



Forestry Commission

# Annual Report and Accounts 2024-25

HC 1050









**Forestry Commission**

# Annual Report and Accounts 2024-25

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and Accounts Act 2000

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**HC 1050**





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This Annual Report and Accounts includes Forest Services and the Commissioners' Office (as Core Forestry Commission) and Forest Research. Forestry England, as a public corporation, produces a separate Annual Report and Accounts.

The following Forestry Commission nominees were successful in the King's Birthday Honours:

- Steve Hunt, MBE, for services to Forestry
- Stephanie Rhodes, MBE, for services to Forestry

And the King's New Year Honours:

- Gareth Hopkins, MBE, for services to Forestry



## Section one Performance report

# Performance report

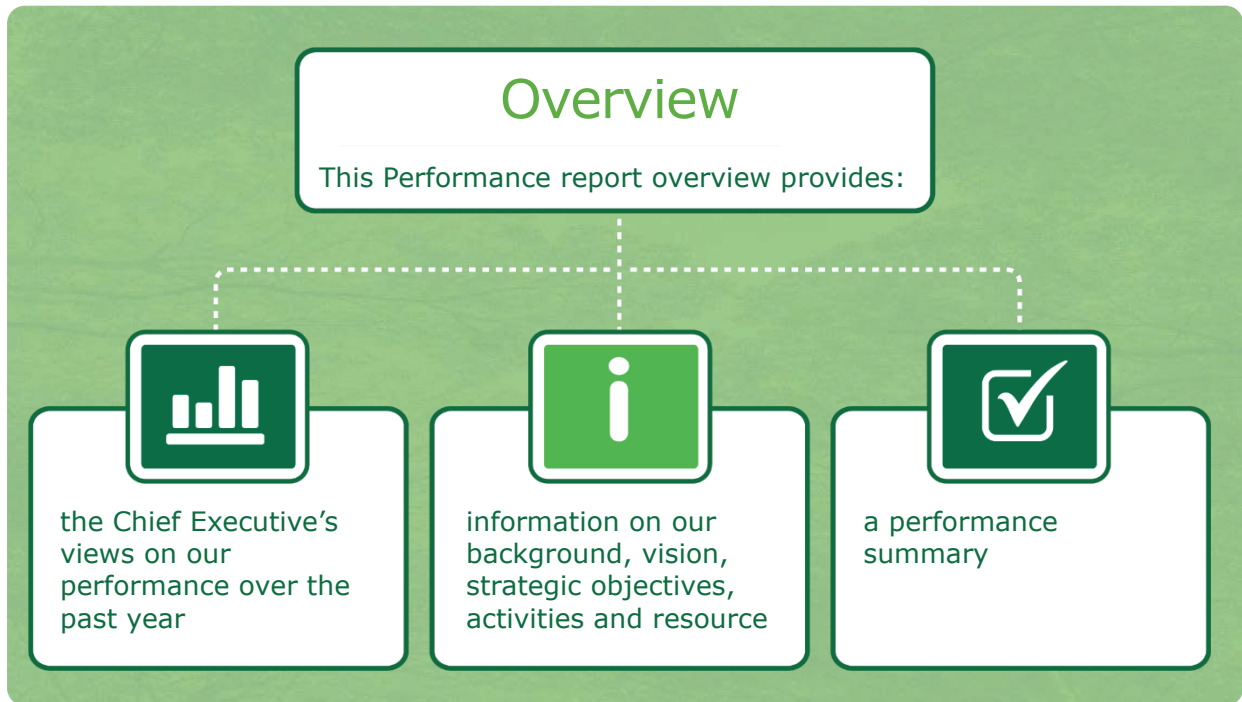






Image credit: James Hardisty/Yorkshire Post

### Foreword by Sir William Worsley, Chair

As I reflect on the year in the rear view mirror, it has been a period marked by both significant challenges and notable achievements. From celebrating our past through the National Pinetum 100 year anniversary at Bedgebury, to making significant progress against the Forestry Commission [Strategy](#), the Forestry Commission is thriving for the future.

Whilst we remained agile and resourceful in navigating the complexities of a fluctuating financial landscape to continue championing forestry, like many organisations across government, the Forestry Commission faces a high level of uncertainty generated by the ongoing Spending Review. We are doing what we can to assure customers, staff, and the wider public of what this means for our current and future delivery, whilst recognising that we do not yet have all the answers. What we do know is that forestry is an important sector in fighting climate change, supporting the home grown timber supply and providing employment in rural areas. These benefits deserve to be more widely appreciated and will all be critical to the government's growth agenda going forward. The UK imports 80% of our timber against the backdrop of global demand for wood products tripling by 2050, while supply is set to drop over the next 20-30 years. Food security is important, but so too is timber security.

