims to restore woodland areas within the arboretum, replanting approximately 9,000 trees after Chalara ash dieback felling in 2020. The project emphasises community involvement, engaging local individuals, including youth, underserved communities, those with neurodiverse conditions and people from diverse backgrounds in the replanting process over the next three years.
- We appreciate the work of our Arboreta Advisory Committee in providing scientific expertise and insight to guide our work in the two tree collections at Bedgebury Pinetum and Westonbirt Arboretum.
- Published a horizon scan research paper in *Forestry* in partnership with the University of Cambridge, involving experts from various forest management sectors including several staff from Forestry England, Forest Services and Forest Research. The findings aim to inform strategic planning and prompt action within the forestry sector to ensure the resilience and sustainability of forests for future generations. Over 350 different media outlets ran coverage of this paper.

Specific challenges

- The *Ips typographus* (the larger eight-toothed European spruce bark beetle) continued to affect our spruce forests in south-east England.
- *Dothistroma* needle blight on pine seedlings at our Lobslack nursery, meant that an estimated 2,000 saplings were destroyed in line with biosecurity protocols.

Caitlin Pether, Student Arborist (left) and Chrissie Dow, Technical Arborist (right) get the Wollemi Pine ready to be planted by His Majesty King Charles at Westonbirt Arboretum
Credit Johnny Hathaway



**Our vision:
For people**

We want the nation’s forests to be a living treasure for all, deeply connected to people’s lives and improving the health and wellbeing of the nation.



1 million hours
Given to the forests by volunteers



Partnerships
Grow expertise and innovation



Diversity
Visitors reflecting the nation’s communities



Membership
Launching our national scheme

Five year targets

Progress 2022-23	176,594 hours	£414,280	Data not available	Launched
Progress 2023-24	201,865 hours	£464,280	Minority Ethnic groups 18.3% Visitors with disability 23.1%	5,276 National memberships
Growing the Future cumulative progress	479,840 hours	On target	Target exceeded	43,891 active memberships
Target by 2026	1 million hours	Quality partnerships supporting delivery	Infrastructure to drive greater diversity	Growing our national members’ family

This vision supports the UN SDGs ‘3, Good Health and Wellbeing’, ‘8, Decent Work and Economic Growth’ and ‘15, Life on Land’.

Providing outstanding and varied volunteer opportunities that create memories and build communities around the nation’s forests.

- The Shadow volunteer programme has expanded its reach during 2023-24, providing 6 month focused volunteer programmes in Central, South, East and West district, giving unique volunteering experiences to 38 individuals during this time. Within this programme, the first shadow opportunity was provided to an individual under the age of 18. This provided an ideal opportunity to pilot the programme for this age group and we will look at opportunities to build on this experience with the Forests for Everyone team in the coming years. The shadow programme is one element of the wider volunteering and unpaid work programme, which has delivered over 200,000 hours of support to the nation’s forests this year. This equates to nearly £2.5 million of benefit.
- Worked alongside archaeologists, local volunteers, and ex-service personnel to excavate surviving First World War trenches at Sherwood Pines. The project was featured in a Time Team episode to commemorate the 110th anniversary of the start of the First World War.
- Introduced a new national agreement with Butterfly Conservation, initiated by staff and volunteers. It aims to simplify paperwork, promote data sharing and grant permissions for low-risk activities such as butterfly transects, enhancing opportunities for future collaboration.

Working with others helps us to do more, sharing expertise and making the most of opportunities for people.

- Westonbirt Arboretum won ‘Cultural Venue of the Year’ at the SoGlos Gloucestershire Lifestyle Awards 2023, with Forest Live at Westonbirt voted runner-up for ‘Event of the Year’. The Forest of Dean Cycle Centre in West District won Highly Commended for ‘Sporting Venue of the Year’.
- Attracted 1,400 entries from photographers and filmmakers around the world for Earth Photo 2023 encouraging conversations about our world, its people, environment and the changing climate. A selection of the photos was displayed at five Forestry England locations.
- Celebrated the ‘Women in Forestry’ exhibition at Grizedale Forest, commemorating the vital contribution of the Women’s Timber Corps known as ‘Lumberjills’ during the Second World War. It aimed to inspire the next generation of women in forestry to continue enhancing our forests.
- Signed a new agreement with Motorsport UK and the Auto Cycle Union, striving to identify improvements to the environmental sustainability of the sport through the exploration of new technologies and reduced carbon emissions.
- Organised 11 Forest Runner events, attracting a total of 3,091 participants. Our influencer’s content reached over 300,000 people, while our advertising campaign made a significant impact with 1.7 million impressions. In addition, we launched the Strava walking group and grew the Strava audience to over 10,000.

Understanding and creating new opportunities for more people to enjoy the nation’s forests.

- Collaborated with Flock Together, a birdwatching collective for people of colour, to host a walk at Wendover Forest. To build on the success of the event, we are now working together to plan a multi-day festival.
- Through the Defra-funded Access for All programme and in collaboration with Havering Council, a transformative pedestrian bridge now links Pages Wood to Harold Wood Park over the River Ingrebourne.
- Installed additional changing-place facilities for anyone with a learning disability or long-term health condition. These facilities mean more visitors can now stay all day at one of our sites or allow those who could not visit without this provision, access to a forest for the first time.
- Achieved over one million media captures and 500,000 completed challenges through the Zog: A forest adventure mobile phone application. Approximately 100,000 Zog trail packs were sold by the end of 2023 across 26 forest centres. These trails and associated content continue to demonstrate the value of our brand partnership with Julia Donaldson’s popular literature characters.
- Welcomed 68 asylum seekers and refugees on guided walks around Westonbirt’s Old Arboretum helping participants to manage their mental and physical health and increase their confidence.
- Established 19 new well-being trails, which offer mindful activity ideas for both the forest and home, fostering profound connections with nature and promoting holistic wellness for all who engage with them.
- Improved the cycle trail grading process in collaboration with Natural Resources Wales and Forestry and Land Scotland, and now rolling this out starting in the Forest of Dean.

- Helping people on probation to learn new skills through community partnership schemes run jointly with Forestry England at sites in Greater Manchester and North Nottinghamshire, a partnership agreement has been developed between the Probation Service and Forestry England. A joint recruitment campaign is now in progress to move beyond the two current locations.

Opening membership opportunities for people to explore more of the nation's forests.

- Recruited over 10,000 members to the national tier of our Forestry England membership scheme. National members can explore hundreds of the nation's forests while learning more about the valuable work that Forestry England does. Forestry England membership now exceeds 100,000 members across our local and national schemes.

Specific challenges

- The cost-of-living crisis and global inflation have impacted revenue generation slowing our ability to resource deeper engagement with communities.



**Our vision:
For wildlife**

The nation's forests will provide the most valuable places for wildlife to thrive and expand in England.



Reintroducing and translocating

Plant and animal species to support ecosystems



Habitat enhancements

Improving the condition of sites, including ancient woodlands and wetlands



Wilding

Introduce wilding activities into 6,000 hectares

Five year targets	Reintroducing and translocating	Habitat enhancements	Wilding
Progress 2022-23	12 reintroductions	94.17% of SSSIs favourable / recovering	>6,000 ha identified
Progress 2023-24	8 new reintroductions 12 continued	94.15% SSSIs favourable / recovering	8,272 hectares ongoing
Growing the Future cumulative progress	20 reintroductions	78% of cumulative target achieved	8,272 hectares ongoing
Target by 2026	1 ongoing per year per district	>98.26% (2021 baseline)	6,000 hectares

This vision supports the UN SDGs ‘13, Climate Action’ and ‘15, Life on Land’.

Supporting wildlife populations to expand.

- Co-sponsored the *8th International Martes Symposium* in Aviemore alongside partners Forestry and Land Scotland and the Vincent Wildlife Trust. Over 100 delegates from Europe, Canada, and Taiwan attended to discuss *Martes* species conservation, including the native pine marten in Britain where we have developed pine marten recovery reintroduction projects in almost every district. We are playing a key role in monitoring emerging populations in areas like the New Forest, Kielder Forest, and North Yorkshire to better understand and support their resurgence, to post-release monitoring in collaboration with Gloucestershire Wildlife Trust in the Forest of Dean. We are also a key partner in the Two Moors and South East Pine Marten Projects, focusing on further recovery potential in southern England.
- Fledged the first white-tailed eagle chick in 240 years in England in July 2023, marking a milestone in conservation. Since 2019, Forestry England and the Roy Dennis Wildlife Foundation have collaborated to reintroduce white-tailed eagles to the Isle of Wight, utilising miniature solar panel satellite trackers to monitor their movements and behaviours as part of a project aiming to release up to 60 birds and restore the species to the English landscape.

Making our special and protected sites even more special through expert management and habitat improvements.

- Participated in a groundbreaking nationwide study of soil eDNA in the UK's forests, uncovering previously unknown species. This study highlighted the effectiveness of restoration projects like the Shifting Sands project in Thetford Forest, which doubled the

diversity of rare species, demonstrating the potential of innovative techniques in conservation efforts.

Enhancing the wild nature of the nation's forests for more wildlife to thrive.

- Continued work on the four wild core area projects in four different districts, managed under the Forest Wilding Programme. Covering over 8,000 hectares, they include diverse landscapes including blanket bog, heathland, species rich grassland and fens, together with forests varying from Sitka spruce plantations to ancient coppice woodlands. Each project has been undertaking feasibility studies to explore how to restore natural processes, with a national launch of wild core areas in May 2024.

Specific Challenges

- Competition for talent from the private sector in recruiting for key positions.
- Ensuring we understand stakeholders' needs and expectations as when unaddressed have impacted the scale and pace of work.



White tail eagles with solar powered satellite trackers. Isle of Wight.
Credit: Ainsley Bennett

Our vision:
Our people & values

We are one Forestry England. We support each other to work to our values, to be healthy, motivated, engaged experts; enabling us all to make our best contribution. We are a diverse workforce representing the people we serve.



Five year targets

Diverse workforce
Reflecting the nation's communities

Work environments
To empower people wherever they work

Health and safety
Improved accident reporting:
Public reports Staff reports

Progress 2022-23	2% Minority Ethnic groups, 4.5% have a disability	68% staff engagement	8.1 per 100k visits	7.1 per 100 employees
Progress 2023-24	3% Minority Ethnic groups, 6% have a disability	Biennial Employee Engagement survey in 2024/25	8.13 per 100k visits	7.08 per 100 employees
Growing the Future cumulative progress	3% Minority Ethnic groups, 6% have a disability	On track through delivery of staff engagement programme	Static rates with additional interventions delivered	Static rates with additional interventions delivered
Target by 2026	Infrastructure to drive greater diversity	Empower workforce	Yearly improvement	Yearly improvement

This vision supports the UN SDGs ‘3, Good Health and Wellbeing’, ‘8, Decent Work and Economic Growth’ and ‘10, Reduced Inequalities’.

Understanding and creating opportunities to be more inclusive and diversify our workforce.

- Refreshed careers page on our external website, allowing job-seekers to discover exciting early-career routes to join Forestry England outside of traditional recruitment.
- Celebrated women in forestry for International Women’s Day 2024 by creating a video montage. The montage features various women who have contributed to forestry, including forestry professionals, conservationists, and advocates. It showcases their dedication and impact in shaping the forestry industry and spreading awareness of its importance.
- Forestry England and the Forestry Commission won the Includability D&I Star Award, recognising outstanding efforts to foster a diverse and inclusive work environment for our employees.
- Developed an array of marketing materials tailored for young people in school and college, showcasing the diverse range of career opportunities within the organisation. These materials, including leaflets, posters and banners, are intended for distribution across districts, career fairs, local college outreach programmes, and other relevant platforms to raise awareness about career prospects within Forestry England.
- Secured £45,000 to train 90 practitioners in forest education in collaboration with the Forest Education Network England.

Increasing the opportunities for our people and making Forestry England an outstanding place to work.

- Initiated a groundbreaking collaboration with Arbortec to commission female-fit chainsaw Personal Protective Equipment (PPE). New items will be available to the wider market, endorsing our role as key industry leaders in this area.
- Ran the first Forestry England People Awards to recognise the contributions that our teams and individuals make every day, share inspirational stories of great work and shine a light on staff who go the extra mile.
- Launched the customer relationship management (CRM) system to improve the process for how we permit an individual, group or organisation to hold an event or activity in the forest, improving our customers' and volunteers experience as well as potential future members.
- Opened a new Forestry Operations Facility at Tangham for staff. The building is constructed from sustainable materials, operates with carbon neutrality, and will serve as a blueprint for future sustainable office buildings across the country. This new facility provides improved working, welfare and wellbeing facilities together with a sustainable and efficient building fabric.
- Commenced work on the Haldon operations facility which is due for completion in late 2024.
- Implemented SharePoint sites to all national teams to share and collaborate on documents within the organisation, ensuring a consistent method of managing our information.
- 312 colleagues participated in our professional manager's programme (PMP).
- 'Customer voice' - Forestry England's new approach to customer service was launched to staff in November 2023. It is a toolkit designed to support staff to continue to deliver excellent customer service, improve customer experience and Forestry England's commitment to the wellbeing and safety of our staff protecting them from harassment and abuse.
- 'Customer voice' aims to create a more consistent approach to customer relationships by providing a set of tools and training to equip staff to respond to customers, and the safeguarding of our people. This piece of work is complemented by a Service Charter and Position Statement on "Inappropriate and Unacceptable Behaviour" and has been sharing publicly to transparently communicate our approach.
- Sustainable Energy production and efficient building fabric by design will help deliver our Carbon Neutral aspirations

Putting health and safety at the core of everything we do, including delivering the Forestry England Health & Safety Culture programme.

- Launched a new quarterly channel 'Health and Safety News', with input from across the organisation.
- Relunched the health and safety committees across the organisation and added a H&S objective to staff performance plans.
- Encourage staff to keep hydrated by giving every colleague a responsibly produced steel insulated drinks bottle.

- Introduced a new organisation-wide approach to hiring welfare vehicles, ensuring we look after colleagues at work. We have also reviewed the provision of static welfare facilities and created a national plan to make further improvements.
- Appointed a safeguarding technical advisor who is currently reviewing training and guidance, and undergoing government internal audit preparations for the upcoming financial year.

Specific Challenges

- High turnover rate among staff, leading to the loss of institutional knowledge and necessitating considerable time and resources for recruitment, onboarding and training to ensure new employees are proficient in their roles.
- The cost-of-living crisis and global inflation are putting pressure on our ability to recruit and retain staff in a highly competitive labour market.



Demolition work taking place of the previous Tangham operations facility in East District.



Our vision:
Sustainable approach

To put sustainability at the heart of the nation’s forests and all that we do.



Reduced emissions
on our way to being net-zero by 2030



Sustainable Finance
self-generated income from commercial activity



Awareness
Increased awareness of Forestry England

Five year targets

Progress 2022-23	13% reduction this year	75% of income self-generated	33% of people are aware
Progress 2023-24	Emissions increased by 1%	72% of income self-generated	40% of people are aware
Growing the Future cumulative progress	Emissions increased by 1%	While our self-generated income has grown, our securing and utilizing more non-recurrent funding from DEFRA in support of our capital programmes and continuing plant health work, diluted the measure	On track
Target by 2026	Meaningful reduction towards net-zero	Increase from 76% (2021)	Increase from 33% (2021)

This vision supports the UN SDGs ‘7, Affordable and Clean Energy’, ‘8, Decent Work and Economic Growth’, ‘12, Responsible Consumption and Production’, ‘13, Climate Action’ and ‘15, Life on Land’.

Reducing the impact of our business by minimising emissions from our operations.

- Continued the rollout of iPhones for staff, allowing for greater integration with Microsoft apps, enhanced device security and cost-efficiencies in phone lifespan.
- Established and implemented a new national waste contract with one waste carrier to drive improvement in our waste processing, recycling and data capture.
- Rolled out a programme with Defra funding for new photovoltaic deployment at Eals Burn in Northumberland, Haldon in Devon, Westonbirt and various sites in our Central district to increase our renewable energy generation and reduce our carbon emissions, with projects currently in delivery.
- Installed further Electric Vehicle Charging Points in Kielder, Bristol and Chiddingfold near Farnham.
- Initiated our Energy and Carbon Steering Group which is supporting the development of our Net Zero Strategy during 2024. Sub-groups focussing on Procurement and Communications have also been established.
- The Sustainable Procurement (SP) sub-group has completed an environmental survey of our suppliers, along with the creation of a ‘Buyer toolkit’. Workshops have been held to inform our first SP roadmap in 2024-25.

- Completed a number of ISO:14001 audits across the country, completing corresponding actions on non-conformance issues and working with district teams to resolve them.
- Rolled out detailed reporting on resource consumptions and emissions, which aims to help our forest districts inform and plan their future sustainability actions.

Ensuring the financial security of Forestry England by generating more of our income through our business, enabling us to do more for the climate, people and wildlife.

- Initiated "Securing the future" in September 2023 to ensure financial sustainability amid the uncertain economic climate and rising costs. The programme focuses on four key areas: delivering the business plan, optimising business structures and performance, seeking investment and funding opportunities, and exploring alternative trading strategies. Work to date has focused on delivering the business plan and reviewing our business structure and performance, with areas for improvement identified. Alongside this are active conversations around funding that reflects the benefits delivered by the nation's forests. Longer term gains through exploring green finance opportunities and proposing the establishment of a charitable foundation to augment income streams are also being pursued.
- Expanded Forestry England Camping to now encompass 13 campsites with new operators to deliver unique camping experiences for the 2024 season and years ahead. The new operators are taking bookings, hosting websites and providing staffing for their sites. Forestry England is managing the agreements on a landlord-tenant basis and provide support with marketing Forestry England Camping.
- Undergone a landmark tender exercise resulting in a transformative seven-year partnership with Cuffe and Taylor, esteemed Live Nation promoters. Together we are orchestrating a series of captivating outdoor shows across forest venues nationwide, setting a new standard for immersive entertainment. With sustainability at the forefront, Cuffe and Taylor's commitment to aligning their events with Forestry England's net zero objectives and Live Nation's Green Nation Charter underscores our collective dedication to environmental stewardship and lasting impact.
- Forged a £250,000 investment partnership spanning five years with Forest Holidays, our first major biodiversity corporate partner. This alliance is dedicated to improving biodiversity and facilitating new conservation efforts to restore natural processes, particularly at Kielder in North district, for years to come.

Sharing our story and making more people aware of the work we do and the opportunities they have to get involved and enjoy the nation's forests.

- Established 'Customer Voice' to ensure a consistent approach to customer relations through the provision of tools and training for staff.
- Explored the potential of donations and legacies, collaborating with Districts to expand donation points through SMS and contactless units. Additionally, we've developed a new Regular Giving product.
- Created our first two-page Impact Report, showcasing organisational achievements. The report was shared through digital channels and a bespoke members newsletter.

- Three national communication campaigns were launched focused on the "Growing the future" themes. Notably, the Wildlife campaign garnered the highest digital reach, with over 4.7 million impressions throughout the campaign.
- Brand awareness experienced a steady rise, reaching 40% by year-end from 33%.

Specific challenges

- The cost-of-living crisis has put additional pressure on revenue and operational costs.
- Achieving the pace of change needed in some operational areas to meaningfully reduce emissions to net zero whilst maintaining delivery.
- The volatility in the UK timber market generating less predictable demand and fluctuating prices.

Jess Robinson, Environment and Ecology Lead, Forest Holidays (left), Meera Hindocha, Head of Partnerships, Forestry England (middle) and Gerry O'Brien, Forest Ranger Forest Holidays (right) ringing Tawny owl chick in Kielder Forest, Northumberland.



Key performance indicators

Our published key performance indicators (KPIs) serve as long-term metrics, calculated and reported annually. The 2023-24 period marks the fourth year of utilising the set of KPIs established by the Forestry England Board following extensive consultation in 2018.

These KPIs are recognised as official statistics and represent a crucial public asset. They offer insights into society, the economy, and the government's work and performance. They play a pivotal role in shaping the judgments and decisions of the public, government entities, and a diverse array of other organisations. We no longer report these KPI's within the Annual Report and Accounts as the full set of KPIs are published on www.gov.uk.

Operating performance

Financial review

The table below is drawn from the Statement of Comprehensive Net Expenditure and the Statement of Changes in Taxpayer's Equity, with the headings re-ordered to more clearly show Forestry England's operating performance.

The inclusion of funding from the Forestry Commission below aligns specific grant funding with the associated operating expenditure, as opposed to the classification within the Statement of Changes in Taxpayer's Equity. Management's view is that this gives a clearer illustration of the operating position and relevant net surplus / (deficit) for management performance. Noting that it removes the value of felled timber, though does not correspondingly take into account the increased value of the growing timber in reaching the net operating result.

From the Statement of Net Comprehensive Expenditure (SOCNE) and the Statement of Changes in Taxpayer's Equity (SOCTE)	2023-24	2022-23 restated	2021-22	2020-21	2019-20
	£m	£m	£m	£m	£m
Total operating Income	92.3	88.5	94.0	83.7	88.1
Value of felled timber per IAS 41	(24.6)	(26.7)	(31.6)	(29.0)	(29.6)
Staff costs, purchases and items provided for	(133.4)	(122.3)	(99.7)	(95.5)	(104.6)
Depreciation	(9.1)	(9.6)	(6.7)	(6.1)	(6.0)
Revenue funding from the Forestry Commission (per SOCTE)	30.3	23.1	18.2	24.3	16.0
Net operating surplus / (deficit)	(44.5)	(47.0)	(25.8)	(22.6)	(36.1)
Impairments	(0.1)	(0.5)	(1.5)	(0.5)	(2.5)
Revaluation of Biological Assets per IAS41	(89.3)	210.3	65.6	101.1	34.4
Interest and gain or (loss) on sale of assets	(0.4)	7.0	(0.2)	(0.1)	3.8
Add back grants and funding reported in the SOCTE:					
- Revenue funding from Forestry Commission	(30.3)	(23.1)	(18.2)	(24.3)	(16.0)
(Deficit) / Surplus for the year per SOCNE	(164.6)	146.7	19.9	53.6	(16.4)

Note - Funding from the Forestry Commission is reported in the Statement of Changes in Taxpayer's Equity. The £30.3m income above is the part of the £50.5m Funding from the Forestry Commission in the SOCTE which relates to operating expenditure.

Operating income has increased year on year by 4.4%, to £92.3 million. While timber revenue has remained largely static, the overall prices achieved and mix of timber sales delivers a headline price 9% lower than last year. Increased timber sales volume of 9% compensate the price deficit in revenue terms. Car parking revenue increased 6.9% year on year, a great achievement in the midst of the cost of living crisis, showing the financial benefit of the continued expansion of car parking charging and enforcement. A revision of charging for corporate services to other parts of the Forestry Commission, to ensure full cost recovery, saw an uplift in this income of £1.6 million, year on year.

Headline staff costs rose by 13.5%, with an increase in headcount of 4.9%, 58 whole time equivalent (WTE) staff. The in-year one off payment to staff, stipulated by the Government, cost the business £1.9 million, for which no government funding was received. Our pay cost per WTE (excluding the one off payment), rose by 4% in line with the inflationary pay rates applied. Recruitment controls were put in place mid-year to tighten pay expenditure, in light of rising costs, which resulted in the year end staffing complement being 4% lower than budgeted.

The revaluation of Biological Assets per IAS 41 was a deficit of (£89.3 million) compared to a surplus in the previous year of £210.3 million. The fluctuations in valuation are being substantially driven by changes in timber prices which had been rising strongly since 2005 to reach a high in late 2021. The timber pricing dataset released in November 2023 saw a real terms reduction in the index over a 12 month period of 28.1%. It is noted that the index remains up 60.6% in real terms over the last decade.

Further notable increases in costs were incurred in sustainable forest management, showing a 7% year on year increase. This reflects the increased volume of timber brought to market in the year, coupled with expenditure accommodating inflationary pressures, as well as the expenditure associated with additional funded programmes.

The net operating deficit shown in the table of £44.5 million is in line with the previous year. This reflects the additional funding received in year, along with the management push for income and tight cost control in what was a financially challenging year. Addressing this performance is a key focus for management and the Board, with actions as identified in the Securing the future programme.

Capital investments

The investment programme delivered the new Forestry Operations Facility at Tangham in the year. Work commenced in year on the long awaited Haldon Operations facility with completion scheduled for late 2024. The vehicle replacement programme remains a significant portion of our capital spend with £4.8 million incurred this year. Supply chain lead times continue to impede the rate of replacement, though are improving.

The overall programme is closely managed against available funds, with the tightening of our finances capital investment expectations have been similarly scaled back.

Financial risks

The majority of Forestry England's self-generated income is delivered from our commercial forestry, recreation and leisure activities, this means a high degree of exposure to wider economic conditions. The major strategic financial risk remains the long-term market price and demand for forestry products, along with the reducing level of timber production in the future. This is due to the lack of 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's strategy seeks to mitigate the financial consequences of the reduction in timber volume through diversifying our income streams, with our recreation offer developing to realise the commercial potential of non-forestry enterprises.

Recurrent annual funding from government has declined over recent years and is anticipated to be approximately £12m in future years. This is a low level of funding for the size of estate that is managed by Forestry England. Coupled with rising costs of staff and operational costs the need to review our costs and stabilise the financial position of the business was identified in the year.

The result is "Securing the future", details of which are provided on page 27 above. This work has since continued in earnest, with some tough decisions being made and implemented. In parallel Defra have agreed to look at our government funding arrangements. The result of these combined changes is targeted to return the business to a sustainable financial model, within the next 3 years, in turn securing the delivery of the great work in the nation's forests.

In preparing these accounts we identified a long-standing error in the methodology of the valuation for the forest estate and biological assets, resulting in an upward adjustment to the valuation of the forest estate. This has been corrected including a prior year adjustment to restate the forest estate valuation at 31 March 2023, and at 31 March 2022. We have completed a comprehensive and detailed review of the year-end valuation processes and implemented appropriate review and control procedures to prevent re-occurrence of a similar valuation error in the future.

Environmental sustainability

Our environmental policy supports the UN SDGs ‘7, Affordable and Clean Energy’, ‘12, Responsible Consumption and Production’, ‘13, Climate Action’ and ‘15, Life on Land’.

Our environmental impacts

Forestry England reports sustainability in line with the GGC and HM Treasury’s Financial Reporting Manual requirements.

Forestry England’s strategy for the nation’s forests ‘Growing the future’ sets a target of meaningfully reducing our direct emissions whilst better measuring our indirect emissions. We have an ambition of delivering meaningful progress towards net zero by 2030.

The environmental impacts of our forest management activities are managed through our Environmental Management System (EMS) which is designed to meet the requirements of BS EN ISO 14001 2015. Following a period of self-management, we are now endeavouring to re-gain certification.

Principal on-going initiatives are:

- monitoring our use of fossil fuels for heating and power, developing schemes to improve energy efficiency and to use more renewable and low carbon energy.
- identifying opportunities for generating more renewable energy across the nation’s forests.
- continuing to work with our data services provider to provide sustainable business reporting services to enable us to better target interventions for reducing our resource consumption.
- having more electric or low-emission vehicles in the fleet where possible in line with government targets and providing charging infrastructure for ourselves.
- increasing broadband connection speeds at remote sites and providing hardware to allow smarter working.
- a project to review and measure our indirect scope 3 emissions. This work will inform a carbon reduction strategy and net zero targets across all three emissions scopes.

Sustainable forest management is demonstrated by conforming to the UK Woodland Assurance Standard (UKWAS), which incorporates the UK Forestry Standard (UKFS) requirements. Forestry England is independently certified by accredited certification assessors under the Forestry Stewardship Council’s (FSC) and Programme for the Endorsement of Forest Certification (PEFC).

Carbon sequestration by the nation’s forests is included in our annual corporate natural capital account.

Task Force on Climate-Related Financial Disclosures (TCFD)

Forestry England is currently partially aligned against the TCFD reporting requirements under Phase 1. We disclose our metrics used in our reporting through the GGC process. As we report our climate metrics under GGC we have used this as the basis for identifying our headline climate-related risks and opportunities, alongside risks for more specific areas of our business that have been identified by our subject matter expertise within our organisation. Our Board considers climate risk and environmental issues at a strategic level as evidenced through our ‘Growing the future’ (2021-26) strategy which prioritises climate action amongst five priorities.

Our Board assesses climate risk through the processes outlined in the Governance section below. However, we recognise that more work is needed to strengthen appropriate processes that enable our Board to assess climate risks and impacts for our organisation in coming years.

Our Executive Team considers climate and environmental risks through the business planning process and the implementation of our forest management operations. It is also considered as part of our major programmes, such as our work on woodland creation, natural capital and biodiversity management. The Executive Team has also mandated the establishment of a climate and emissions reduction strategic framework, flowing from Growing the future, which is currently in development and outlined further below. This builds on our existing range of work across our core business managing the nation's forests that drives environmental sustainability and consideration of adaptation to projected climate impacts.

Completing the TCFD reporting exercise for 2023-24 according to Phase 1 guidance has identified where we need to strengthen our processes for Phase 2 building on our current capabilities. We have a number of workstreams in development to do so, including:

- Development and publication of our Net Zero Strategy that goes beyond GGC reporting metrics to include all Scope 1, 2 and 3 emissions within our defined reporting boundary
- Planning for the development of an Environmental Sustainability and Climate Risk and Adaptation Strategy that will draw together our climate management and net zero approaches under one strategic framework, to be aligned with TCFD requirements
- Developing a Climate Risk Register
- Strengthening our existing governance and accountability framework from Board through Executive and Management.

Climate Change Adaptation

Forestry England already delivers a range of programmes supporting biodiversity and nature recovery, whilst our core business managing the nation's forests drives environmental sustainability and consideration of adaptation to projected climate impacts. As part of our Growing the future commitment to achieve net zero and building on our work to date under the GGC, Forestry England is currently developing a Net Zero Strategy, with the intention for internal approval and implementation to be underway during 2024-25.

We are also now working to draw together under one strategic framework the breadth of our ongoing environmental work with our emerging emissions reduction work. We are preparing to develop an Environmental Sustainability Strategy and Climate Change Adaptation Strategy from 2024-25 aligned with our net zero timescales. We intend to align this with TCFD reporting requirements to create an integrated delivery and reporting model going forwards.

Nature Recovery and Biodiversity Action Planning

Biodiversity conservation is a core part of our purpose at Forestry England. We are the largest land manager in England, delivering more habitats for wildlife than any other public, private, or charitable body. We have a range of pioneering conservation projects at the forefront of nature recovery. Our current actions in this area are driven through our Biodiversity Plan which sets out Forestry England's approach to protect and restore resilient biodiversity in the nation's forests. Furthermore, our woodland creation and incorporation of species diversity when planting provides nature-based solution to climate change, and supports the mitigation of carbon emissions.

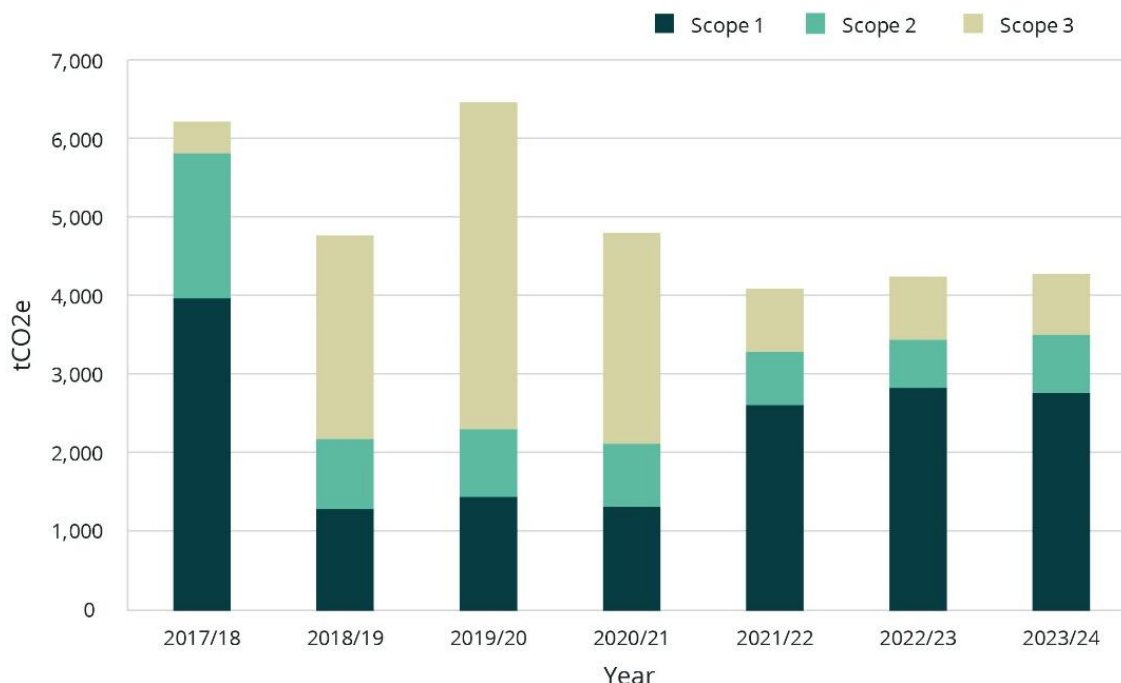
We produce an annual Natural Capital Account and were the first organisation to receive accreditation under the British Standard Institute’s new Standard for Natural Capital Accounting. This identifies the total value of the Natural Capital of Forestry England. All staff have access to information about how the value of Natural Capital at Forestry England relates to their work. We embed Natural Capital indicators within our organisational performance evaluation and corporate statutory reporting and internal reporting processes. Details of our performance are detailed in the previous sections of this report.

Working towards net zero

In line with the Government Net Zero Strategy and legally binding target to reach net zero emissions by 2050. Our five-year strategy ‘Growing the future’ sets out a priority commitment to achieve net zero. Building on our position of environmental leadership we will use our skills and expertise to achieve net zero by collaborating with our stakeholders and partners and through developing new commercial opportunities that help us to deliver our objectives. We are now working to have our Net Zero Strategy and delivery plan by the end of 2024. They will set out how we will achieve net zero aligned with current global best practice. The total of our current emissions can be seen in Chart 1 against our historic levels of emissions.

Forestry England, Forest Services and Commissioners’ Office provide combined reporting against GGC. Please see the Forestry Commission’s annual report for a summary of our collective performance.

Chart 1: Forestry England annual emissions from 2017-18 baseline to 2023-24



Note: operational fuel emissions missing in 2019-20 and 2020-21

Table 1: Overall emissions summary by scope

Emissions by scope (tCO ₂ e)						Baseline
		2023-24	2022-23	2021-22	2020-21	2017-18
Built estate	tCO ₂ e	121	147	197	189	275
Operational fuel	tCO ₂ e	1,456	1,298	1,350	-	-
Fleet vehicles (includes company cars)	tCO ₂ e	1,230	1,421	1,085	1,147	1,782*
Scope 1: Direct emissions		2,807	2,866	2,632	1,336	2,057
Location-based	tCO ₂ e	725	614	701	805	1,037
Electric fleet vehicles	tCO ₂ e	7	3	-	4	-
On-site renewable energy generation (emissions avoided)	tCO ₂ e	21	23	17	12	-
Scope 2: Energy indirect emissions (excluding on-site renewals energy generation)		732	617	701	809	1,037
Purchased goods and services	tCO ₂ e	30	33	17	29	-
Fuel- and energy-related activities	tCO ₂ e	63	58	62	69	-
Waste generated in operations	tCO ₂ e	234	252	388	2,393	-
Business travel	tCO ₂ e	451	459	321	208	-
Wood fuel (out of scope)	tCO ₂ e	461	438	501	681	-
Scope 3: Other indirect emissions (Currently measured excluding out of scope wood fuel)		778	802	788	2,699	

Note: Where available, data has been included for 2017-18 which is the baseline year for the GGC. The emissions reported for fleet in 2017-18 include all business travel.

Environmental incidents: There were no reportable environmental incidents in 2023-24.

Operational estate energy and decarbonisation

Forestry England actively manages its built estate to optimise flexible occupancy and minimise CO₂e emissions from using fossil fuel energy.

We have completed internal audits in line with our EMS which checks our compliance to our Environmental Policy Statement. The audits identified opportunities and work underway to improve our energy efficiency, generate renewable energy and reduce energy use. In 2023-24 we invested in Solar Photovoltaic and LED installations at a number of our sites.

Chart 2 provides an analysis of energy consumed. Our most significant energy use is associated with our use of fuel for machinery to manage our forestry estate, followed by electricity to power the buildings from which we operate. Forestry England uses a clean renewable 'green' tariff electricity supply for the majority of our electricity. Whilst for reporting purposes we continue to use a standard average fuel mix conversion factor, we have reduced the impact of electricity use by buying a verified Renewable Energy Guarantees of Origin (REGO)-backed tariff. These REGOs provide confirmation that we have purchased green electricity from renewable generation projects that emit 720 fewer tonnes of carbon (tCO₂e) than standard energy.

Some of our buildings are so remote and old that that they are still heated using fossil fuels such as oil and LPG. We promote biomass for our energy supply along with other low and zero-carbon technologies in place of fossil fuels where we can.