The Forestry Commission has changed tangibly, positively, and deliberately in my time as Chair. Key to this change has been our people. One of the great things about my role is that I have the opportunity to travel to many of our sites and meet so many of our talented and motivated staff. Whenever I engage with colleagues, I am consistently impressed by their high level of engagement, their unwavering commitment to improvement, and the wealth of creative ideas and innovative approaches they bring to advancing our shared objectives. From making small scale improvements to our working environments, to implementing new grant schemes, we are making real headway on our journey to improve the Forestry Commission every day.

It is imperative that the Forestry Commission continues to be able to attract, recruit and retain people of such quality. The recent staff engagement survey where 84% took part has provided valuable insights from positive line management support to a positive health and safety culture. In contrast there is a strong need to improve pay and benefits,



# Performance report

whilst how we manage our staff through change requires enhancement. National and local action plans are being implemented to respond to these important survey results. Strengthening our corporate social responsibility, we have also signed the Armed Forces Covenant during this period, demonstrating our commitment to supporting the Armed Forces community and their families.

The Forestry Commission has done well to achieve another significant increase in tree planting this year resulting in a further 5,765 hectares in England through the work of Forest Services. Forestry England have supported this endeavour by planting 1.8 million trees across 16 new woodlands in England, covering 1,000 hectares, as part of a four-year programme funded by the Nature for Climate Fund<sup>1</sup>. This accomplishment is a testament to the hard work, dedication, and collaboration of our staff, stakeholders and delivery partners, as well as the careful stewardship and relationship brokering provided by leaders.

Assisting our people has been the unwavering commitment and expertise of our Commissioners and Non-executive Directors. Their high calibre, varied expertise, and impartial perspective have been instrumental during this period of uncertainty to keep us on track through their constructive challenge.

As we move forward, the Commission remains focused on safeguarding our financial position whilst building on the momentum we have achieved so far. We will continue to explore how to build on our past successes and leverage new opportunities to deliver on our key mission: helping to tackle some of society's biggest challenge with woods, trees and forests.

The growing threat to tree health, accelerated by climate change and globalisation of trade, remains a major issue for the forestry sector globally. In England we must work harder to ensure national timber security by better supporting domestic economic growth and reduce the risks of importing new or evolving pathogens that would pose a threat to that growth. To this end, the Forestry Commission will continue to provide a world-class plant health forestry service to all GB nations and champion the planting of productive timber by using evidence to challenge the outdated and inaccurate perception that conifer plantations have low amenity or low biodiversity value. Through Forest Research, we have kickstarted a review of existing research into the biodiversity of commercial forests.

Of course, very little could be achieved without our delivery of world-class science, producing wide-ranging and influential scientific outputs and publications, including more than 60 peer-reviewed journal papers and several significant publications that underpin the revised UK Forestry Standard this year. Our continued commitment to science quality resulted in being awarded the UKAS 17025 accreditation for competence testing and calibration of laboratories.

Reflecting on my days as the Government's Tree Champion, we will continue to champion sustainable woodland management to make sure we manage this important resource. Our biggest opportunity is in managing what we have well.

I extend my thanks to all who have contributed to this year's successes and look forward to another year of accomplishment.

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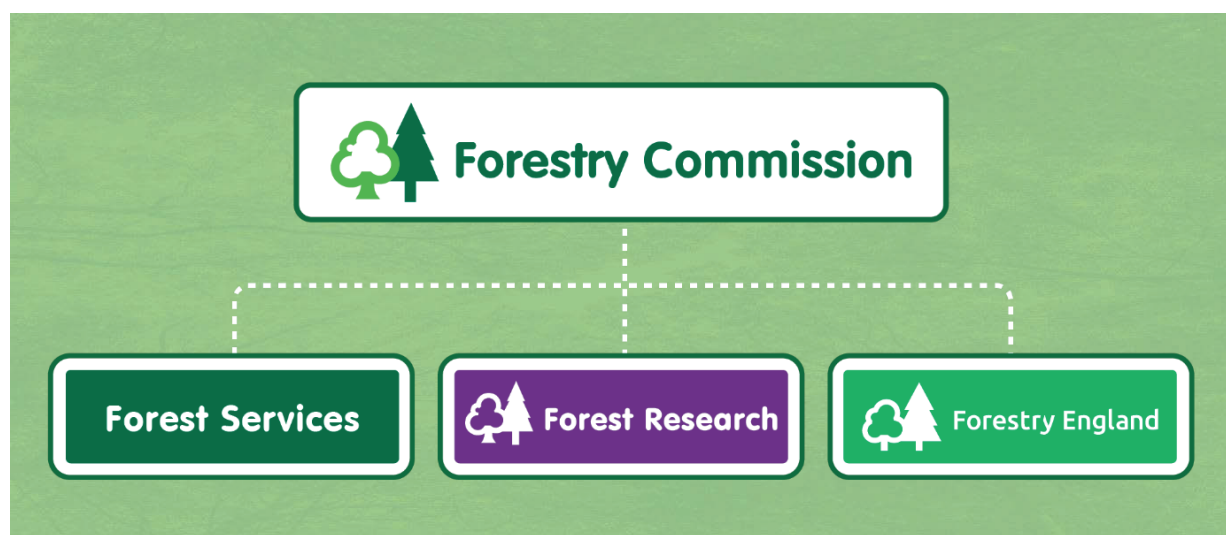
<sup>1</sup> [Forestry England completes 1.8 million-tree woodland creation programme](#)

# Forestry Commission

A handwritten signature in blue ink, reading 'William Worsley', with a large, sweeping flourish extending from the end of the name.