Chart 2: 2023-24 % of estate emissions in tonnes of carbon by source

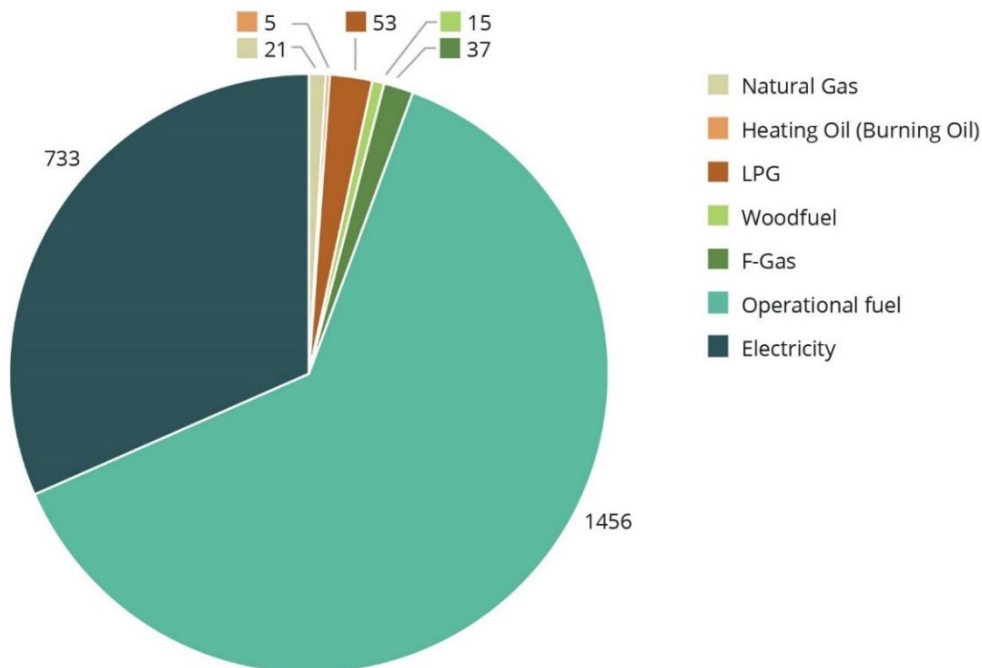


Table 2: Energy and fuel consumption and expenditure

		2023-24	2022-23	2021-22	2020-21	2017-18
Scope 1	Unit					
Natural gas	kWh	119,028	68,268	186,785	244,555	148,278
	£'000	19	17	11	13	-
Heating oil (burning oil)	kWh	18,640	257,067	245,242	239,837	-
	£'000	29	34	23	22	-
Liquid petroleum gas (LPG)	kWh	202,312	228,696	175,614	185,150	-
	£'000	34	32	32	38	-
Wood fuel	kWh	1,383,912	1,240,645	1,506,870	2,079,546	-
	£'000	56	80	80	75	-
Operational fuel	kWh	5,623,972	5,044,580	5,264,662	-	-
	£'000	330	459	372	-	-
F-gas	Kg F gas	9	4	23	-	-
Scope 2						
Electricity - standard	kWh	14,512	27,703	119,420	135,377	2,643,743
	£'000	4	37	24	23	-
Electricity - green tariff	kWh	3,488,216	3,276,430	3,181,216	3,316,715	-
	£'000	1,283	710	654	574	-
Electric fleet vehicles	km	147,089	66,319	166	73,741	-
	£'000	1	-	-	8	-
Renewables generation	kWh	95,549	112,413	75,487	46,078	

		2023-24	2022-23	2021-22	2020-21	2017-18
Total estate energy (all scope 1 and 2 energy)	kWh	5,226,621	5,211,221	5,490,634	6,247,259	-
Total estate energy for heat from fossil fuel (gas, oil and LPG)	kWh	339,980	554,030	607,641	669,542	-

Note: Where available, data has been included for 2017-18 which is the baseline year for the GGC.

Fleet

Our travel policy aligns with The Office for Zero Emission Vehicles' requirements for moving our fleet to zero emission vehicles. Wherever possible the fleet is being updated with electric vehicles and we are still expanding our charging infrastructure network. Fleet, car and public transport travel is now above pre-pandemic levels.

Table 3: Operational fleet and mileage

		2023-24	2022-23	2021-22	2020-21	2017-18
	Unit					
Fleet - ULEV	vehicles	29	15	-	-	-
Fleet - ZEV	vehicles	64	56	-	-	-

Business travel

Like many businesses we have a flexible working approach which includes increased use of virtual meetings and conferencing. Using these technologies helps reduce the need for travel, reducing the number of journeys and helping reduce our associated emissions.

Due to the rural focus of our work we rely on the use of road vehicles as a substantial number of our remote sites are not served by public transport. This dependence on driving is highlighted in Chart 3. We have also returned to business flights since the Covid-19 pandemic but the changes implemented in our working practices have resulted in reduced air travel compared to our baseline year.

Chart 3: Annual emissions by travel mode

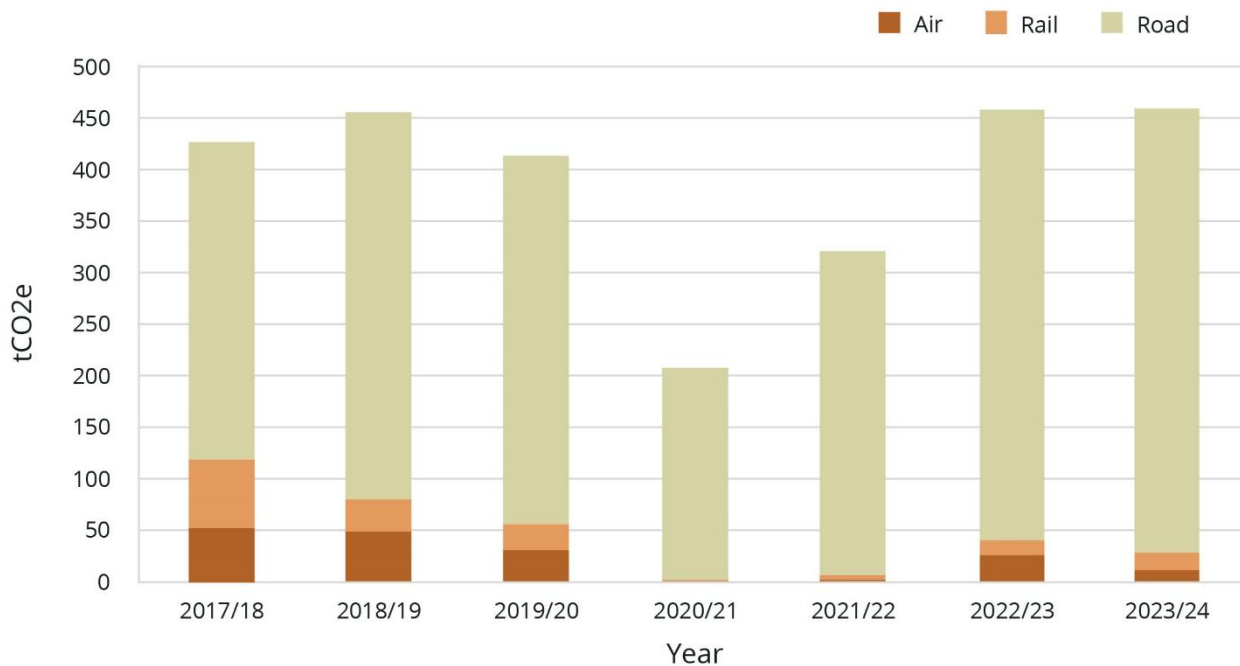


Table 4: Business travel

		2023-24	2022-23	2021-22	2020-21	2017-18
Non-fleet road vehicles (personal and hire car)	km	2,634,478	2,519,724	1,855,247	1,200,096	-
	£'000	601	654	294	231	-
Public transport	km	475,999	578,303	152,089	25,688	-
	£'000	187	161	52	12	-
Domestic flights	km	26,606	20,659	6,387	4,002	-
	£'000	12	5	2	-	-
International flights	km	20,678	144,007			-
	£'000	4	13			-
Rail-National	km	464,134	403,222	140,990	19,813	-
	£'000	164	124	40	5	-
International rail	km	384	-	-	-	-
	£'000	0	-	-	-	-

Note: Where available, data has been included for 2017-18 which is the baseline year for the GGC.

Resource consumption

We measure our production of waste and use of water, a summary of each is in table 5 below. Data quality has been a challenge in both of these areas, and we have put in place actions to improve how we manage our water and waste, which are ongoing.

Table 5: Resource consumption

		2023-24	2022-23	2021-22	2020-21	2017-18
Scope 3 (Currently Measured)						
Waste (excl sewage) total	tonnes	1,327	1,193	1,539	2,035	2,326
	£'000	1063*	966	937	996	-
Recycled excluding ICT	tonnes	671	564	605	672	-
	£'000	470				
Composted (incl food waste)	tonnes	17	19	16	14	-
	£'000	12				
Incinerated with energy recovery	tonnes	511	491	320	604	-
	£'000	348				
Incinerated without energy recovery	tonnes	0				-
	£'000	0				
Landfill (incl hazardous)	tonnes	126	138	593	744	-
	£'000	99				
Information communications technology (ICT)	tonnes	2	1	5	1	-
	£'000	1				
Hazardous	tonnes	7	15	18	30	-
	£'000	47				
Sewage	tonnes	1,626	1,422	1,163	1,157	-
	£'000	91				
Water consumption – total	m ³	139,167	125,503	100,731	83,321	78,483
	£'000	186	187	174	193	
Mains	m ³	114,003	125,503	100,731	83,321	-
Office	m ³	28,087	29,559	22,626	26,833	-
Non-office	m ³	85,916	95,944	78,105	56,488	-
Paper use	reams	2,171	2,371	911		5467

Note: Where available, data has been included for 2017-18 which is the baseline year for the GGC. 2023-24 waste costs exclude the cost of sewage and fly tipping. Breakdowns for the cost of waste have been provided using proxy data, we aim to improve actual cost data for future reporting.

Waste

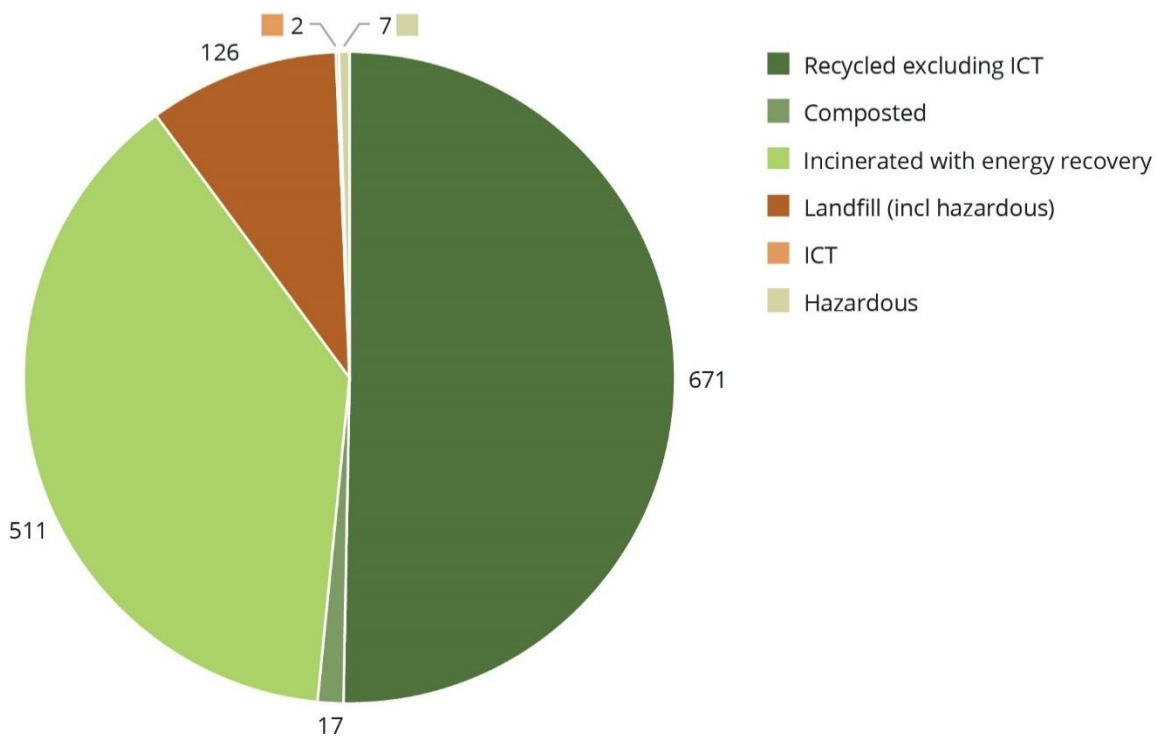
Forestry England generates waste across offices, sites and premises associated with its operations. The total volume of waste we generate is reducing, as has the volume we send to landfill. The organisation now recycles half of its waste. With the help of the new waste management contract, we are working to further improve our recycling performance in line with government targets.

This year, Forestry England have completed a review of the products available through our office supplies contract to ensure that where alternative products are available, we have removed Consumer Single Use Plastics (CSUPs) from our catalogue. We have also issued a reminder to teams about the ban on CSUPs on the government office estate. Paper use across our office estate is measured and has reduced by 46% against a 2017-18 baseline.

Our production of waste is also considered within our procurement of goods and services. Two such areas include food provision and clothing. Where Forestry England offer a food service these are required to comply with sustainable principles including using fresh, local, and ethically sourced ingredients, reducing food miles, packaging, waste and increasing composting and recycling. Addressing a need for improved sustainability within our corporate clothing contract, Forestry England unwanted or worn-out branded clothing is now returned to the supplier for re-use as biofuel.

Due to our operations as a recreation site, we have reported separately on the volume of sewage generated from our sites, this remains our greatest source of waste and a significant cost. Similarly, fly-tipping continues to be a challenge across the country this year costing £179,437.

Chart 4: 2023-24 waste by disposal type

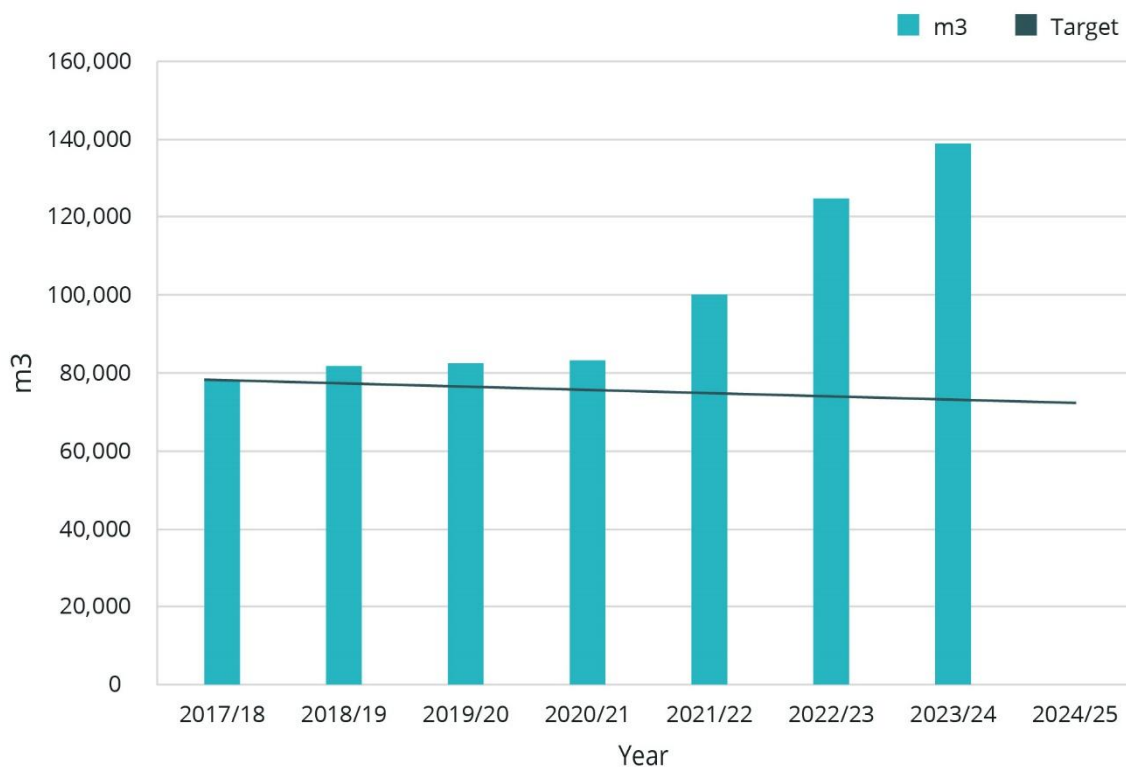


Water

Forestry England uses both mains and private water supplies. Water supplies are monitored using meters and by regular review of invoices for water use. Efforts are made to identify leaks early to avoid unnecessary wastage of drinking water.

As shown in Chart 5, the volume of water consumption we are reporting has increased against our baseline. We believe that some of the increase in water use reported is due to improvements in data reporting, we are keen to ensure that we are capturing an accurate report of all water use from mains and abstraction and therefore better understand the cause of the increase. At present we are unable to provide granularity according to the source of the water (mains vs abstracted). Therefore, this year we will complete a review of water reporting to ensure our reporting is accurate and that we are taking every reasonable step to reduce water consumption in line with the GGC target.

Chart 5: Annual water use against GGC target reduction trajectory from 2017-18 baseline to 2024-25



Forestry England's tree nursery, one of our larger users of water has rainwater harvesting and micro-irrigation, and with better data we will be able to identify other water efficiency projects. Water-efficient appliances are routinely installed during refurbishment works or when existing appliances fail.

The scope of reported water does not yet include our indirect water use. Embodied water (in the products and services that we buy) is not yet known and will be considered as far as is possible within our developing sustainable procurement plan. We have also yet to include within our reporting scope purchase of licences for water use. This is being captured in our improvement plan for future reporting.

Sustainable procurement

Forestry England aims to buy sustainable goods and services as far as possible. Internal guidance includes sustainability at each stage of the procurement cycle. Procurement processes advise buyers to consider sustainability of the goods and services and link to Government Buying Standards where these are relevant.

Our customer food outlets are leased to third party providers. These providers must follow sustainable principles and we have key performance indicators to monitor this in new leases.

All timber products used by Forestry England must be certified as coming from legal and sustainable sources, including all construction projects and temporary works. Forestry England supports Grown in Britain in their efforts to promote sustainable UK timber. Paper is sourced using the sustainable government buying standards.

Alternatives to plastic signs, tree shelters and Christmas tree netting are being trialled to reduce the use of plastics made from fossil fuels and increase recycling of signs.

This year, as part of the work to develop our net zero strategy, Forestry England have measured the carbon emissions associated with our supply chain. We have also surveyed our key suppliers to understand sustainability in our supply chain. The results of the supplier survey and analysis of emissions associated with our purchased goods and services will inform how we engage with suppliers to deliver our net zero strategy.

Reducing environmental impacts from ICT and digital

Forestry England's IT team is reducing the environmental impacts of its service. This complements and aligns with the recently launched IT Strategy (2023-26). The programme focuses on architecting IT and technology solutions with sustainability principles in mind. It has key focus areas, with links to the wider aims of Defra, GGC, ICT and digital services strategy and Forestry England / Forestry Commission values.

These key focus areas include:

- developing regular reporting on the department's environmental impact
- reporting an annual ICT and digital footprint (as part of Forestry England annual carbon footprint)
- working with supply chains and third parties to reduce the impact of IT services (including scope 3 emissions)
- a key focus on waste management
- promoting 'responsible digital citizens'

The workstreams for these focus areas will need some project work before becoming business as usual. Critical to these workstreams is linking with colleagues across the organisation so they are understood and implemented.

There are essential frameworks and requirements that IT must have to provide its service. Whilst sustainability will not be the only consideration in scoping IT products and services, it will form one part of the central decision-making process and guiding principles. This applies to services that IT implement as a part of its core offering, as well as those on behalf of other business areas.