Sir William Worsley  
Forestry Commission Chair





## Purpose and activities of the organisation

### Who we are

The Forestry Commission provides the government's forestry expertise and is responsible for protecting, improving and expanding England's woodlands, connecting more people with forests, woods and trees and promoting their full value. We are helping to meet society's biggest challenges with thriving trees, woods and forests. We are a Non-Ministerial Government Department with a Royal Charter, supported by two agencies: Forest Research and Forestry England. We are part of the wider Defra Group of departments and agencies responsible for environmental protection, food production and standards, agriculture, fisheries and rural communities. Our work tangibly contributes to the delivery of Defra's Outcomes and the Government's Priorities and Missions.

The Forestry Commission and its agencies perform distinct but related and complementary functions. Together, we are responsible for: managing the Nation's Forests; protecting the health of trees across Great Britain from pests and diseases; providing world-leading research and analysis; promoting forestry training, forestry careers and sustainable forest management; advising and supporting woodland owners and land managers (including through grants); and regulating forestry in England.

The core of the Forestry Commission comprises the Commissioners' Office – responsible for supporting the Commission and both its agencies with work on parliamentary matters, open information, data protection and governance – and what is known internally as 'Forest Services'.

**Forest Services** supports and regulates forestry in England and provides Government's forestry and woodland expertise. This is done by encouraging and supporting landowners and the sector to protect, improve, expand and connect people with England's trees, woods and forests. This part of the Commission is also responsible for protecting tree health across Great Britain as part of the UK Plant Health Service by agreement with the GB devolved administrations. The size of Forest Services reached a peak of around 650 full time equivalents (FTE) in post during this year (2023-24: 600). This is scheduled to reduce back to circa 600 at the start of 2025-26 to reflect our changing financial environment, with certain short-term contracts ending on their planned dates of 31 March 2025. Covering the whole of England (and Great Britain, for plant health matters), this resource is spread thinly with efficiency and innovation becoming increasingly

# Forestry Commission

important to our delivery as demand on Forest Services' functions and expertise continues to grow.

**Forestry England** is an agency of the Commission, and a Public Corporation, which manages England's beautiful, diverse, and productive public forest estate on behalf of the nation. It is the single largest land manager and provider of recreation in England, with over 254,000 hectares (2023-24: 253,000 hectares) and is the largest provider of home-grown sustainably produced timber in England, selling over 1.2 million tonnes per year (2023-24: over 1.2 million tonnes). This is nearly half the English grown annual supply. There are more than 1,300 (2023-24: 1,300) people in Forestry England.

The Nation's Forests are managed to balance multiple aims: carbon capture, flood prevention, providing a positive impact on our physical and mental health and looking after significant areas to conserve and improve biodiversity as well as contributing to the UK's timber security. The natural capital benefits our forests and diverse landscapes bring to society as determined by the Forestry England Natural Capital Accounts (unpublished at date of laying) are valued at £88.2 billion as at 31 March 2024 (updated 2023-24 value as at 31 March 2023: £85.2 billion, previously disclosed value: £63.5 billion<sup>2</sup>).

**Forest Research** is Great Britain's principal organisation for forestry and tree related research and is internationally renowned for the provision of evidence and scientific services in support of sustainable forestry. The team operates across Great Britain by agreement with the devolved administrations. There are 420 (2023-24: 400) people in Forest Research.

Forest Services, Forestry England and Forest Research each have their own executive leadership team and governing Board comprising Commissioners, non-executive directors and executive staff. These individual Boards make decisions specific to each organisation. The Forestry Commission Executive Board is a group of executive staff from the Commission and its agencies, providing direction for collective decisions and sharing of knowledge and policy. The Board of Forestry Commissioners provides a collective overview and steer to the Forestry Commission and its agencies. This governance framework allows us to monitor our objectives and consider whether those have led to the delivery of appropriate and cost-effective outcomes that are compliant with law and policy.

## Sustainability and Climate

The Forestry Commission Strategy sets out our commitment to achieve net zero and includes actions that support nature recovery, 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, (including on behalf of Forest Services and the Commissioner's office), and Forest Research maintain environmental management systems (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.

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<sup>2</sup> Health benefits in the Natural Capital accounts had been under reported due to an incorrect indexation value being used, updates are yet to be published.



# Performance report

The Forestry Commission'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 own organisation to become net zero.

The Forestry Commission published our [Climate Change Adaptation fourth round report](#) in January 2025. This comprehensive resource details which of the 61 priority risks and opportunities set out in the 2022 UK Climate Change Risk Assessment are relevant to Forestry alongside our mitigating actions. The Forestry Commission has considered the broader impacts of projected climate change, rather than specific greenhouse gas emissions scenarios or climate projections. This approach is because of the long timeframe required for adaptation in forestry and the need for any action to be appropriate to current and future climates. This is consistent with an adaptive approach to woodland management within the public and private sector, focused on the general direction of climate change and this thinking is incorporated into forest management decisions. We have concluded that a more prescriptive approach would not be appropriate given the uncertainty in how climate change will unfold.

## 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 the Forestry Commission's strategic goals support a number of the SDGs.



# Forestry Commission



## Delivery of our objectives in 2024-25

This Annual Report summarises the performance of the Forestry Commission. Forest Research accounts are consolidated within this report and are also published separately. As a public corporation, Forestry England's accounts are not consolidated. All annual report and accounts are available on [www.gov.uk](http://www.gov.uk). This section of the report provides an overview of the work of the Forestry Commission in 2024-25, against its three strategic goals.



# Performance report



This year we have built upon the increasing rate of tree planting seen in 2023-24, with continued strong promotion of incentives available to landowners, and through Forestry England's acquisition of freehold and leasehold land for woodland creation.

The England Woodland Creation Offer (EWCO) contributed to new planting of woodland with 2,110 hectares (2023-24: 1,648 hectares) in this period. The announcement of a EWCO payment uplift and the launch of our Woodland Creation Fast Track initiative in 2023-24 have led to demonstrable success this year: we issued agreements to plant our highest number of hectares (3,150) since the launch of EWCO, and the Woodland Creation Fast Track exceeded our aspirations with 93% of offers processed within 12 weeks (our target was 80%). We also added over 7,600 hectares of prospective planting to our pipeline from new leads generated this year, representing an increase when compared to 2023-24 outcomes. Overall, this led to the increase in new planting in England rising another 5,765 hectares, improving again on the 4,554 hectares from last year (revised from the previous reported figure for 2023-24 of 4,547 hectares).

Forest Research development of geographical mapping to inform decisions and trade-offs around woodland creation will support this acceleration, along with internal and inter-agency improvements to regulatory processes. For the first time in more than a generation Forest Research is establishing new plot-scale trials, as well as reassessing old ones, to identify and broaden species choice so as to provide diversity of species giving resilience in a changing climate. As full implementation of Environmental Land Management schemes approaches, we have provided technical advice to Defra on the design and delivery of future use of government funding to achieve planting expansion in tree and woodland cover.

This goal supports the UN SDGs '3, Good Health and Wellbeing', '13, Climate Action' and '15, Life on Land'.

Key Outcome	Performance indicators
<b>Expanding tree cover in England</b>	<ul style="list-style-type: none"><li>• Government supported new trees and woodland</li><li>• Area of planting covered by applications in progress</li><li>• Area of new woodland created on Forestry England acquired land</li></ul>
<b>Government targets and commitments</b>	
Increasing the rate of planting and the net increase of tree cover in England is a key commitment of government, as reflected in: <ul style="list-style-type: none"><li>• Environment Act 2021 statutory target: Increase tree canopy and woodland cover to at least 16.5% of total land area in England by 2050.</li></ul>	

**More trees, more diverse species,  
growing and thriving**



**5,765 ha**

New planting of  
woodland in England in  
2024-25 (hectares)