Sustainable construction

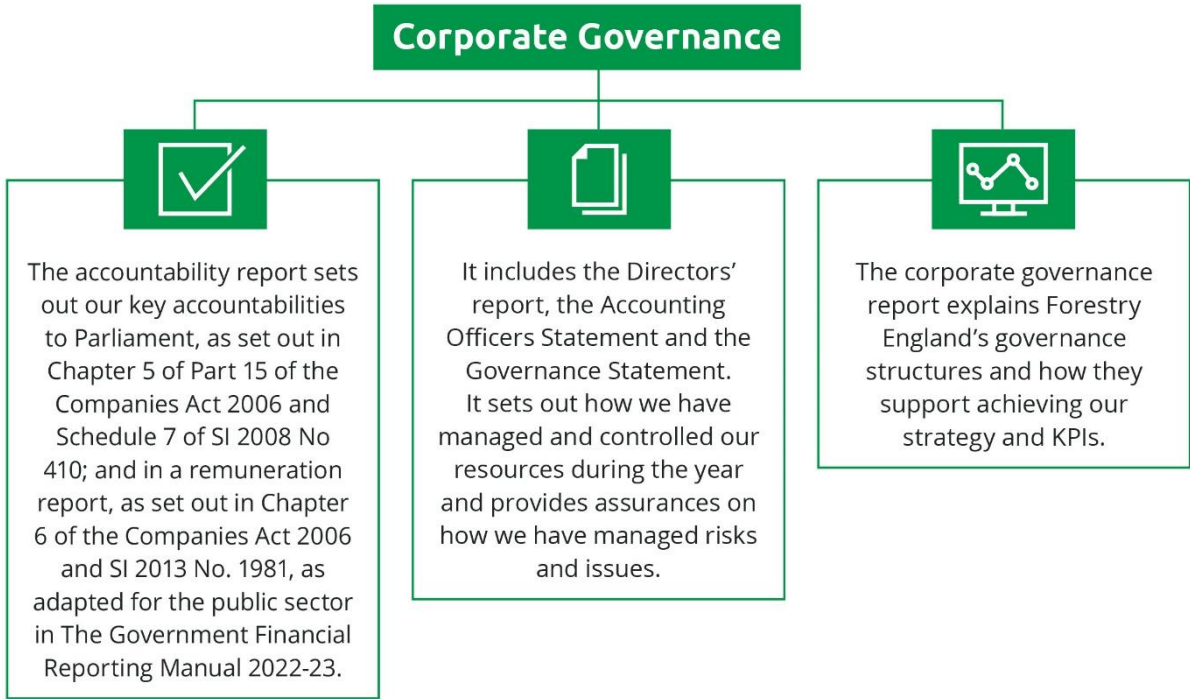
We use sustainable building elements as far as possible in all our refurbishments and new build projects. Our energy audit identifies energy-inefficient sites, or those which use fossil fuels for heating, to target investment for refurbishment or replacement.

All new-build and major refurbishment works will target net zero carbon when the building is in operation wherever possible. Embodied carbon is not currently calculated or reported but is now starting to be considered in material choices and their environmental impacts.



Mike Seddon
23 January 2025
Accounting Officer
Forestry England

Accountability report



Corporate Governance

Directors' report

Forestry England is a non-financial public corporation and an executive agency of the Forestry Commission, a non-ministerial government department that sits in the Defra Group.

The principal leadership roles in Forestry England are:

- Sir William Worsley: Chair of the Forestry Commission and Chair of the Forestry England Board
- Mike Seddon: Chief Executive, Forestry England

The members of the Forestry England Board from April 2023 to March 2024 are:

Forestry England Board

April 2023 to March 2024



Sir William Worsley

Chair
Non-executive
Commissioner
Full year
Board Meetings 7/7



Jennie Price

Non-executive
Commissioner
Full year
Board Meetings 6/7



Julia Grant

Non-executive
Commissioner
Full year
Board Meetings 5/7



Gurch Randhawa

Non-executive
member
Full year
Board Meetings 4/7



Amanda Grist

Chief Financial Officer,
Forestry England
Executive member
Full year
Board Meetings 7/7



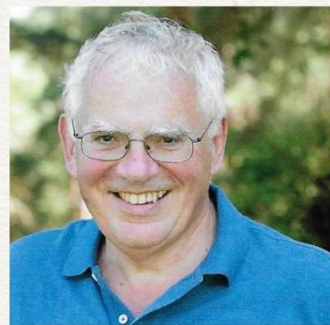
Mike Seddon

Chief Executive,
Forestry England
Executive member
Full year
Board Meetings 7/7



Tristram Hilborn

Chief Operating Officer,
Forestry England
Executive member
Full year
Board Meetings 7/7



Chris Simpson

Non-executive
member
Full year
Board Meetings 7/7



Peter Latham

Non-executive
Commissioner
Full year
Board Meetings 7/7



Richard Stanford

Chief Executive Officer,
Forestry Commission
Executive Commissioner
Full year
Board Meetings 7/7

¹ Edward Barker, Director, and Jonathan Latchford, Senior Relationship GIAA (Forestry Commission and Joint Nature Conservation Committee), Natural Environment, Trees and Landscapes Directorate, Department for Environment, Food and Rural Affairs, receive all board papers but are not members of the Board nor attend Board meetings.

² This year we were pleased to take part in the UK Boardroom Apprentice Scheme and welcomed our board apprentice onto the Forestry England Board for the calendar year Jan 2023 - December 2023.

³ There were seven Board meetings in 2023-24: five scheduled full board meetings plus two extraordinary meetings in June 2023 and January 2024.

Significant interests held by board members

A register of interests of all Forestry England Board members is maintained and published on our website: www.forestryengland.uk

Related party transactions are separately disclosed within note 21. There have been no potential or actual conflicts of interest reported this year.

Personal data-related incidents

Forestry England has not had any personal data breaches which needed to be reported to the Information Commissioner.

We monitor and assess our information risks to identify and address any weaknesses and ensure 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 2023-24 95.9% (2022-23: 95.8%) of invoices were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contract.

£500 of 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 for 2023-24 is £110,000 (2022-23: £106,400). No fees were charged for other services (2022-23: nil).

Accounting Officer's statement

Forestry England's Chief Executive was appointed as Accounting Officer for the Forestry England accounts by the Forestry Commission's Accounting Officer and Chief Executive. Forestry England's framework document sets out in detail the responsibilities of the Accounting Officer.

In brief, Forestry England's Accounting Officer is responsible to the Forestry Commission's Accounting Officer for money allocated to Forestry England from the Forestry Commission and is responsible and accountable to Parliament for spending public money and stewardship of public assets.

In preparing the accounts, the Accounting Officer must comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Forestry Commission, including the relevant accounting and disclosure requirements, and apply suitable accounting policies consistently.
- make reasonable judgements and estimates.
- 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 Forestry England accounts as a going concern.
- confirm that the annual report and accounts is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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



Mike Seddon
23 January 2025
Accounting Officer
Forestry England

Governance statement

Introduction and scope of responsibility

This statement confirms that Forestry England complies with the HMT Guidance ‘Corporate Governance in Central Government Departments’ where applicable and is relevant.

The area where it does not meet the guidance is in the makeup of the Forestry England Board and its committees. The constitution of the Forestry Commissioners and its sub-boards is set by statute: the Forestry Act 1967 and the Forestry Commission Framework Agreement 2020.

The purpose of the governance framework

The governance framework is made up of the systems and processes, and culture and values, by which Forestry England, as part of the Forestry Commission, is directed, controlled, and led. It enables the Forestry Commission to monitor the achievement of its strategic objectives and to consider whether those objectives have led to delivering appropriate, cost-effective outcomes which comply with the law and with policy. The governance framework has been in place throughout 2023-24 up to the date the annual report and accounts were produced and accords with HM Treasury guidance.

The Forestry Commission governance context

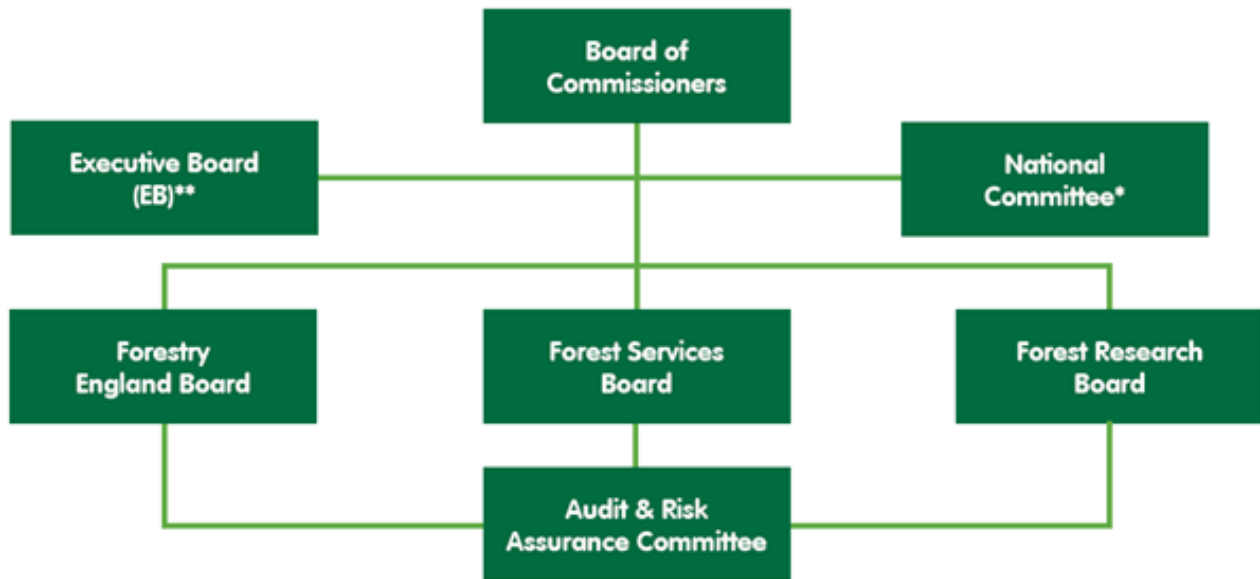
The Forestry Commission is empowered by The Forestry Act 1967 (as amended) and the Forestry Act 1979 which set out the principal legislative framework in which the Forestry Commission operates. It is a non-ministerial government department that reports to Parliament through Defra ministers and has a 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 including:

- Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999.
- Plant Health Act 1967: the Commissioners are the competent authority for the protection of forest trees and timber from attack by pests and diseases.
- Countryside Act 1968: gives the Commissioners additional powers, including to provide recreational facilities and to plant and manage trees in the interests of amenity.

The Forestry Commission is a federated organisation with three distinct organisations with delegated responsibility for delivering the statutory roles and responsibilities of the Forestry Commissioners: Forestry England, Forest Services and Forest Research.

The different responsibilities of the boards and the executive management functions is set out in the Framework Agreements between the Forestry Commission and Defra (dated 8 May 2020), and the Forestry Commission and Forestry England (dated 18 May 2021).



Forestry England governance framework

Forestry England’s 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.

The governance enables Forestry England to be an outstanding organisation with:

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

The Forestry England Board shares one committee with Forest Services and Forest Research: the Forestry Commission Combined Audit Risk and Assurance Committee (ARAC) to give assurance to the Forestry England, Forest Services, Forestry Research Boards, Accounting Officers and the Forestry Commissioners.

The Forestry England Board

The Forestry England board has set out our strategy Growing the future (2021-26). One of the principal themes is our focus on addressing climate change through our forestry and nature work and also committing to become a net zero organisation. This is embedded at Board and Executive Team levels for focussing on progress and ensuring our programmes and operations support these aims. To strengthen our delivery on climate issues we have recruited a Head of Sustainability and a Director of Estates to lead our work in this area, have responsibility at Executive level and report to the Board. As summarised earlier, work is now underway in 2024-25 to strengthen our existing governance processes and progress on climate issues, which will include the development of a climate risk register to feed into our organisational risk register.

The Board discussed a wide range of issues, including:

Standing items

- Chief Executive report
- Finance report
- Health and safety report
- Performance report
- Risk report
- Chair of ARAC report

Items for Board approval

- Business plan
- Securing the future plans and proposals
- Investment plan
- Annual report and accounts
- Growing the future annual report
- Quinquennial valuation
- Our value proposition
- Forests for Everyone / equality, diversity and inclusion (EDI)
- Forest Holidays: new site options
- Review of trading structures options
- NCF-funded programmes: Woodland creation, biodiversity plan and nursery development
- Progress towards sustainability and net zero targets
- Management of climate-related impacts
- Board effectiveness review
- Review of Board's Terms of reference

The Board visited Thetford Forest and Sence Valley Community Forest to see the organisation's work and meet with staff. The visits covered maintaining and improving protected habitats, forest resilience, staff welfare, wildlife management, commercial recreation opportunities, volunteering and developing a community woodland in partnership with the community.

Performance of Forestry England's Board

The board have undergone a self-assessment of the effectiveness of the board in which it concluded that the Board were providing a good level of constructive challenge and support to the executive, who in turn were open in providing information in well-structured meetings. The Board has agreed an action plan for its continued improvement in 2024-25.

Audit Risk and Assurance Committee (ARAC)

All Forestry Commission entities are covered by a single Audit and Risk Assurance Committee (ARAC) which advises the Board of Commissioners, the Forestry England, Forest Services and Forest Research Boards, and Accounting Officers for the Forestry Commission, Forestry England and Forest Research.

Through its work, the ARAC provides independent assurance to the Forestry Commission board on those key activities that support the achievement of the Forestry Commissions' objectives. The Forestry Commission has a risk register which is reviewed by the executive board and is overseen annually by the ARAC. Assurance is also provided through the findings from work carried out by the Government Internal Audit Agency (GIAA). The ARAC operates in accordance with the principles contained in HM Treasury's Audit and Risk Assurance Committee Handbook.

A register of interests and of all ARAC members is maintained by the Forestry Commission and published on www.gov.uk which also includes further details of ARAC members, activities and meetings.

There have been no potential or actual conflicts of interest reported in this year.

Summary of the ARAC 2023-24

During the year, the Committee discussed a wide range of issues, detailed in the following graphic.



- ARA
 - Review and scrutiny of the ARA
- Risk Management
 - Medium term horizon scanning
 - Review and scrutiny of risk management and controls
- Internal and External Audit
 - Review of external audit planning and reporting
 - Oversight of internal audit planning and reporting
- Security
 - Data protection
 - Department Security Health check
- Governance
 - Safeguarding
 - Complaints
 - Fraud
 - Whistleblowing
- Committee Structure and Effectiveness
 - Programme of work
 - Alignment with CO - Functional Standards

- Financial Sustainability

ARAC Membership:

- Three Commissioners (Four from December 2023 to March 2024)
- Two non-executives
- One of whom must have recent relevant financial experience, drawn from across the three Boards.

In attendance:

- GIAA
- external auditors from the National Audit Office
- the Director, Natural Environment, Trees and Landscape, Defra
- The Accounting Officers
- Senior Executives from across the Forestry Commission

The Committee met twice in June then September and November 2023 and March 2024.

Subsequent to March 2024, the ARAC and the Forestry England Board were made aware of the calculation error that has resulted in a material understatement of the valuation of the forest estate in previous years and have been informed of management's actions to both correct the error in the current period financial statements and to implement appropriate review and control procedures to prevent re-occurrence of a similar valuation error in the future.

Task Force on Climate-Related Financial Disclosures

This is the first year Forestry England has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

We can confirm that Forestry England has complied with the TCFD recommendations and recommendations disclosures around:

- governance (all recommended disclosures) - for details of how we are managing our compliance see our **Governance statement** and **performance report**.
- metrics and targets (disclosures (b)) - for details of how we are complying refer to our report on **environmental sustainability**.

This is in line with the central government's TCFD-aligned disclosure implementation timetable.

Recognising the urgent nature of responding to the climate crisis, and the impact this could have on our organisation we are committed to maturing and enhancing our climate risk disclosures, as such Forestry England plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

Internal assurances

Internal assurance and control processes across the three lines of defence assure the Forestry England Chief Executive, Board and senior management team. A wide range of business systems processes and business-critical models are used and subjected to review, including for the

timber and recreation parts of the business. They provide the data underpinning effective governance, especially for financial control, forecasting and managing risk.

Management audit visits

Routine management audit visits provide assurance on our activities demonstrating compliance against current internal policies and procedures. The audits also provide an important opportunity to identify potential challenges and patterns or trends across different areas and encourage consistency across districts, and provide additional support or assistance as required. All concerns have been discussed with the appropriate district managers and appropriate actions have been implemented with a summary report provided to senior leaders.

Key delivery areas, include:

- forestry and timber sales.
- forest management.
- wildlife management.
- recreation.

This year management audits were carried out in Central District. Actions were identified, tracked and implemented with no major concerns raised. The visit to East District has been delayed into the next financial year due to staffing priorities.

Civil engineering audits have been completed in Q4 for North and Yorkshire Districts. Reviews of the management actions, from the audits carried out in the previous quarter, have been completed for East, South and Central Districts. A West District audit was underway over the year end. The civil engineering auditing terms of reference and audit templates have recently been reviewed and updated.

Information rights compliance

We have robust processes to manage our responses to Freedom of Information, Environment Regulation and subject access requests, with 94% compliance with meeting statutory requirements.

Whistleblowing

The Forestry Commission has a robust whistleblowing policy and procedure, with a dedicated whistleblowing officer. There is one on-going case relating to a prior year. There were no whistleblowing cases raised in Forestry England in 2023-24.

Health and safety

Health and safety KPIs are monitored by the Board and Executive Team and through the Look Out and Look After programme board. A health and safety report goes to every Board meeting supplemented by twice yearly deep dives.

Safeguarding

Safeguarding policy and procedures remain accessible across the organisation with Level one Safeguarding Training being mandatory for all staff and Level two Safeguarding Training available to all public facing volunteers, staff and their managers. Focused support and learning

have been ongoing for areas where Safeguarding tends to be more prevalent, such as, volunteering and our Feel Good in the Forest programme. Work continues, to increase awareness of safeguarding across the organisation, and how this relates to members of the public, volunteers, contractors, and employees, to support recording incidents on EcoOnline. An internal Audit of Safeguarding concluded with a final report published March 2024 and outcome of Moderate management of risk. To build on our work in this area, a Safeguarding Technical Advisor has been appointed as of late November 2023. The key areas of focus include Building relationships and raising the profile of safeguarding within the organisation; Reviewing and updating safeguarding training; Reviewing and updating safeguarding policy and procedure.

All safeguarding incidents are reported to the Board at each meeting, and an annual report given to the ARAC.

Formal warning

Forest Services have issued an advisory letter to Forestry England regarding two incidents of unauthorised felling activity within the same forest plan area in 2021. Forest Services Practice Delivery Note 01 sets out the position concerning the regulation of Forestry England by Forest Services. These incidents were reported to Forest Services by Forestry England staff after a mid-plan review revealed that areas had been felled which were presented on Forester GIS as approved felling coupes, but which did not appear as to be felled on the hard copy of the approved Forest Plan. The unauthorised felling totalled 2.41 hectares. We have taken steps to remind teams of the requirements set out within Forest Services Practice Delivery Note 01 such that felling complies and are taking steps to revise the Approved Management Coupe layer in Forester GIS to further mitigate against reoccurrence of the error.

Review of governance effectiveness

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

Forestry England Executive Managers (Budget holders)

Annual Financial Assurance Statements on the application of financial controls, the recording of all transactions and any reported incidents of fraud have been received from all budget holders. No significant issues were identified.

GIAA Head of Internal Audit for Forestry England

Annual report and assurance statement which includes an overall assessment of the adequacy and effectiveness of risk management, control and governance within Forestry England. Overall opinion: Moderate

The Forestry England Board with the Accounting Officer

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.

Achieved through agenda, discussion and constructive challenge working with and asking of the Accounting Officer (CEO), with COO and CFO, by all members of the Forestry England Board.

Chair of ARAC audit statement

The ARAC has concluded that its activities in 2023-24, including its regular challenge of executives and auditors, are sufficient to provide assurance to the AOs and Boards that there were effective arrangements in place to provide assurance on risk management, governance and internal control.

Risk management

Forestry England implements the Forestry Commission's risk management policy as a key part of the broader, corporate governance arrangements. The robust controls in place identify and assess risks to the delivery of our strategic objectives and business plan and allow Forestry England to maximise its opportunities. Forestry England approaches risk management proactively, positively and as a tool that is empowering to the organisation and its staff.

Our risk management policy and processes have been designed to comply with the requirements of the Orange Book's five principles. Risk is managed at the level that can best prevent, mitigate and control it. Forestry England districts and specialist business units maintain and manage their own risk registers. If a risk is identified that may need additional and senior executive management, it is assessed by the cross-functional risk management group who make recommendations to the Executive Team. The Executive Team determine the management of the risk and advise ARAC and the Forestry England Board through the corporate risk register for scrutiny, challenge and assurance.

We have invested time and built expertise and capacity to have a more engaged and positive risk management culture.

Risk appetite

The Board has set Forestry England's risk appetite for this reporting year as: cautious to open.

Exposure of investments in Russia / Belarus

Procurement in Forestry England continues to follow the Cabinet Office policy and guidance Procurement Policy Note 01/22: contracts with suppliers from Russia and Belarus. We have not identified any prime contractors that are Russian or Belarusian.

Significant and principal active risks

People: inability to attract and retain experienced staff

Risks to delivery and staff welfare have increased with the difficulty to attract and retain staff in the current economic conditions. This includes the impact of competitive terms and conditions offered elsewhere and is particularly felt in areas of specialist expertise and some geographical areas. A pay case was submitted this year but, it was unsuccessful, with management attention is now focused on the creation of a forward action plan. Without addressing structural pay issues, the risk remains that the Forestry Commission will fail to retain and attract the required expertise and numbers of staff needed to successfully deliver Government commitments if not treated. Pay levels are directed by HM Treasury with very limited flexibility to make changes within the Forestry Commission. Organisational and people resilience review is being undertaken to understand the organisation's vulnerabilities, linking into work on succession planning, business continuity and knowledge transfer. The approach and

processes to strengthen customer service whilst protecting staff from unacceptable behaviours is underway.

Finance: economic situation

There are risks to Forestry England's ability to deliver against investment plans, recreation and timber income and Growing the future strategic aims as a result of the current economic situation. The new, temporary programme, Securing the future, will deliver a medium- to long-term sustainable solution. Monthly reviews of the current budget position take place across all business units.

Operational: dams and reservoirs

Forestry England are custodians of a significant number of reservoirs, many of which are legacy assets and part of our industrial heritage. The ageing nature of these assets and our changing climate present potential risks to the organisation. A risk-based portfolio review of our reservoirs is being undertaken to understand their current condition and the likely impact of future legislative changes to the Reservoirs Act 1975. The review will enable prioritisation and alignment of resources for continued effective risk management of these assets.

Operational: plant health

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. The risks that result are the impact on Forestry England's ability to deliver its planned programmes and on timber prices.

Health and safety: serious injury and loss of life

The high risk nature of Forestry and land management means there remains a risk that a major accident or dangerous occurrence due to activities on land we manage will result in serious injury or death. Our corporate approach is being strengthened through the Forestry England Look Out and Look After (LOLA) programme. It has made significant progress and impact across the organisation improving the health and safety culture of the organisation and managed issues on the register.

Technology and infrastructure

The uncontrolled use of generative AI and other new technologies by Forestry England staff could expose the organisation to financial or reputational harm as well as positive opportunities. Processes, including a framework and support mechanisms along with awareness and education, are being put in place for new and emerging technologies.

Climate-related risks

Our approach to climate-related risks is to consider and embed the impact of climate change in our assessment and mitigation of those risks. This is in line with how climate-related issues are considered through our existing processes and risks and mitigations identified and implemented. This includes in project and programme development through our Project Management Office (PMO) and Investment Committee (IC), our internal investment approval function whose membership consists of Director level staff. From a strategic position, climate issues are considered through our Senior Leadership Team (SLT) which brings together management Heads from across our business units, with both SLT and IC reporting into our Executive Team who

have oversight of our climate action and risk management. This approach has been strengthened by the recruitment of a Head of Sustainability and Director of Estates (both joined in Q3 2023-24) to lead our work on climate and emissions reduction. The strengthening of our governance and risk processes will include the development of a climate risk register to feed into our organisational risk register.

Wider circumstances and future challenges

The main challenges for Forestry England during 2023-24 and beyond are:

- the economic environment for commercial activity and income: timber, leisure and recreation.
- the ability to maximise the delivery of public benefit from the nation's forest in the economic context of high inflation and reducing unrestricted income.
- recruiting and retaining high quality expert staff across the business.
- the legacy of our built assets so they are maintained, compliant and future-proofed, including upcoming spend for the Cannop Ponds dams. Financial implications of this are not yet defined.
- continued response to events caused by the changing climate, including tree health outbreaks and extreme weather events, with the impact this has on our ability to deliver and ability to adapt our operational plans and work programmes.
- further evolution of trading structures to better harness society's interest in the nation's forests.

Remuneration and staff report

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	10/02/2023	23
Julia Grant	01/11/2022	7
Jennie Price	01/04/2022	12
Peter Latham	01/04/2022	12
Gurch Randhawa	01/04/2022	12
Chris Simpson	01/09/2023	17

*months remaining from 31 March 2024

Remuneration policy

Fees for non-executive Commissioners and members who are not Forestry Commission or Defra employees, are determined in accordance with guidelines prescribed by the Cabinet Office. Remuneration and annual reviews for Senior Civil Servants within the Forestry Commission are determined and moderated as part of the annual Defra moderation process.

As part of this process the following are taken into consideration:

- 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 2023-24.

		Salary	Bonus payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
		£000	£000	£	£000	£000
Mike Seddon¹	2023-24	100-105	0-5	-	53	160-165
Chief Executive	2022-23	95-100	5-10	-	(8)	95-100
Tristram Hilborn	2023-24	80-85	5-10		31	115-120
Chief Operating Officer	2022-23	75-80	-	£4,100	14	85-90
David Hodson²	2023-24	-	-	-	-	-
Finance Director	2022-23	15-20	-	-	3	15-20
Amanda Grist³	2023-24	80-85	-	-	33	115-120
Chief Financial Officer	2022-23	60-65	-	-	24	85-90

1. Taking account of inflation, the CETV funded by the employer decreased in real terms in 2022-23

2. Finance Director until 30 June 2022. Full year equivalent £65-70,000

3. Chief Financial Officer from 20 June 2022. Full year equivalent £75-80,000

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.

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 2023-24 relate to performance in 2022-23, and bonuses received in 2022-23 relating to performance in 2021-22.

Pension benefits

(subject to audit)

	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase (decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 £000	Real increase (decrease) in CETV £000
Mike Seddon	45 - 50 plus a lump sum of 130 - 135	2.5 - 5 plus a lump sum of 0 - 2.5	1,150	1,014	42
Tristram Hilborn	20 - 25 plus a lump sum of 60 - 65	0 - 2.5 plus a lump sum of 0	466	408	17
Amanda Grist	0 - 5	0 - 2.5	46	19	19

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections - classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha - as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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).

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 2024.

	Fees	2023-24 Expenses	Fees	2022-23 Expenses
	£000	£000	£000	£000
Sir William Worsley*	39	2	39	2
Julia Grant*	12	1	12	1
Jennie Price*	12	-	12	-
Peter Latham*	12	2	12	1
Gurch Randhawa	5	1	8	-
Chris Simpson	5	1	8	1

* Fees disclosed as they are members of the Forestry England Board though are paid for by the Forestry Commission and also disclosed in the Forestry Commission Annual Report and Accounts.

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 lower quartile, median and upper quartile remuneration of the organisation's workforce. 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 2023-24 was £100,000-£105,000 (2022-23: £95,000-£100,000).

In 2023-24, nil (2022-23: nil) employees received remuneration in excess of the highest-paid director. The remuneration of the lowest paid employees is £22,000 (2022-23: £20,000).

The percentage change from 2022-23 in the salary of the highest paid director is 7.56% (2022-23: 3.19%). The average percentage change from 2022-23 in respect of the employees as a whole is 6.05% (2022-23: 3.02%). The lower quartile percentage change from 2022-23 is 5.30% (2022-23: 2.0%) and the third quartile percentage change from 2022-23 is 8.07% (2022-23: 5.3%).

The percentage change from 2022-23 in performance pay and bonuses of the highest paid director is (100%) (2022-23: 100%).

The highest paid director's salary has increased to the next £5,000 pay band. The percentage increase resulting from the change in band for the highest paid director was lower than the average percentage increase for all staff which has reduced the fair pay ratio compared to 2022-23.

Pay and benefits includes a £1,500 cost of living payment made to all eligible staff during the year.

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 pension.

		2023-24	2022-23
25 th Percentile	Salary	£ 24,323	£ 23,098
	Pay and Benefits	£ 25,823	£ 23,098
	Pay Ratio	4.21	4.22
Median	Salary	£ 29,863	£ 27,157
	Pay and Benefits	£ 31,363	£ 27,157
	Pay Ratio	3.43	3.59
75 th Percentile	Salary	£ 36,934	£ 34,176
	Pay and Benefits	£ 38,434	£ 34,176
	Pay Ratio	2.78	2.85

Staff report

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows (subject to audit):

	2023-24			2022-23
	Permanently employed staff	Others	Total	Total
Directly employed	1,095	100	1,195	1,134
Other	-	58	58	61
Total	1,095	158	1,253	1,195

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

	2023-24				2022-23	
	Directors and senior civil servants on the Forestry England Board	Other directors	Permanently employed staff	Others	Total	Total
Male	2	2	631	77	712	702
Female	1	4	455	81	541	493
Total	3	6	1,086	158	1,253	1,195

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

We publish our gender pay gap report on the gov.uk website.

Staff costs

(subject to audit)

	2023-24			2022-23
	Permanently employed staff £000	Others £000	Total £000	Total £000
Salaries	36,609	2,866	39,475	34,395
Social security costs	3,752	246	3,998	3,574
Other pension costs	9,400	746	10,146	9,026
Agency/temporary staff	-	2,412	2,412	2,350
Total	49,761	6,270	56,031	49,345

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. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2023-24, employers' contributions of £9,982,000 were payable to the PCSPS (2022-23: £9,031,000) 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 2023-24 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 £121,000 (2022-23: £110,000) 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 (2022-23: 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 £nil (2022-23: £nil). Contributions prepaid at that date were £nil.

Ill-health retirement

No employees (2022-23: nil) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2022-23: £nil).

Sickness absence data

Working days lost per staff year	
Year	Number
2023-24	4.8
2022-23	5.4
2021-22	4.8
2020-21	3.2

Our vision is that everyone working with Forestry England 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 on several of the working groups. 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 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 2023-24 and the preceding years.

RIDDOR incidents per 100 employees	
Year	Number
2023-24	0.61
2022-23	0.44
2021-22	0.58
2020-21	0.45

The RIDDOR incidents during the year were:

- In April 2023 an employee was carrying out a fencing check on a restock site in South Forest District when they were bitten by a tick and subsequently required treatment for Lyme disease.
- In May 2023 a member of staff suffered a dislocated shoulder whilst using equipment to reinstall replacement fence posts, through the manual handling activity involved in the task. The injured person was off work for more than 7 days, leading to the requirement to report the incident under the regulations.
- Also in May 2023, a member of staff incurred a tick bite whilst carrying out a crop assessment and required treatment for Lyme disease. This occurred in West Forest District.
- Two instances of tick bites were reported in July which resulted in the injured persons requiring treatment for Lyme disease. One occurred in South Forest District but it is not known when or where the tick bite happened. The other happened in West Forest District whilst an employee was carrying out a survey of sub-compartments.
- Again, in August an employee suffered from a tick bite in East Forest District but it is not known when or where the tick was picked up.
- In October 2023 a tractor driver stepped out of his cab onto a hollow tree stump and turned his ankle. Subsequent medical assessment identified a severe sprain which caused the employee to take more than seven days off work to recover, taking the event into the criteria for it to be reported to the HSE.
- Finally, in February 2024 an employee slipped on muddy, uneven ground whilst carrying out routine inspections and litter picking around a play area. The injured person fell and fractured their wrist, making the event reportable under the specified injury requirement.

We continue to investigate all injuries fully to understand the root cause and implement robust corrective actions wherever possible.

We are taking part in a trial with the UK HSA to identify whether serological monitoring of those at the most risk of tick bites can help to target and define specific control measures. A working group has been convened to review our controls generally around ticks, Lyme disease and other tick-borne diseases.

Policies, guidance and safe working methods are reviewed regularly and as a result of events to ensure that they prescribe the safest practices, most up to date equipment and standards.

Staff turnover percentage

In 2023-24, Forestry England had a staff turnover percentage of 12.16% (2022-23: 12.78%).

Reason for leaving	2023-24	2022-23
Death in service	0.23%	0.09%
Dismissal for gross misconduct	0.15%	0.09%
Dismissal	0.31%	0.09%
End of fixed term contract	0.31%	0.62%
Redundancy	-	-
Resignation	7.70%	8.64%
Retirement	1.85%	1.76%

People Strategy

In 2021, the Forestry Commission launched its first People Strategy.

The ambitious strategy set out a four-year plan of improvements on leadership and training, wellbeing, diversity and inclusion, resourcing and development, changing the way we work and our reward offer.

Leadership development

The Forestry Commission Professional Manager Programme (PMP) is now in its third year with 12 learning groups, which is 312 managers from across the business completing the programme by March 2024. Focusing on strengths, personal impact and encouraging a coaching approach, participation in the programme is proving very popular and evidence of a culture change across our business is being seen. The programme allows leaders and managers to focus upon improving levels of competence and confidence in leading and inspiring teams, fostering exemplar behaviours, placing continuing professional development (CPD), at its core.

The programme is accredited by the Chartered Management Institute and 95 participants in total have registered to complete the Level 3 Award in Principles of Management and Leadership (as of May 2024), with 35 participants having submitted their assignments to obtain the qualification.

During the latter part of the year, we have had designed a Senior Leadership Programme (SLP) with support, input and direction from an FC-wide Project Group and a wide range of stakeholders, aimed at pay band 1 and 2 leaders.

Building upon the success of the PMP, the programme will offer a range of development support and self-awareness tools such as 360 degree feedback through a range of workshops, masterclasses and Action Learning Sets, delivered over a 6 - 8 month period. A pilot will launch in May 2024 and the programme will be rolled out across the organisation over the next 2 - 3 years with an agile approach to evaluation and continuous improvement to ensure the best development experience for our senior leadership group.

Training

765 technical training courses have been delivered in the 12 months to the end of March 2024. This was delivered to 3,500 delegates and equates to every member of staff receiving on average 1.67 training courses over the period.

Of these short courses 55 out of 120 (46%) are accredited to a recognised awarding body and demonstrate that our staff have achieved the necessary level of skills and competence required to meet national occupational standards. It also enhances personal learning and development and the professionalism of each individual.

It goes some way towards meeting our long-term Vision for health and safety culture and performance to ensure that all staff have the training required to safely undertake all tasks.

In addition to short courses, the Technical Training Team manage and deliver the Level 3 Forest Craftsperson apprenticeship under Forestry Commission's Employer Provider status and have been striving to further improve the offer to apprentices following recommendations made by Ofsted in 2022. Progress has been made towards addressing all the recommendations which was confirmed by a monitoring visit by Ofsted in May 2023 which reported favourably that significant progress had been made against key areas.

Forestry England currently have 24 Forest Craftsperson apprentices on programme and aim to recruit a further seven apprentices in quarter 4 2024. Currently the Achievement rate is 82.4%, Retention Rate is 82.4% and the pass rate is 100%. All figures compare very favourably to the national averages which are 54.6%, 56.2% and 97.2% respectively.

FC People Recognition Scheme

The Forestry Commission launched its first People Recognition Scheme in September 2023 to celebrate our employees' outstanding contributions and create a culture of appreciation across the organisation. The scheme includes an intranet hub with resources and tools for managers and employees, with five ways for giving recognition: Thank you scheme, letters of appreciation, long service awards, nominations for external awards, and the Honours System and Ceremony Awards. Forestry England hosted the first edition of the Forestry England People Awards, which was a great success. On 1 March 2024, we celebrated National Employee Appreciation Day with a video in which colleagues highlighted how recognition had worked best for them and their teams and an interactive activity where nearly 100 employees participated, telling us one strength that they appreciate in their colleagues. Friendly, kind, honest and helpful were the most repeated words.

Diversity and Inclusion

Everyone who works for the Forestry Commission is unique. We want to ensure that every single member of staff feels truly valued and included so that they feel able to share their diverse and unique perspectives and reach their full potential. Our Diversity and Inclusion strategy guides what we do, making sure we fulfil our requirements under the Public Sector Duty and the Equality Act 2010. More information can be found at [Equality and diversity at the Forestry Commission](#).

We continue to improve on our Gender Pay Gap, which is now 2.84% (mean) and 0% (median) for the period 1 April 2023 to 31 March 2024.

Our Diversity and Inclusion initiatives have been cited as examples of good practice inside and outside the Civil Service:

- We ran several events and webinars on behalf of our staff networks which were attended by external participants, including colleagues from over 40 Civil Service departments.
- We set up our Everyone Belongs Board with engaged members from across the organisation who are passionate about championing diversity and inclusion.
- We sponsored three people from groups under-represented in the organisation, to participate in the award-winning Stepping Up Diversity Leadership Programme.
- We launched a reverse mentoring pilot programme with a small group of volunteers. This is a unique platform where a reverse mentor from an under-represented group, is paired up with a more senior reverse mentee, focusing on supporting them to understand the experiences of staff with certain protected characteristics.

In recognition of these and other initiatives, we won the [Includability](#) D&I Star Award, recognising outstanding efforts in diversity and inclusion awareness and support in the workplace for 2023.

Wellbeing

We also understand that health and wellbeing is vital to ensuring staff flourish and are able to take on challenges at work. We continue to develop and evolve our support for staff wellbeing.

Last year, we were pleased to be awarded Silver in the Mind Workplace Wellbeing Awards 2022-23. This builds our achievement from 2018, when we secured the Bronze Award.

We have used the recommendations included within the Mind Report to inform the development of a Forestry Commission-wide Wellbeing Action Plan. The evidence base for this Wellbeing Action Plan includes, the 2023-23 Mind Report, the 2022 Staff Engagement Survey results, sickness absence data, and management information from our Occupational Health data and Employee Assistance Programme. Colleagues from across the organisation are currently being consulted on the development of this plan.

We have a network of 121 Mental Health First Aiders equipped with the skills to support and signpost our staff and 70 Wellbeing Champions passionate about promoting wellbeing in their teams.

Employee consultation and trade union relationship

The Forestry Commission continues to strive for a mutually respectful and effective relationship with its Forestry Commission trade unions. Formal meetings are held with a Tier 1 Forestry Commission Trade Unions staff council meeting taking place twice each year for the whole Forestry Commission. Tier 2 staff council meetings are held at least twice yearly for Forestry England, Forest Services and Forest Research. Frequent dialogue between management and trade unions take place outside of those formal meetings as well.