**888,000 trees**

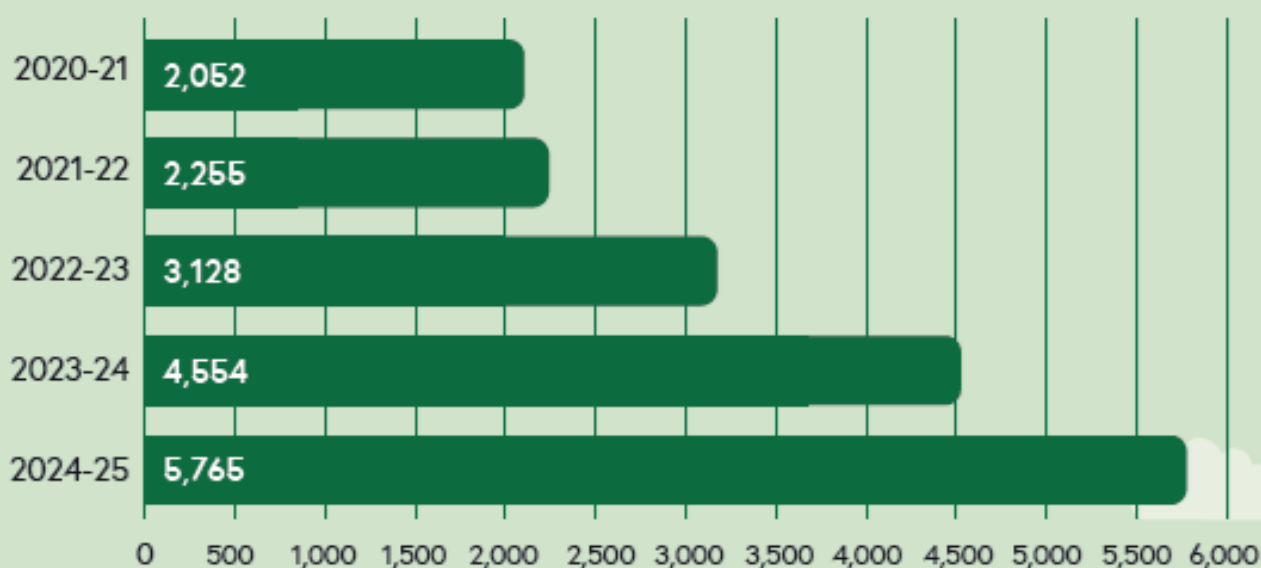
New planting of  
trees outside  
woodland in England  
in 2024-25 (trees)



**433 ha**

New planting of  
woodland supported  
by Forestry England  
in 2024-25 (hectares)

## New planting of woodland in England



# Performance report



Improving sustainable management of woods and forests and protecting them from threats will need increased focus and resources if the Forestry Commission is going to help safeguard the resilience of woodland natural capital. There are significant demand pressures on our core regulatory activities to investigate alleged illegal felling and to respond to outbreaks of pests and diseases, as well as managing critical incidents including increasing threat of wildfires and storm damage in the nation's forests and beyond. Exacerbating these challenges is the under-management of significant areas of existing private woodland. We will continue to support bringing more woods into management over the next two years as part of building resilience, recognising that managing woodlands has to be financially viable for land managers.

Three additional tree pests and diseases became established in England in the 2014-23 ten-year period. This is the same as in the previous rolling ten-year period. There are now 408 pests identified as tree risks on the UK Plant Health Risk Register (UKPHRR), 15 (4%) of which have been assessed and are considered high priority as at 31 March 2025.

Also remaining steady are the number of pest and disease outbreaks being actively managed. There are four as at 31 March 2025; namely *Ips typographus* (the larger eight-toothed European spruce bark beetle), the Oak Processionary Moth (*Thaumetopoea processionea*), Sweet chestnut blight (*Cryphonectria parasitica*), and *Phytophthora pluvialis*. There is also longer-term pest and pathogen management (e.g. *Phytophthora ramorum*). The Forestry Commission's Plant Health Forestry team remains very active in disease management of existing pests and diseases in conjunction with the UK Plant Health service. It is ever vigilant in continuing inland surveillance of the treescape and pre-border and border activity at a Great Britain level to help minimise plant health risks associated with trade in wood and wood products.

Overall, regulatory compliance remains very good. Only 0.20% (2023-24: 0.23%) of known tree felling in woodland was carried out without a Forestry Commission granted felling licence in the year to 31 March 2025. Our national Enforcement team, in partnership with our five Area teams, investigated more cases of illegal felling (52 cases referred for investigation verses 23 the preceding year), with significant fines issued by the courts.

The total of all woodland that is sustainably managed in England as at 31 March 2025 has dropped fractionally to 57%, with 49% of woodland outside the nation's forests being sustainably managed. Applications for Woodland Management Plans covered over 43,000 hectares in 541 separate plans in 2024-25 and we exceeded our target for the year to review 500 Plans. This is about 10% more than the ca. 39,000 hectares in 585 plans in 2023-24, and greater than work achieved in the previous two years.



# Forestry Commission

For the government to reach its many objectives for net zero, nature recovery and biodiversity there is a need to manage existing woodlands to improve their long term resilience in the face of climate change. The Forestry Commission's Woodlands into Management Forestry Innovation Fund continued this year to stimulate the development and testing of new ideas that can help improve the ecological condition of woodlands and their resilience, via increased demand for wood and increased levels of woodland management. However, for many land managers managing woodlands remains challenging to be economically viable in comparison to other land uses.

This goal supports the UN SDGs '12, Responsible Consumption and Production', '13, Climate Action' and '15, Life on Land'.