Key issues discussed included Your Offer, ongoing industrial action, workforce policies, organisational design and organisational restructuring, diversity, inclusion and wellbeing alongside health and safety issues and employee relations matters.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials 2023-24	Full time equivalent employee number
10	9.51

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	10
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Percentage of total pay bill spent on facility time 0.046%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours during the year was 149.5%

Each trade union representative spends 5% of their contractual hours, but the Forestry Commission trade union Chair and Secretary together total one full time person.

Expenditure on consultancy

During the year Forestry England incurred £0.79 million on consultancy costs (2022-23: £1.0 million). This was spent on a range of activities, for instance an energy review, play area consultations, land decontamination and environmental planning. No company or individual received in excess of £88,000 for their consultancy services in year (2022-23: £75,000 for their consultancy services).

Expenditure on agency and temporary staff

Costs incurred on agency and temporary staff during the year total £2,412,000 (2022-23: £2,350,000).

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 2024 (2022-23: nil). Compensation payments totalled £25,584 (2022-23: £nil).

No staff members left under compulsory redundancy terms in the year to 31 March 2024 (2022-23: 1). Compensation payments totalled £nil (2022-23: £10,928).

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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<£10,000	-	-	1	-	1	-
£10,000-£25,000	-	1	1	-	1	1
£25,000-£50,000	-	-	-	-	-	-
£50,000-£75,000	-	-	-	-	-	-
Total number of exit packages	-	1	2	-	2	1
Total cost £	-	10,928	25,584	-	25,584	10,928

Other accountability matters

Losses and special payments

(subject to audit)

	2023-24		2022-23	
	Number	£000	Number	£000
Losses	52	305	59	285
Special payments	39	186	51	71
Total	91	491	110	356

In 2023-24 there were losses of £305,176. £103,527 of losses were recorded due to the incorrect calculation of employer pension contributions and employee pension deductions in the payroll system, £11,544 and £18,122 of losses were recorded due to writing off receivable balances from customers as a result of a company liquidation and a company entering into administration.

In 2023-24 there were also losses due to thefts including a break in resulting in a loss of £14,927, theft of fencing worth £11,062 and theft of a vehicle worth £14,574. In the same period, an amount of £12,128 was paid in respect of a compensation claim from a tenant.

In 2023-24, there were special payments of £185,902 including a £29,000 rental car invoice paid to a claimant in respect of a road traffic collision, and an ex-gratia payment paid in settlement of a property lease.

All other losses and special payments in 2023-24 were individually below £10,000 in value.

There have been no reportable gifts made or received.

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 seven remote contingent public liability claims which are deemed remote either due to a different entity being the liable party or through lack of evidence of liability.

Two employer liability claims are deemed to be remote contingent liabilities due to the evidence not supporting the claim.

Government Functional Standards

UK Government Functional standards set expectations for the management of functional work and the functional model across government. During 2023-24 Forestry England continued to monitor compliance through assessments against a range of functional standards. This ongoing action ensures compliance with the UK Government Functional Standards with the aim of embedding the standards into ways of working, ultimately driving coherence, consistency and continuous improvement.



Mike Seddon
23 January 2025
Accounting Officer
Forestry England

Independent auditor's report

Opinion on financial statements

I have audited the financial statements of Forestry England for the year ended 31 March 2024.

The financial statements comprise the Forestry England

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of Forestry England's affairs as at 31 March 2024 and its surplus for the year then ended; and
- have been properly prepared in accordance with directions made by the Forestry Commission.

Emphasis of matter - the nation's forests

I draw attention to the disclosures made in Note 2 - critical accounting estimates and judgements and Note 3 - prior year adjustment within the financial statements. These notes describe the critical accounting estimates and judgements applied in the valuation of the nation's forest and biological assets and the prior year adjustment applied in the valuation calculation. 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of Forestry England in accordance with the ethical requirements that are relevant to my audit of 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

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Forestry England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The going concern basis of accounting for Forestry England is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with directions made by the Forestry Commission.

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

- the information given in the Performance and Accountability reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Accountability report subject to audit have been properly prepared in accordance with directions made by the Forestry Commission.

Matters on which I report by exception

In the light of the knowledge and understanding of Forestry England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance report or Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by Forestry England 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 Accountability report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Forestry England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with Forestry Commission directions; and
- assessing Forestry England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates the services provided by Forestry England will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing ISAs (UK).

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud:

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud:

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of Forestry England's accounting policies, key performance indicators and performance incentives.
- inquired of management, Forestry England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Forestry England's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Forestry England's controls relating to Forestry England's compliance with Managing Public Money;
- inquired of management, Forestry England's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including relevant internal specialists, including forest estate valuers, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Forestry England for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Forestry England's framework of authority and other legal and regulatory frameworks in which Forestry England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Forestry England. The key laws and regulations I considered in this context included Managing Public Money, the Forestry Act 1967, employment law, pensions legislation and tax legislation.

Audit response to identified risk:

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessed whether the judgements

on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

This description forms part of my report.

Other auditor's responsibilities:

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.

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 I identify during my audit.

Gareth Davies

Date: 24 January 2025

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

Financial statements

Statement of comprehensive net expenditure

for the period ended 31 March 2024

	Note	2023-24 £000	2022-23 restated £000
Revenue from contracts with customers	4	(79,362)	(76,781)
Other operating income	4	(12,985)	(11,654)
Total operating income		(92,347)	(88,435)
Staff costs	5	56,031	49,345
Purchase of goods or services	5	76,396	72,566
Expenses related to leases	5	492	372
Depreciation, amortisation and impairment charges	5	9,087	9,580
Finance lease interest	5	150	135
Provisions expense	5	411	(142)
Value of felled timber - Forest Estate	6	15,768	16,145
Value of felled timber - Biological Assets	7	8,790	10,634
Impairment of property, plant and equipment	6	123	457
Total operating expenditure		167,248	159,092
Operating deficit before gain on revaluation of biological assets		74,901	70,657
Loss / (Gain) on revaluation of biological assets (see note i)	7	89,282	(210,337)
Operating deficit / (surplus)		164,183	(139,680)
Interest on land transaction		(204)	(14)
Share of joint venture loss / (profit) for the year		873	(548)
(Gain) / loss on sale of assets		(222)	(6,466)
Deficit / (surplus) for the year (see note ii)		164,630	(146,708)
Other comprehensive income			
Net loss / (gain) on revaluation of property, plant and equipment (see note i)	6	199,055	(707,619)
Net loss / (gain) on revaluation of campsite lease receivables	11	78	(6,956)
Comprehensive loss / (surplus) for the year		363,763	(861,283)

Notes

- i) 2022-23 has been restated due to a prior year adjustment for the revaluation of biological assets and revaluation of property, plant and equipment.
- ii) 2022-23 has been restated for a prior year adjustment to the disclosure of grant income from the Forestry Commission.

Further details can be found in note 3 to the accounts on pages 101-103.

The notes on pages 84 to 119 form part of these accounts.

Statement of financial position

as at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 as restated £000	1 April 2022 as restated £000
Non-current assets				
Property, plant and equipment (see note)	6	3,606,994	3,803,489	3,110,669
Intangible assets		888	1,023	1,127
Biological assets (see note)	7	705,078	802,487	602,849
Financial assets	8	-	-	22,675
Investment in Joint Ventures	9	3,191	6,600	9,217
Trade receivables, financial and other assets	11	21,959	22,237	17,088
Total non-current assets		4,338,110	4,635,836	3,763,625
Current assets				
Assets held for sale		420	420	476
Inventories		2,533	3,277	4,306
Trade receivables, financial and other assets	11	39,529	19,309	19,941
Cash and cash equivalents	12	37,888	73,004	54,286
Total current assets		80,370	96,010	79,009
Total assets		4,418,480	4,731,846	3,842,634
Current liabilities				
Trade payables, financial and other liabilities	13	(22,171)	(26,280)	(28,928)
Finance lease liabilities	14	(573)	(632)	(254)
Provisions	16	(182)	(249)	(151)
Total current liabilities		(22,926)	(27,161)	(29,333)
Total assets less current liabilities		4,395,554	4,704,685	3,813,301
Non-current liabilities				
Trade payables, financial and other liabilities	13	(26,205)	(22,446)	(24,033)
Finance lease liabilities	14	(6,182)	(6,301)	(2,557)
Provisions	16	(738)	(291)	(610)
Total non-current liabilities		(33,125)	(29,038)	(27,200)
Total assets less total liabilities		4,362,429	4,675,647	3,786,101
Taxpayers' equity and other reserves				
General fund		802,616	916,324	732,862
Revaluation reserve		3,559,813	3,759,323	3,053,239
Total taxpayers' equity and other reserves		4,362,429	4,675,647	3,786,101

Note

2021-22 and 2022-23 have been restated due to a prior year adjustment for the revaluation of biological assets and revaluation of property, plant and equipment.

Further details can be found in note 3 to the accounts on pages 101-103.

The notes on pages 84 to 119 form part of these accounts.



Mike Seddon
23 January 2025
Accounting Officer
Forestry England

Statement of cash flows

for the period ended 31 March 2024

	Note	2023-24 £000	2022-23 as restated £000
Cash flows from operating activities			
Operating (deficit) / surplus for the year (see note)		(164,183)	139,680
Adjustments for non-cash transactions			
Depreciation, interest and provisions	5	9,648	9,573
Value of felled timber - PP&E	6	15,768	16,145
Value of felled timber - biological assets	7	8,790	10,634
Impairment of property, plant and equipment	6	123	457
Write off of Assets Under Construction and OME	6	79	10
Loss / (Gain) on revaluation of biological assets (see note)	7	89,282	(210,337)
(Increase) / decrease in plant and seed (biological assets)	7	(663)	65
Decrease in inventories		744	1,029
(Increase) / decrease in trade and other receivables	11	(19,654)	920
Decrease in trade and other payables	13	(350)	(4,235)
Utilisation of provisions	16	(31)	(79)
Net cash outflow from operating activities		(60,447)	(36,138)
Cash flows from investing activities			
Purchases of non-financial assets		(25,164)	(4,718)
Proceeds from disposal of non-financial assets		714	2,436
Decrease in capital receivables	11	(365)	18
Proceeds on disposal of investment in financial asset		16	28,099
Return of landlord investment in CITF campsite	11	-	1,500
Interest on land transaction		204	13
Net cash outflow from investing activities		(24,595)	27,348
Cash flows from financing activities			
Payment of principal portion of leases liabilities	14	(618)	(755)
Funding from the Forestry Commission		18,300	19,754
Capital funding from the Forestry Commission		32,244	8,479
Grants from the Forestry Commission		-	30
Net cash inflow from financing activities		49,926	27,508
Net increase/(decrease) in cash and cash equivalents in the period		(35,116)	18,718
Cash and cash equivalents at the beginning of the period	12	73,004	54,286
Cash and cash equivalents at the end of the period	12	37,888	73,004

Note

2022-23 has been restated due to a prior year adjustment for the revaluation of biological assets and revaluation of property, plant and equipment. Further details can be found in note 3 to the accounts on pages 101-103. The notes on pages 84 to 119 form part of these accounts.

Statement of changes in taxpayers' equity

for the period ended 31 March 2024

	General fund £000	Revaluation reserve £000	Taxpayers' Equity £000
Balance at 31 March 2022 as previously reported	642,525	2,557,694	3,200,219
Prior year adjustment (see note i)	90,337	495,545	585,882
At 31 March 2022 (as restated)	732,862	3,053,239	3,786,101
Funding from the Forestry Commission (see note ii)	28,263	-	28,263
Comprehensive surplus for the year (as restated)	861,283	-	861,283
Net gain on revaluation of property, plant and equipment (as restated)	(707,619)	707,619	-
Realised element of revaluation reserve	1,535	(1,535)	-
Balance at 31 March 2023 as restated	916,324	3,759,323	4,675,647
Funding from the Forestry Commission	50,545	-	50,545
Comprehensive loss for the year	(363,763)	-	(363,763)
Net loss / (gain) on revaluation of property, plant and equipment	199,055	(199,055)	-
Realised element of revaluation reserve	455	(455)	-
Balance at 31 March 2024	802,616	3,559,813	4,362,429

Notes

- i) Balances at 2021-22 and 2022-23 and comprehensive surplus for the year ended 31 March 2023 have been restated due to a prior year adjustment for the revaluation of biological assets and revaluation of property, plant and equipment.
- ii) Funding from the Forestry Commission for the year ended 31 March 2023 has been restated due to a prior year adjustment relating to disclosure of grant income.

Further details can be found in note 3 to the accounts on pages 101-103.
The notes on pages 84 to 119 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 the Forestry Commission and the 2023-24 Financial Reporting Manual (FRM) issued by HM Treasury. The FRM applies International Financial Reporting Standards (IFRS) as 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 are disclosed in note 2.

In line with HM Treasury Financial Reporting Guidance, the information presented in these financial statements is based on the assumption that Forestry England will continue to provide existing statutory services in the future, with no legislation changes currently expected.

As 53% of Forestry England's operating income comes from timber sales, the principal financial risk and uncertainty facing Forestry England is the long-term market price and demand for forestry products.

Other significant income streams include; car parking and admissions, ticketed events and rent for which there are no plans to sell land or change function of use, plus government grant income, these revenue streams are also forecast to remain consistent.

Our longer-term business planning indicates a reduction in the level of timber production volume in the future. This is due to few 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.

In addition to a steady forecast income stream, including an annual subsidy and various grants, the strength of Forestry England's Statement of Financial Position as at 31 March 2024, along with Taxpayers' Equity of £4.4 billion and a robust long-term financial plan, provides compelling evidence that for the twelve months from approval of the Annual Report and Accounts 2023-24, there are sufficient resources to cover all expected expenditure items. Based on the above information it has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

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 Fair value measurement

Forestry England measures a number of its non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Non-financial assets measured at fair value are valued in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Global Standards ('Red Book Global Standards').

Forestry England uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets that Forestry England can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 - unobservable inputs for the asset.

The following table shows an analysis of the fair values of non-financial assets recognised in the Statement of Financial Position.

Element	Valuation basis - 31 March 2024	Level in fair value hierarchy	Net Book Value 31 March 2024 (£m)	Net Book Value 31 March 2023 as restated (£m)
Nation's forests (see note 1.7)				
Forest land and trees not apportioned to biological assets	Custom indices based on observable market rates	Level 2	2,916.2m	3,074.8m
Minor crops	Custom indices based on the closest available observable market rates	Level 3	91.5m	102.4m
Other land (see note 1.7 and 1.12)				
Open land and similar land use	Custom indices based on observable market rates	Level 2	245.2m	287.9m
Agricultural land	Vacant Farmland Index based on observable market rates	Level 2	55.1m	45.2m
Telecoms masts, wayleaves, quarries and other interest in land	Fair value based on market rental value and yield	Level 2	26.8m	28.3m
Recreation infrastructure	Depreciated Replacement Cost in prior year and applying BCIS indexation uplift	Level 3	53.3m	48.8m
Campsite land	Fair value based on market rental value and yield	Level 2	36.0m	36.1m
Dwellings and other buildings (see note 1.7)				
Residential	Fair value based on market evidence in prior year and applying House Price Index	Level 2	68.8m	69.9m
Building leases	Fair value based on market rental value and yield	Level 2	40.9m	41.6m
Other buildings	Depreciated Replacement Cost in prior year and applying BCIS indexation	Level 3	52.0m	52.8m
Other PP&E (see note 1.7)				
VME	Depreciated Replacement Cost in prior year applying ONS indices	Level 3	13.8m	12.6m

Element	Valuation basis - 31 March 2024	Level in fair value hierarchy	Net Book Value 31 March 2024 (£m)	Net Book Value 31 March 2023 as restated (£m)
OME	Depreciated Replacement Cost in prior year applying ONS indices	Level 3	1.3m	1.1m
Other Current and Non-current assets (see note 1.12 and 1.13)				
Biological Assets (IAS 41)	Custom indices based on observable market rates	Level 2	705.1m	802.5m
Campsite leases in receivables	Fair value based on market rental value and yield	Level 2	22.9m	22.9m

1.3 Funding

Forestry England receives funding from the Forestry Commission which is accounted for through the Statement of Changes in Taxpayer's Equity in accordance with IAS 20 Accounting for government grants and disclosure of government assistance as applied according to the Government Financial Reporting Manual.

1.4 Public corporation dividend

Forestry England pays a dividend to the Forestry Commission, reflecting the expected rate of return on funding provided. This is disclosed in the Statement of Comprehensive Net Expenditure. 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. No dividend has been paid in 2023-24 (2022-23 - Nil).

1.5 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 Performance Pay review for the Senior Staff Grades is undertaken by Defra within the stipulated Cabinet Office guidelines with the aim of paying any agreed Senior Civil Servant pay award in Autumn. Any base pay increases awarded will be backdated to the pay settlement date of 1 April. The reviews and moderation are undertaken across the Defra group based on performance reviews, position in the salary range and cross group moderation.

1.6 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 an outflow 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.

1.7 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 'Fair value measurement' at 1.2 above, '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 2022, Savills, Chartered Surveyors were appointed as Forestry England's valuers performing a full valuation as at 31 March 2023. 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. The next full valuation will be as at 31 March 2028. In the intervening years between professional valuations, custom indices are used to restate land values.

Trees not apportioned to biological assets

Trees are apportioned between the nation's forest and biological assets based on the classification method defined in critical judgements section of note 2 below. Trees falling outside of the definition of biological assets are shown at fair value. External professional valuers undertake a full valuation at five-yearly intervals. As detailed above, the valuation is carried out 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.

Minor crops and bare land

Included within the forest estate are areas of land use including Christmas trees land (pre-planting), deer glades, archaeological sites, felled trees and bare land. Given their specialist nature, there is no active market for these land use types. They are valued using custom indices based on the closest available observable market rates.

Other land (non-forest estate)

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 following the principles set out in the RICS Red Book, and value on the basis of open market value (OMV), existing use value (EUV), depreciated replacement cost (DRC) or discounted cash flow (DCF), as appropriate under the RICS Standards for determining fair value. The work of internal chartered surveyors is reviewed by independent external valuers.

A full valuation took place as at 31 March 2023. The next full valuation is due to take place as at 31 March 2028. In the intervening years between professional valuations, custom indices are used to restate land values.

We have reviewed the valuation methodology applicable to Community Woodlands and determined that the existing valuation methodology based on separate components for land, planting and infrastructure is no longer appropriate as Community Woodlands are now mature forested areas. Effective from 2023-24, Community Woodlands are valued using the same valuation method as the nation's forests. The impact of the change in valuation method is to reduce the valuation of Community Woodland from £71 million to £36 million.

Campsites leases

The value of the land and building leases with the third parties who operate campsites on Forestry England land are shown at fair value. Full valuations were performed by external valuers based on market value and yield.

Dwellings and other buildings

Dwellings and other buildings are shown at fair value. 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 following the principles set out in the RICS Red Book and valuing 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 2023 and independent external valuers reviewed the valuations.

During intervening years between the five yearly full valuations, indices provided by independent external valuers are used to reflect the fair value of dwellings and other buildings. The indices provided are forest district specific and are based on independent external valuers knowledge of the market to support properties valued at market value. Additional indices are provided for depreciated replacement cost 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 assets 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 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 Net Expenditure 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, consider 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 (VME)

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 (OME)

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 OME assets is £2,000.

Assets under construction (AUC)

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 Net Expenditure. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

1.8 Depreciation

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

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

1.9 Assets leased to customers

In accordance with IFRS 16, assets leased to external parties are classified as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially the risks and rewards incidental to ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset. The classification of a lease depends on the substance of the transaction rather than the legal form and considers the following factors:

- Whether the lease transfers ownership of the asset at the end of the lease term

- If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable
- Whether the lease term is for the major part of the economic life of the asset even if legal title is not transferred
- At inception date, whether the present value of future lease payments is substantially all of the fair value of the asset
- If an asset is of such a specialised nature that only the lessee can use it without major modification.

1.10 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 Changes in Taxpayers Equity 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 the Statement Changes in Taxpayer's Equity to match them with the expenditure to which they relate.

1.11 Subsidiaries, joint ventures and available for sale financial assets

Where Forestry England has an investment in another entity but where it has no significant influence over the activities of the entity, the entity is accounted for as an available for sale financial asset following the requirements of IAS 39 (see note 1.21).

Forestry England may enter into arrangements with other parties to undertake economic activities via an entity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities of the entity require the unanimous consent of the parties sharing control of the entity. These arrangements are accounted for as joint ventures following the requirements of IAS 28.

The results and assets and liabilities of joint ventures are incorporated in the financial statements using the equity method of accounting. Under the equity method, investments are carried in the statement of financial position at cost as adjusted for post-acquisition changes in Forestry England's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the interest in that joint venture are not recognised.

Additional losses are provided for, and a liability is recognised, only to the extent that Forestry England has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over Forestry England's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The investments and associated balances are included in the following areas of the financial statements:

Investment in Joint Venture	Investments within note 9
Campsite leases	Trade receivables, financial and other assets within note 11

Further details of the investments are included within the financial commentary section.

1.12 Nation's forests and 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 objective that the land is held to meet. Trees growing on areas that are primarily held in support of the 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 outside 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. Independent external valuers undertake a full external professional valuation at five yearly intervals, with the last full valuation carried out as at 31 March 2023. As detailed above, the valuation was carried out 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 Net Expenditure 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.

1.13 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.

1.14 Revenue recognition

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

1.15 Leases

Forestry England has applied IFRS 16 Leases using the modified retrospective approach from 1 April 2022.

At inception of a contract Forestry England assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset

for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset Forestry England assesses whether:

- The contract involves the use of an implicitly or explicitly identifiable asset, and is physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has substantive substitution rights then the asset is not identified; and
- Forestry England has the right to obtain substantially all the economic benefits from use of the asset through the period of use; and
- Forestry England has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed on or after 1 April 2022.

For contracts entered into before 1 April 2022, Forestry England determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specified asset; and
- The arrangement conveyed a right to use the asset.

Forestry England recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus initial direct costs and an estimate of costs to dismantle and remove the underlying asset.

The right-of-use asset is subsequently depreciated using a straight line method from commencement date to the earlier of the useful life of the asset and the lease term. 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the unpaid lease payment at the lease commencement date, discounted using the interest rate implicit in the lease, or if this rate cannot be readily determined, by Forest England's incremental borrowing rate. This is set by HM Treasury at 4.72% for 2023-24 (3.51% - 2022-23).

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured where there is a change in the future lease payments arising from a change in an index or interest rate or if Forestry England changes its assessment of whether it will exercise a purchase, extension or termination option.

Subsequent lease payments are allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Net Expenditure over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Forestry England has elected not to recognise right-of-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. Forestry England recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Peppercorn leases

Peppercorn leases are defined as leases for which the consideration paid is nil or nominal (that is, significantly below market value). Peppercorn leases are in the scope of IFRS 16 if they meet the definition of a lease in all aspects apart from containing consideration. Before adoption of IFRS 16, Forestry England already classified peppercorn leases as finance leases under IAS 17 recognising the right of use assets at fair value and the lease liabilities at the present value of future lease payments discounting using HM Treasury discount rates. The lease periods of peppercorn leases are defined in the lease agreements and are generally in excess of 900 years.

1.16 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 Net Expenditure.

Provision for bad and doubtful debts is made on a sliding scale according to age as follows:

0-6 months overdue	No provision
6-12 months overdue	20% provision
12-15 months overdue	50% provision
15+ months overdue	75% provision

Additional provision of up to 100% is made in specific cases, where recovery of the debt is deemed extremely unlikely.

1.17 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 Net Expenditure 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 Net Expenditure in the year in which it is incurred.

1.18 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 Executive Team. In applying IFRS 8, management has determined that Forestry England operates as one operating segment.

1.19 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 Net Expenditure.

1.20 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.

1.21 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 Net Expenditure. 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 Net Expenditure.

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 Net Expenditure.

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 Net Expenditure.

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 Net Expenditure. 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 Net Expenditure.

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 Net Expenditure.

1.22 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 the Forestry Commission and shown in its accounts within borrowings in current liabilities on the Statement of Financial Position.

1.23 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.

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 Net Expenditure.

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 Net Expenditure.

Other financial liabilities

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

1.24 Effective in these financial statements

All International Financial Reporting Standards (IFRS), interpretations and amendments effective at 31 March 2024 have been adopted in these statements.

1.25 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 17 - Insurance Contracts.

IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and replaces the previous standard IFRS 4 Insurance Contracts.

The Standard will be applied by HM Treasury in the 2024-25 FReM, with an implementation date of 1 April 2025.

Note 2: Critical accounting estimates and judgements

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.

Judgements and estimates are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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.

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.

Critical judgements

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 outside 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.

Land designations are not subject to frequent change. Management therefore considers that a detailed review of the designations should take place every five years. A full review of land designations was carried out in the year ended 31 March 2020, resulting in the following designated Biological Assets areas, as a percentage of each District:

Forest District	%
Central	15.1
East	6.6
North	53.4
Yorkshire	0.7
South	8.2
West	16.1
Total	22.9

Management recognises that land use and designations may change over time. It carries out an annual review to consider whether changes in use, major sales or acquisitions of land materially affect the analysis and its accounting and valuation estimates. Where material changes have occurred, the analysis shall be updated for that year.

In the year ended 31 March 2024, woodland previously designated as Community Woodland is no longer assessed as being wholly different in character or management to the rest of the woodland area across the portfolio. As a result of this, the value of Community Woodland has now been reclassified to nation's forests and the same valuation methodology applied as the nation's forests.

Critical estimates

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. In determining the appropriate values to apply for the purpose of the valuation, the external valuers use sales evidence considering the recent history of sales of forests in excess of 20 hectares. The forestry and woodland markets are relatively small and therefore transactional evidence is limited. It is difficult to find and apply appropriate evidence to individual assets. As a result, we have adopted a regional matrix approach, applying average price data to assets as opposed to unique comparables.

A full valuation of the nation's forests took place as at 31 March 2023. At 31 March 2024, the external valuers provided a valuation update with appropriate valuation indices and commentary on property markets and yields.

Average timber values per hectare are provided by independent valuers using their own specialist forestry indices. The valuation indices are arrived at predominantly by reference to comparable market evidence. The most appropriate market evidence-based factors used in reaching the timber valuations are:

- location (forest district)
- species (conifer or broadleaf)
- average age of plantation (based on 5-year or 10-year age bands)
- yield (high, medium or low)

The report of the independent valuers notes there are a number of difficulties in valuing woods, where the sales evidence is not always consistent and reflects the small scale of the market which makes it difficult for both vendors and purchasers in pricing forests.

On initial recognition and at the end of each reporting period, the biological asset valued using IAS 41 is measured at fair value less estimated point-of-sale costs relating to marketing and sales expenses. Analysis of these costs show that they vary annually. Management calculates the

cost of sales percentage over the three years to 30 November in the year of disposal. For 2023-24 woodland disposals, this percentage is calculated as 4.5% (2022-23 4.5%) of the fair value.

The range of values and overall average values per hectare attributable to forest woodland valuations are:

Year ended	Range of valuations per hectare	Average valuations per hectare
31 March 2023	£5,764 - £40,523	£22,270
31 March 2024	£5,986 - £36,150	£20,971

A 5% increase in the average value per hectare would increase the total woodland valuation by £155 million (2023 - £163 million), and increase the biological asset valuation using IAS 41 by £35 million (2023 - £40 million).

A 5% increase in the land designed as Biological Asset areas from 22.9% to 27.9% would increase the biological asset valuation by £137 million (2023 - increase of £157 million) and decrease the nation's forests valuation by £143 million (2023 - decrease of £165 million).

As a result of the high degree of inherent uncertainty in the valuation of the nation's forests and biological assets, it is expected that there will be continued fluctuations in the valuations in future where the valuations are subject to changes in the market dynamics for timber and land. After a number of years of strong value growth the current financial year has seen a contracting market largely linked to rising inflation and interest rates creating general economic headwinds. Specifically in the forestry sector, a lack of investors has led to reduced or no competition for forest properties, with extended marketing times and less sales going to competitive closing dates. Timber prices are also subdued and have fallen this year. The average valuation per hectare of nation's forests has decreased by 5.8% compared to the 31 March 2023, and the average valuation per hectare of biological assets has decreased by 12.1% compared to 31 March 2023.

Valuation of Other land

The Other land valuation includes valuations for open and similar use land that are based on indices provided by independent professional valuers. These indices are reviewed by our internal Chartered Surveyors to ensure that they are reasonable and consistent with internal valuation knowledge. Accounting policy note 1.2 above details the components of other land together with the source of the valuation. Where possible, for components of other land where active markets operate, management ensures that external professional valuations are obtained.

Other land includes land attributed to recreation infrastructure. Fair value is based on the depreciated replacement cost in prior year and applying BCIS indexation, which includes management judgements in respect of the annual depreciation charge and remaining asset life. Management considers that Forestry England's 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 our internal valuers for consistency and appropriateness.

The valuation indices for open and similar use land provided by the independent valuer are on a per hectare basis. The average valuation per hectare at 31 March 2024 is £4,661 (2023 - £4,304). A 10% increase in the average valuation would increase the total valuation of open and other land by £24 million (£22 million).

Valuation of dwellings and other buildings

Other buildings primarily include buildings held for operational activities and for which there are no active external markets. Fair value for these buildings is based on the depreciated replacement cost in the prior year and applying BCIS indexation, which includes management judgements in respect of the annual depreciation charge and remaining asset life. 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.

Note 3: Prior Year Adjustment

Prior year adjustments have been made for the following reasons:

Adjustment 1. Error in the revaluation calculation

In prior years, the forest estate and biological asset revaluation calculations contained an error in the valuation model. The valuation model uses a matrix of timber valuations per hectare taking account of district location, species type, timber quality and age of crop. The matrix valuations are provided by external valuers. The valuation model also uses solum valuations per hectare, taking account of district location, these are also provided by external valuers.

In performing the valuation of nation's forests and biological assets for 31 March 2024, it was identified that the matrix of timber valuations provided by the external valuers and input into the valuation model were the timber values and not the total woodland value (i.e. land plus timber) as previously thought. As a result, the valuation model in prior years incorrectly applied the matrix of timber valuations per hectare, by deducting the land value (solum value) to derive the timber valuation. The reported total woodland value (nation's forests and biological Assets) were therefore understated by £1.1 billion due to incorrectly removing the land values from the estimate. The gain on revaluation of property, plant and equipment and biological assets was therefore also understated.

The calculation has been performed the same way since 2011. We do not have access to the detailed valuation calculations prior to this date. The error has been corrected by re-performing the March 2023 (quinquennial year) and March 2022 valuations using the correct calculations and then restating each of the affected financial statement line items for the prior periods as shown in the table below.

Adjustment 2. Error in the disclosure of grant funding from the Forestry Commission

In prior years, funding received from the Forestry Commission has been incorrectly accounted for in the Statement of Comprehensive Net Expenditure and included within the Comprehensive loss / surplus for the year. The prior year financial statements have been restated in accordance with the requirements of IAS 20 as interpreted by the Financial Reporting Manual and these grants are now disclosed as a movement in the General Fund.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as shown below:

Note 3: Prior Year Adjustment (continued)

	As previously reported £000	Revaluation error	Grant funding £000	As restated £000
Statement of financial position				
1 April 2022				
Property, plant and equipment	2,615,124	495,545	-	3,110,669
Biological assets	512,512	90,337	-	602,849
Others	129,116	-	-	129,116
Total Assets	3,256,752	585,882	-	3,842,634
Total Assets less total liabilities	3,200,219	585,882	-	3,786,101
Total equity	3,200,219	585,882	-	3,786,101
31 March 2023				
Property, plant and equipment	2,942,472	861,017	-	3,803,489
Biological assets	608,393	194,094	-	802,487
Others	125,870	-	-	125,870
Total Assets	3,676,735	1,055,111	-	4,731,846
Total Assets less total liabilities	3,620,536	1,055,111	-	4,675,647
Total equity	3,620,536	1,055,111	-	4,675,647
Statement of comprehensive net expenditure				
For the year ended 31 March 2023				
Gain on revaluation of biological assets	(106,580)	(103,757)	-	(210,337)
Others	70,657	-	-	70,657
Operating (surplus)	(35,923)	(103,757)	-	(139,680)
Funding from Forestry Commission	(28,263)	-	28,263	-
Net gain on revaluation of property, plant and equipment (note a)	(342,147)	(365,472)	-	(707,619)
Others	(13,984)	-	-	(13,984)
Comprehensive surplus for the year	(420,317)	(469,229)	28,263	(861,283)

Note a: The net gain on revaluation of property, plant and equipment increased from £342,147 million to £707,619 million. This is a movement to the General Fund and the Revaluation Reserves and therefore has no overall impact on reserves

Note 3: Prior Year Adjustment (continued)

	As previously reported £000	Revaluation error	Grant funding £000	As restated £000
Statement of cashflows				
For the year ended 31 March 2023				
Operating (deficit) / surplus for the year	35,923	103,757	-	139,680
Gain on revaluation of biological assets	(106,580)	(103,757)	-	(210,337)
Other cashflows from operating, investing and financing activities	34,384	-	-	34,384
Net increase in cash and cash equivalents in the period	<u>(36,273)</u>	<u>-</u>	<u>-</u>	<u>(36,273)</u>
Statement of changes in taxpayers' equity				
For the year ended 31 March 2023				
At 1 April 2022	3,200,219	585,882	-	3,786,101
Funding from Forestry Commission	-	-	28,263	28,263
Comprehensive surplus for the year	420,317	469,229	(28,263)	861,283
At 31 March 2023	<u>3,620,536</u>	<u>1,055,111</u>	<u>-</u>	<u>4,675,647</u>

Note 4: Income

	2023-24	2022-23
	£000	£000
Revenue within scope of IFRS 15		
Timber - standing sales	32,671	30,149
Timber - direct production	16,300	18,397
Plant and seed	361	1,405
Christmas trees	205	197
Game	269	328
Ticketed events	5,267	5,919
Car parking and admissions	11,365	10,588
Car parking - memberships	2,016	1,924
Deeds of grant	358	195
Other sales of goods or services	1,661	1,392
Radio masts and wayleaves	944	1,129
Permissions	2,129	1,603
Administrative income and recharges	1,856	1,228
Corporate services charges	3,960	2,327
	79,362	76,781
Other income		
Retail and leisure rents	6,324	6,337
Residential rents	1,334	1,242
Agricultural rents	304	320
Mineral extraction rents and royalties	514	636
Other rents	972	1,056
Grants and other funding	3,537	2,063
	12,985	11,654
Total	92,347	88,435

Note 5: Staff and other costs

	2023-24	2022-23
	£000	£000
Staff costs		
Wages and salaries	39,475	34,395
Social security costs	3,998	3,574
Other pension costs	10,146	9,026
Agency and temporary staff	2,412	2,350
	56,031	49,345
Purchase of goods or services		
Travel and subsistence	1,868	1,671
Staff transfers	30	116
Computer costs	6,422	6,627
Accommodation and office services	6,252	5,680
Communication	1,400	1,183
Training	1,006	1,119
Losses and compensation	516	413
Legal expenses	1,155	844
Auditors' remuneration - audit work	130	109
Shared central services	1,270	1,316
Sustainable forest management	40,476	37,769
Forest estate	4,976	4,675
Recreation and public affairs	10,895	11,044
	76,396	72,566
Expenses related to leases		
Rental of land and buildings	192	143
Rental of plant and machinery	300	229
	492	372
Non-cash costs		
Depreciation of property, plant and equipment	8,952	9,445
Amortisation of intangible assets	135	135
Finance lease interest on land and buildings	137	109
Finance lease interest on plant and machinery	13	26
Provisions		
Provided in year	440	36
Provisions not required written back	(36)	(173)
Unwinding of discount	7	(5)
	9,648	9,573
Total	142,567	131,856

Further analysis of staff costs is available in the Accountability report.