Key Outcome	Performance indicators
<b>Sustainably managing more of England's woods and forests</b>	<ul style="list-style-type: none"> <li>Percentage of woodland in England that is sustainably managed</li> <li>Total area of the Nation's Forests managed by Forestry England</li> <li>Nation's Forests managed by Forestry England certified to UKWAS</li> </ul>
<b>Protecting trees from pests, diseases and invasive species</b>	<ul style="list-style-type: none"> <li>Border inspections undertaken</li> <li>Number of regulated pests and pathogens intercepted at the border</li> <li>Number of regulated pests and pathogens identified during surveillance</li> <li>Number of regulated pests and pathogens eradicated or contained</li> </ul>
<b>Preventing illegal felling of trees in England</b>	<ul style="list-style-type: none"> <li>Number of Alleged Illegal Felling (AIF) reports received in last 90 days</li> <li>Number of AIF investigations completed in last 90 days</li> </ul>
<b>Government targets and commitments</b>	
Protecting and improving our woodland resource is an area where the government has international obligations, including the "30 by 30" pledge to protect 30% of land for nature by 2030. Sustainable management of woodland and biosecurity measures are set out in: <ul style="list-style-type: none"> <li>Environmental Improvement Plan 2023: Goal 9. Enhancing biosecurity</li> <li>Environmental Improvement Plan 2023: Goal 6: Using resources from nature more sustainably</li> <li>Plant Biosecurity Strategy for Great Britain 2023</li> </ul>	

## Better managed woodland, protected and improving



**57%**

Proportion of  
woodland in England  
sustainably managed  
at 31 March 2025



**1**

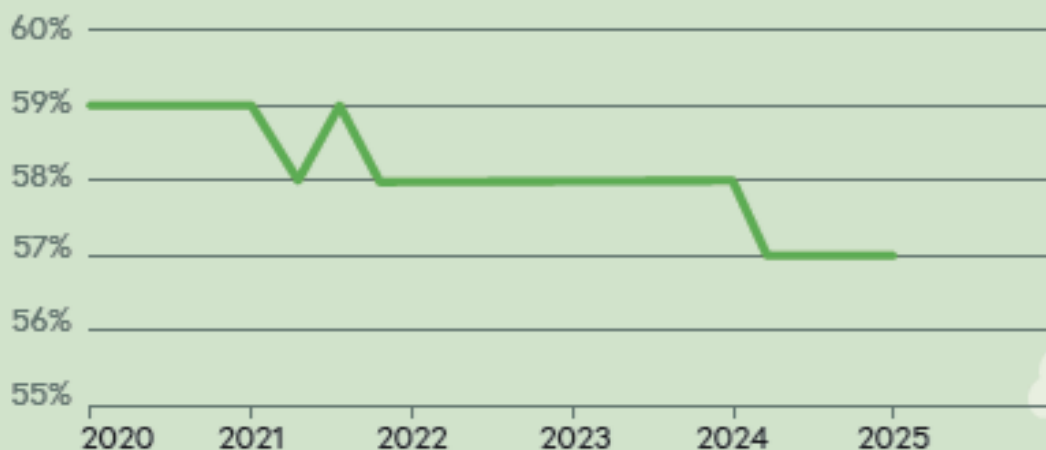
Number of additional  
tree pests and diseases  
becoming established in  
England since 2020



**0.20%**

Percentage of known  
tree felling in England  
carried out without  
Forestry Commission  
approval

## Proportion of woodland in England sustainably managed



# Forestry Commission



The Forestry Commission is playing a leading role in mainstreaming natural capital approaches through our work. At the same time we will continue to support the governments endeavour on prioritise growth. The gross added value of the forestry sector is valued at £638 million in England underscoring its powerful contribution to the economy and highlighting its untapped potential as a cornerstone of sustainable growth, climate resilience, and rural prosperity. Over the last year we continued to build the evidence base and created strong partnerships to drive future investment in creating and managing woodland. Nature is in decline and many people are struggling with their physical health and mental well-being. We have taken action to make trees, woods and forests more impactful for people and nature, contributing to the Environmental Improvement Plan goals and to improving the health of the nation.

We continue to improve the connection between people and trees and woodland by improving the quantity, quality, and permanency of access to woodlands. This work builds on previous commitments to improve public access to woodlands and also supports the Environmental Improvement Plan (2023) target of everyone having access to nature within a 15-minute walk. The latest estimates show that 31% of adults in England visited a woodland or forest in 2023-24, no change from 2022-23. These results are from Natural England's People and Nature Survey.

Access to woodlands is supported by a number of projects and many of these are already underway. There is also a related significant GB research programme being commissioned through Forest Research. During 2024-25 we published new gov.uk pages for land managers managing access in woodlands, which included new guidance on managing dogs in woodlands. We also commissioned research to better understand the health values of different types of physical activity in woodlands, and to look at access mitigation measures to manage people in ancient woodlands. This latter work will inform future guidance to land managers. We have also updated and collated new data (Woods for All) to inform our understanding of how much access already exists to allow us to target areas of deficit to create new accessible woodlands and to identify and improve connections between woodlands.

Our England Woodland Creation Offer (EWCO) is also providing additional financial support to landowners who newly plant woodland including public access. EWCO schemes which create new public access are also linking up with existing public rights of way and land access. This includes incorporating existing access rights within the design of the new woodland. Countryside Stewardship provides additional financial support to landowners who choose to offer permissive access within existing woodlands in management.