Note 6: Property, plant and equipment

	Land and buildings £000	VME £000	OME £000	AUC £000	Total £000
Cost or valuation					
At 1 April 2023 (as previously stated)	2,942,501	26,500	2,117	1,898	2,973,016
Prior year adjustment (note 3)	861,017	-	-	-	861,017
At 1 April 2023 (as restated)	3,803,518	26,500	2,117	1,898	3,834,033
Additions	13,660	4,767	80	6,948	25,455
Reclassifications	4,074	10	350	(1,899)	2,535
Disposals	-	(2,498)	(153)	-	(2,651)
Fellings	(15,768)	-	-	-	(15,768)
Write off	-	-	-	(79)	(79)
Revaluation	(201,289)	99	96	-	(201,094)
Impairment	(123)	-	-	-	(123)
At 31 March 2024	3,604,072	28,878	2,490	6,868	3,642,308
Depreciation					
At 1 April 2023	15,709	13,866	969	-	30,544
Charged in year	5,497	3,176	279	-	8,952
Disposals	-	(2,044)	(99)	-	(2,143)
Revaluation	(2,108)	34	35	-	(2,039)
At 31 March 2024	19,098	15,032	1,184	-	35,314
Carrying value					
At 31 March 2024	3,584,974	13,846	1,306	6,868	3,606,994
At 1 April 2023	3,787,809	12,634	1,148	1,898	3,803,489
Asset financing					
Owned	3,362,822	13,118	1,306	6,868	3,384,114
Finance leased	222,152	728	-	-	222,880
Total	3,584,974	13,846	1,306	6,868	3,606,994

	Land and buildings £000	VME £000	OME £000	AUC £000	Total £000
Cost or valuation					
At 1 April 2022 (as previously stated)	2,629,865	23,402	1,701	1,637	2,656,605
Prior year adjustment (note 3)	495,545	-	-	-	495,545
At 1 April 2022 (as restated)	3,125,410	23,402	1,701	1,637	3,152,150
Additions	4,636	2,380	249	2,165	9,430
Reclassifications	3,803	308	184	(1,898)	2,397
Disposals	(585)	(1,052)	(79)	(7)	(1,723)
Fellings	(16,145)	-	-	-	(16,145)
Write off	-	-	(23)	-	(23)
Revaluation (as restated)	686,856	1,463	85	-	688,404
Impairment	(457)	-	-	-	(457)
At 31 March 2023	3,803,518	26,501	2,117	1,897	3,834,033
Depreciation					
At 1 April 2022	31,186	9,511	784	-	41,481
Charged in year	4,532	4,679	234	-	9,445
Reclassifications	(62)	-	-	-	(62)
Disposals	(188)	(838)	(66)	-	(1,092)
Write off	-	-	(13)	-	(13)
Revaluation	(19,759)	514	30	-	(19,215)
At 31 March 2023	15,709	13,866	969	-	30,544
Carrying value					
At 31 March 2023	3,787,809	12,635	1,148	1,897	3,803,489
At 1 April 2022	3,094,224	13,891	917	1,637	3,110,669
Asset financing					
Owned (as previously stated)	2,721,938	11,920	1,148	1,897	2,736,903
Prior year adjustment (note 3)	861,017	-	-	-	861,017
Owned (as restated)	3,582,955	11,920	1,148	1,897	3,597,920
Finance leased	204,854	715	-	-	205,569
Total	3,787,809	12,635	1,148	1,897	3,803,489

Within the results above, the following represent right-to-use assets held under finance lease agreements

	Land and buildings £000	VME £000	OME £000	AUC £000	Total £000
Cost or valuation					
At 1 April 2023	205,204	1,979	-	-	207,183
Additions	29	262	-	-	291
Depreciation					
At 1 April 2023	351	1,264	-	-	1,615
Charged in year	317	248	-	-	565
At 31 March 2024					
Cost or valuation	222,819	2,225	-	-	225,044
Depreciation	(667)	(1,497)	-	-	(2,164)
Net Book Value	222,152	728	-	-	222,880

Land and buildings are constituted as follows:

	Nation's forests £000	Other land £000	Campsite land £000	Dwellings and other buildings £000	Total £000
Cost or valuation					
At 1 April 2023 (as previously stated)	2,316,144	410,239	36,094	180,024	2,942,501
Prior year adjustment (note 3)	861,017	-	-	-	861,017
At 1 April 2023 (as restated)	3,177,161	410,239	36,094	180,024	3,803,518
Additions	6,475	7,185	-	-	13,660
Reclassifications	75,318	(74,997)	2,536	1,217	4,074
Disposals	-	-	-	-	-
Fellings	(15,768)	-	-	-	(15,768)
Revaluation	(235,490)	38,019	(2,608)	(1,210)	(201,289)
Impairment	-	-	-	(123)	(123)
At 31 March 2024	3,007,696	380,446	36,022	179,908	3,604,072
Depreciation					
At 1 April 2023	-	-	-	15,709	15,709
Charged in year	-	-	-	5,497	5,497
Revaluation	-	-	-	(2,108)	(2,108)
At 31 March 2024	-	-	-	19,098	19,098
Carrying value					
At 31 March 2024	3,007,696	380,446	36,022	160,810	3,584,974
Asset financing					
Owned	2,788,223	380,446	36,022	158,131	3,362,822
Finance leased	219,473	-	-	2,679	222,152
Total	3,007,696	380,446	36,022	160,810	3,584,974

	Nation's forests £000	Other land £000	Campsite land £000	Dwellings and other buildings £000	Total £000
Cost or valuation					
At 1 April 2022 (as previously stated)	2,167,392	282,366	28,700	151,407	2,629,865
Prior year adjustment (note 3)	495,545	-	-	-	495,545
At 1 April 2022 (as restated)	2,662,937	282,366	28,700	151,407	3,125,410
Additions	1,215	62	-	3,359	4,636
Reclassifications	-	-	3,165	638	3,803
Disposals	(12)	-	-	(573)	(585)
Fellings	(16,145)	-	-	-	(16,145)
Revaluation (as restated)	529,166	127,811	4,229	25,650	686,856
Impairment	-	-	-	(457)	(457)
At 31 March 2023	3,177,161	410,239	36,094	180,024	3,803,518
Depreciation					
At 1 April 2022	-	-	-	31,186	31,186
Charged in year	-	-	-	4,532	4,532
Reclassifications	-	-	-	(62)	(62)
Disposals	-	-	-	(188)	(188)
Revaluation	-	-	-	(19,759)	(19,759)
At 31 March 2023	-	-	-	15,709	15,709
Carrying value					
At 31 March 2023	3,177,161	410,239	36,094	164,315	3,787,809
Asset financing					
Owned (as previously stated)	2,114,286	410,239	36,094	161,319	2,721,938
Prior year adjustment (note 3)	861,017	-	-	-	861,017
Owned (as restated)	2,975,303	410,239	36,094	161,319	3,582,955
Finance leased	201,858	-	-	2,996	204,854
Total	3,177,161	410,239	36,094	164,315	3,787,809

Independent external valuers carried out a professional valuation of the nation's forests as at 31 March 2023. At 31 March 2024, the assets were revalued using specialist forestry indices developed and provided by independent external valuers.

Transfers includes £2.5 million of assets previously held by the joint venture, Camping in the Forest LLP.

Campsite land was previously categorised as Camping in the Forest and Forest Holidays land when Forestry England held a participatory interest in the businesses operating the sites. The sites are now all run by operators in which Forestry England has no participatory interest. The valuation represents the land element of our freehold reversionary interest in the campsites. The buildings element of this freehold reversionary interest is recognised as a finance lease receivable and disclosed as 'Campsite leases' (previously disclosed as a partnership lease) in Note 11. An annual valuation of the freehold reversionary interest is undertaken by independent external valuers, currently Avison Young. These values are 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 in 2006.

Vehicles, machinery and equipment (VME) is usually valued at five-year intervals. Professionally qualified staff employed by Forestry England undertook the full valuation at 31 March 2022. 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 2024 using an index provided by the Office for National Statistics.

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

Note 7: Biological assets

	2023-24 £000	2022-23 as restated £000
At 1 April (as previously stated)	608,393	512,512
Prior year adjustment	194,094	90,337
At 1 April (as restated)	802,487	602,849
Fellings	(8,790)	(10,634)
Movements on plant and seed	663	(65)
(Loss) / gain arising from changes in fair value (as restated)	(89,282)	210,337
At 31 March 2024	705,078	802,487
Carrying value		
Timber (2022-23 as previously reported)	701,626	605,604
Prior year adjustments	-	194,094
Timber (2022-23 as restated)	701,626	799,698
Plant and seed	3,452	2,789
Total	705,078	802,487

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 outside the scope of IAS 41 and not included in the disclosures above.

Independent external valuers carried out a full valuation of the nation's forests, including biological assets, at 31 March 2023. At 31 March 2024, the assets were revalued using specialist

indices developed and provided by the independent external valuers. 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 Expenditure 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.

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 2024 Area in hectares	At 31 March 2023 Area in hectares
North	30,815	30,928
Yorkshire	124	124
Central	3,272	3,292
East	2,037	2,034
West	5,608	5,613
South	2,241	2,255
Total	44,097	44,246

Note 8: Financial assets

	Forest Holidays £000	Total £000
At 1 April 2023	-	-
Disposals	-	-
At 31 March 2024	-	-
At 1 April 2022	22,675	22,675
Disposals	(22,675)	(22,675)
At 31 March 2023	-	-

On 27 April 2022, Forestry England disposed of its minority interest in Forest Holidays to Sykes Holidays Cottages Limited for £28.1 million.

Note 9: Joint ventures

	2023-24 £000	2022-23 £000
At 1 April 2023	6,600	9,217
Transfer to Campsite land	(2,536)	(3,165)
Share of (Loss) / Profit Before Tax	(873)	548
At 31 March 2024	3,191	6,600

On 30 November 2022 CiTF surrendered the leases under which they had exclusive rights to operate the campsites back to Forestry England and Forestry and Land Scotland for nil

consideration, and as a result CiTF ceased to trade as a camping business. CiTF continues to hold a financial asset on its Balance Sheet.

CiTF has a reporting date of 28 February. The summarised financial information in relation to CiTF is presented below:

	2023-24 £ 000	2022-23 £ 000
As at 28 February		
Current Assets	469	580
Non-current assets	3,959	8,294
Current liabilities	(185)	(327)
Net Assets 100%	4,243	8,547
Forestry England share of net assets 75.2%, (77.2% in 2022-23)	3,191	6,600

Note 10: Financial instruments and risk

IFRS 9 Financial Instruments requires disclosures in the financial statements that enable users to evaluate the significance of financial instruments to the financial position and performance, and the nature and extent of risks arising from financial instruments to which Forestry England is exposed during the year and at the financial year end, and how those risks are being managed.

Credit Risk

Forestry England has a significant number of private and public sector customers and counterparties and has policies and procedures in place to ensure credit risk is kept to a minimum. As a result, Forestry England is not exposed to material credit risk.

Liquidity Risk

Forestry England defines liquidity risk as the risk of not being able to meet current and future financial obligations as and when they fall due. There is no significant exposure to liquidity risk, as Forestry England has a proactive process of cash forecasting to ensure it has sufficient cash headroom to meet its financial obligations as they fall due.

Inflation Risk

Forestry England is exposed to the risk of changes in the rate of inflation. The RPI has fluctuated significantly over the period, resulting in an overall increase in supplier costs.

Interest Rate Risk

Forestry England has no significant interest-bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

	31 March 2024			31 March 2023		
	Loans and receivables £000	Available for sale £000	Total £000	Loans and receivables £000	Available for sale £000	Total £000
Trade and other receivables (excluding prepayments)	51,838	-	51,838	32,096	-	32,096
Cash and cash equivalents	37,888	-	37,888	73,004	-	73,004
Total assets	89,726	-	89,726	105,100	-	105,100

	Liabilities at fair value through profit or loss £000	Other financial liabilities £000	Total £000	Liabilities at fair value through profit or loss £000	Other financial liabilities £000	Total £000
	Finance lease liabilities	-	6,755	6,755	-	6,933
Trade and other payables (excluding statutory liabilities)	-	46,637	46,637	-	44,449	44,449
Total liabilities	-	53,392	53,392	-	51,382	51,382

Note 11: Trade receivables, financial and other assets

	31 March 2024 £000	31 March 2023 £000
Amounts falling due within one year		
Trade receivables	27,977	9,028
Provision for impairment of trade receivables	(134)	(116)
Trade receivables - net	27,843	8,912
VAT receivable	866	169
Other receivables	254	67
House purchase and other loans to employees	29	33
Prepayments and accrued income	9,590	9,399
Campsite leases	947	729
	39,529	19,309
Amounts falling due after more than one year		
House purchase and other loans to employees	17	9
Prepayments and accrued income	61	51
Landlord investment in CITF campsite	-	-
Campsite leases	21,881	22,177
	21,959	22,237
Total current and non-current	61,488	41,546

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

As at 31 March 2024, trade receivables of £434,000 (31 March 2023: £497,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. Trading conditions are difficult for many of our customers and our private sector overdue accounts have been challenging throughout the year. Despite this, the credit management team continue to work constructively with customers to keep overdue debt to a minimum.

Campsite leases represent the building element of freehold reversionary interests in campsites operated by third parties under exclusive license agreements. The movement on campsite leases receivables is £0.08 million loss (2022-23 - £6.96 million gain).

Note 12: Cash and cash equivalents

	31 March 2024	31 March 2023
	£000	£000
At 1 April 2023	73,004	54,286
Net change in balances	(35,116)	18,718
At 31 March 2024	37,888	73,004

	31 March 2024	31 March 2023
	£000	£000
Held at		
Government Banking Service	37,878	72,995
Commercial banks and in hand	10	9
Total	37,888	73,004

Note 13: Trade payables and other liabilities

	31 March 2024	31 March 2023
	£000	£000
Amounts falling due within one year		
Trade payables	3,819	2,984
Other payables	1,252	940
Other taxation and social security payables	1,231	842
Accruals	5,436	5,129
Deferred income	9,829	12,780
Contract liabilities	508	3,435
Payments received on account	96	170
	22,171	26,280
Amounts falling due after one year		
Deferred income	26,049	22,335
Payments received on account	156	111
	26,205	22,446
Total current and non-current	48,376	48,726

Deferred income falling due after one year includes donated assets, government and EU grant income, which is released to fund depreciation, of £17,292,000 (31 March 2023: £14,174,000).

Further information on contract liabilities is provided in Note 15.

Note 14: Finance Lease Liabilities

Maturity analysis of lease liabilities is shown in the table below.

	31 March 2024 £000	31 March 2023 £000
Land and buildings		
Not later than one year	444	440
Later than one year but not later than five years	1,775	1,739
Later than five years	66,572	66,575
	68,791	68,754
Less interest element	(62,330)	(62,097)
Present value of obligations	6,461	6,657
Plant and machinery		
Not later than one year	143	199
Later than one year but not later than five years	165	87
	308	286
Less interest element	(14)	(10)
Present value of obligations	294	276
Total present value of obligations	6,755	6,933
Amounts falling due within one year	573	632
Amounts falling due after one year	6,182	6,301
	6,755	6,933

The reconciliation of liabilities arising from finance leases is as follows:

	31 March 2024 £000	31 March 2023 £000
At 1 April 2023	6,933	6,333
Finance lease additions	291	1,220
Finance lease interest	149	135
Payment of lease liabilities	(618)	(755)
At 31 March 2024	6,755	6,933

Lease elements in the Statement of Comprehensive Net Expenditure are as follows:

	31 March 2024 £000	31 March 2023 £000
Sub-leasing income	9,448	9,591
Finance lease interest	150	135
Expenses related to short-term leases	300	229
Expenses related to low-value asset leases (excluding short-term leases)	192	143

Note 15: Contract Balances

	31 March 2024 £000	31 March 2023 £000
Contract assets	-	-
Contract liabilities	508	3,435

Contract liabilities predominantly relate to Forest Live concerts and standing sales timber contracts. Forest Live happens in the 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 has not 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 2023	3,435
Recognised as income during the period	(3,435)
Recognised as contract liabilities during the period	508
At 31 March 2024	508

Included within the closing contract liabilities at 31 March 2024 is £nil (31 March 2023: £3,264,000) of Forest Live ticket income that has been deferred to Forest Live 2024. All other income disclosed within contract liabilities is expected to be recognised in the coming year, this is for a variety of deferred revenue from contracts with customers such as membership income, timber income and radio mast income.

Note 16: Provisions for liabilities and charges

	Early departures £000	Legal claims £000	Other £000	Total £000
Balance at 31 March 2023	410	130	-	540
Provided in year	-	440	-	440
Provisions not required written back	(2)	(34)	-	(36)
Provisions utilised in year	(22)	(9)	-	(31)
Unwinding of discount	7	-	-	7
Balance at 31 March 2024	393	527	-	920
Expected timing of discounted cash flows				
Not later than one year	121	61	-	182
Later than one year and not later than five years	78	466	-	544
Later than five years	194	-	-	194
Total	393	527	-	920

	Early departures £000	Legal claims £000	Other £000	Total £000
At 1 April 2022	529	182	50	761
Provided in year	11	25	-	36
Provisions not required written back	(95)	(78)	-	(173)
Provisions utilised in year	(30)	1	(50)	(79)
Unwinding of discount	(5)	-	-	(5)
Balance at 31 March 2023	410	130	-	540
Expected timing of discounted cash flows				
Not later than one year	120	129	-	249
Later than one year and not later than five years	72	1	-	73
Later than five years	218	-	-	218
Total	410	130	-	540

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 1.7%.

Note 17: Capital commitments

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

	31 March 2024 £000	31 March 2023 £000
Land and buildings	10,558	1,051
Other	147	202
Total	10,705	1,253

The land and building capital commitments at 31 March 2024 relate to the construction of a new Visitor Centre in the North District, the construction of the new Beat Office in the East District and installation of a new ANPR system in the Yorkshire District.

Note 18: Other financial commitments

At 31 March 2024, Forestry England have entered into non-cancellable contracts for 'Enchanted Christmas' at Westonbirt and other projects improving visitor experience. We have also entered into non-cancellable contracts for the rental of office space, and for IT software for which payment will be due over the coming five years. The payments to which Forestry England is committed are analysed by the period during which the commitment expires as follows:

	31 March 2024 £000	31 March 2023 £000
Not later than one year	12,409	11,862
Later than one year but not later than five years	14,559	3,873
Over five years	70	34
Total	27,038	15,769

Note 19: Lease receivables

Operating lease receivables

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

	31 March 2024 £000	31 March 2023 £000
Land and buildings		
Not later than one year	6,002	7,574
Later than one year but not later than five years	21,138	18,077
Later than five years	120,112	122,430
Total	147,252	148,081

Forestry England leases land and buildings under agreements that terminate between April 2024 and March 2127.

Finance lease receivables

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

	31 March 2024 £000	31 March 2023 £000
Land and buildings		
Not later than one year	947	729
Later than one year but not later than five years	3,790	2,915
Later than five years	54,948	42,993
Total	59,685	46,637
Less interest element	(35,919)	(23,731)
Present value of obligations	23,766	22,906

Note 20: 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.

Historically there had been some question as to who held the legal liability for any remediation costs. It has been confirmed by our legal advisors, Eversheds, that the liability rests with Forestry England.

Following the outcome of detailed site monitoring, Wardell Armstrong have put forward 13 potential options for remediation. These options are now being appraised by the various stakeholders (Forestry England, Forest Research and the Environment Agency) but at this time no decision has been made in relation to the best way to proceed.

The Environment Agency have completed a cost benefit analysis and believe that the benefit of remediating the land is approximately £2 million. If the costs associated with remediation were likely to exceed this amount, then it is unlikely any remediation efforts would proceed. We understand at this time that the costs associated with the options put forward by Wardell Armstrong would fall within this parameter.

This has been classified as a contingent liability in line with IAS 37 due to the continued uncertainty regarding the way forward and therefore the amount of the possible obligation.

Note 21: Related party transactions

The Forestry Commission is regarded as a related party. During the year, Forestry England received £50,544,000 from the Forestry Commission (2022-23: £30,356,000), of which £13,168,000 is annual subsidy funding, £5,132,000 was for funding other operating costs and £32,244,000 for funding capital projects. Of this capital funding, £15,610,000 was NCF funding for land acquisitions and £16,634,000 for other capital projects. At 31 March 2024, £19,695,000 remained outstanding to Forestry England.

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

The following additional activities were carried out with related parties:

2023-24	Ground rent received £000	Income from other services £000	Landlord's investment £000	Purchases from related party £000	Amount owed (to)/by related party £000
Entities sponsored by Defra	-	515	-	134	28
Forest Holidays	-	-	-	2	-
Camping in the Forest	-	4	-	2	-
MHR	-	-	-	6	6
Scouts Association	-	8	-	-	-
Total	-	527	-	144	34

2022-23	Ground rent received £000	Income from other services £000	Landlord's investment £000	Purchases from related party £000	Amount owed (to)/by related party £000
Entities sponsored by Defra	-	84	-	185	15
Forest Holidays	72	2	-	-	-
Camping in the Forest	296	61	1,500	-	17
MHR	-	-	-	44	-
Scouts Association	-	7	-	-	-
Total	368	154	1,500	229	32

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

Jennie Price, Commissioner, Chair of Trustees of the Scouts Association. Transactions between Forestry England and the Scouts Association have been disclosed.

Julia Grant, Commissioner, and Peter Latham, Commissioner, are Trustees of the William Robinson Gravetye Charity. The Forestry Commission is the owner, sole member and Corporate Trustee. Transactions between Forestry England and the William Robinson Gravetye Charity have been disclosed.

Peter Latham is also a past director, shareholder and his brother is current Chair of Trebartha Estates Ltd. Transactions between Forestry England and Trebartha Estates Ltd have been disclosed.

Gurch Randhawa, Commissioner, holds an Honorary Public Health Academic contract with UK Health Security Agency. Transactions between Forestry England and UK Health Security Agency have been disclosed.

Note 22: Events after 31 March 2024

In accordance with the requirements of IAS 10, events after 31 March 2024 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 report. There are no events after date requiring specific disclosure.

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