We have also worked with key construction stakeholders, including the Green Construction Board, Construction Leadership Council, House Building Federation, and



# Performance report

Federation of Master Builders to develop the 2025 Timber in Construction Roadmap, and have launched an Impact Fund to leverage private finance into new natural capital markets for carbon, water quality, biodiversity, natural flood alleviation and other ecosystem services.

Other highlights include work on forestry skills, including publishing the Forestry Sector Skills Plan for England, recruiting a second cohort of Professional Forester degree-apprentices, and with ICF, launching Springpod a virtual work-experience platform for schools.

This goal supports the UN SDGs '3, Good Health and Wellbeing', '8, Decent Work and Economic Growth', '11, Sustainable Cities and Communities' and '13, Climate Action'.

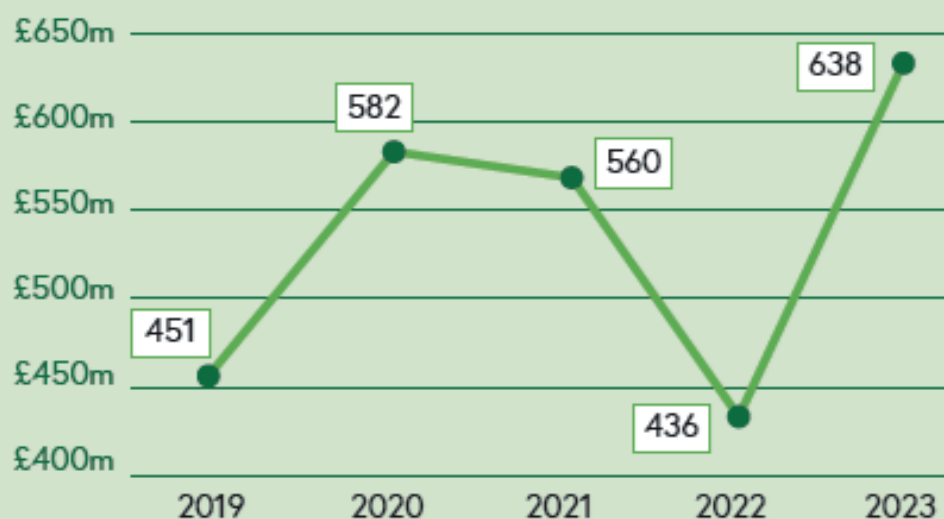
Key Outcome	Performance indicators
<b>Enhancing the natural capital of trees, woods and forests</b>	<ul style="list-style-type: none"> <li>Total natural capital of the nation's forests held by Forestry England</li> </ul>
<b>Making woods and forests work for nature</b>	<ul style="list-style-type: none"> <li>Area of grant-supported woodland where SSSI condition is improving</li> <li>Hectares of restoration of plantations on ancient woodland sites (PAWS) and of open habitat in woodland in England.</li> <li>Area of SSSIs in the nation's forests with actions underway to achieve favourable condition</li> </ul>
<b>Making woods and forests work for tackling the climate crisis</b>	<ul style="list-style-type: none"> <li>Number of woodland creation projects with validated/verified WCUs</li> </ul>
<b>Making woods and forests work for people and communities</b>	<ul style="list-style-type: none"> <li>Area of grant-supported new woodland with access rights</li> <li>Number of visits per annum to the nation's forests managed by Forestry England</li> <li>Number of volunteer hours in the nation's forests</li> </ul>
<b>Making woods and forests work for the economy</b>	<ul style="list-style-type: none"> <li>Sustainable volume of timber brought to market by Forestry England as stated in annual sales plan</li> <li>Number of people supported via the Forestry Training Fund securing employment in forestry</li> </ul>

Environmental Improvement Plan Goals and related targets
<p>Relevant to the government's approach to monitoring and evaluating progress on the Environmental Improvement Plan, which takes a Natural Capital approach.</p> <ul style="list-style-type: none"> <li>Goal 1: Thriving plants and wildlife. Restore or create more than 500,000 hectares of wildlife-rich habitat by 2042, alongside our international commitment to protect 30% of our land and ocean by 2030</li> <li>Goal 7: Mitigating and adapting to climate change. A UK-wide legally binding target of net zero emissions by 2050, including carbon budgets 4, 5, and 6 from 2023 to 2037</li> <li>Goal 10: Enhancing beauty, heritage and engagement with the natural environment. Work across government to fulfil a new and ambitious commitment that everyone should live within 15 minutes' walk of a green space.</li> <li>We will also connect the benefits of trees and woods to policy agendas in Health and Social Care, Energy Security and Net Zero and Science, Innovation and Technology.</li> </ul>

## Bigger benefits for nature, climate, people and the economy



## Gross Value Added from domestic forestry



## Issues and risks

Many important issues and risks affect the delivery of the Forestry Commission's objectives.

## Ambitious tree targets

An ambitious tree-planting programme is required to achieve the statutory target to increase tree canopy and woodland cover to 16.5% of land area by 2050, necessitating planting rates that have not been reached in the past 50 years. The Forestry Commission is working together with partners to ensure there are sufficient resources, and a sufficiently trained workforce and landowner engagement. The scale of the challenge should not be underestimated. The statutory target for increasing tree canopy cover sits alongside other Environment Act targets, establishing 50,000 hectares of wildlife-rich habitat by 2042 which aligns with the UK's COP commitment to protect 30% of land for nature by 2030 (30 x 30). There is a risk of opposition to widespread woodland creation, and it is important to identify mutually compatible ways to achieve both woodland expansion and nature recovery whilst protecting both food and timber security. We also recognise the pivotal contribution of woodland creation to the wildlife-rich habitat target.

Woodland creation is a permanent land use change, and landowners need to be persuaded about the long-term financial benefits of growing woods. The current economic model for woodland creation is not compelling enough for landowners to achieve overall planting targets.

Whilst continued progress has been made this year through our flagship grant, EWCO, and through the woodland creation fast track offer, more needs to be done to achieve this ambitious target. The Forestry Commission will continue to work with its stakeholders to promote tree planting by creating parity with other land incentives, and securing green finance opportunities.

## Uncertainty of future funding

Against the backdrop of the global shocks of trade tariffs, the Russia invasion of Ukraine, and the cost of the pandemic, the economic outlook for the nation is challenging. Whilst government will prioritise its limited resources against competing objectives, if insufficient resources are provided to the Forestry Commission in the 2025 Spending Review we will fail to deliver the goals set out in our 5-year Strategy.

Furthermore, without the underpinning confidence of the level of funding that will be provided into the medium term, decision making today will further impact the Forestry Commission's ability to deliver positive progress against ambitious tree targets.

Whilst Phase 1 of the Spending Review has secured sufficient funding for Forestry Commission programmes, there is a high level of uncertainty over the sustainability of funding beyond 2025-26. When this is added to an erosion of core funding over the past 10 years, a shortfall may result which could threaten the Forestry Commission's ability to deliver statutory functions, meet statutory targets, and wider Government objectives.

The Forestry Commission has made its case in the recent Spending Review, highlighting the tangible difference it makes in the sector, whilst showcasing its ambition in the years ahead. The year 2025-26 can commence with a level of certainty, noting that reductions in temporary staff to meet lower budget allocations will hamper the ability further to meet planting targets. The level of funding provided in Phase 2 (2026-27 onwards) remains unclear; however the Forestry Commission expects that further challenging savings will be required against the backdrop of the need to reduce the cost to serve activities in Government.



# Forestry Commission

Greater freedoms for Forestry England to generate new income streams through the Planning and Infrastructure Bill are being sought. This proposal will grant new powers to the Commissioners to use and permit the use of forestry land for the generation, transmission, storage, and supply of electricity from renewable sources. This is an opportunity to bolster renewable energy production and contribute to climate targets. Whilst this income stream will assist in the long term, a combination of challenging economic conditions, high inflation including pay inflation, and reducing government funding means that Forestry England's financial position remains insecure in the medium term. The Forestry Commission and Defra will continue to explore new approaches for how Government funds are provided in support of Forestry England and its work delivering the government's ambitions for access to nature, timber security and nature recovery.

## Retention and recruitment of expertise

In order to retain and recruit the required expertise to deliver Forestry Commission priorities, a change to the pay structure is required. The Forestry Commission is losing valuable skills as a result of better pay and progression for comparable roles elsewhere. It is notable that both Scottish and Welsh governments pay more for the same skills in the forestry sector. This pressure on staff is increasing with the current economic climate and uncertainty on the future of woodland creation.

Management worked in concert with unions to create a pay strategy to maximise the 5% pay award this year. All staff received an above inflation pay rise and more than 80% of staff received a consolidated pay increase of 4.4% or more. For our lowest paid staff, all were paid above the National Living Wage increase. Whilst progress has been made to improve its 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.

We are continuing the robust in-year management of vacancies, noting the uncertainty of funding beyond March 2026. We have continued the delivery of the Professional Manager Programme and have successfully introduced a Senior Leadership Programme this year to retain current staff and encourage individuals to progress to other roles within the Commission. Applications for the various graduate entry and technical apprenticeship schemes run by the Commission remain significantly oversubscribed. The Forestry Commission continues to work on maintaining the Forestry Commission's wider offer and attractiveness as an employer.

## Our changing climate

There is a risk that without sufficient action to mitigate the effects of our changing climate and related biosecurity risks, and to adapt to changes already underway, trees and woodlands will fail to deliver the full range of benefits, such as carbon sequestration, improved biodiversity and social factors to the nation. The nation requires resilient forests to resist pests and diseases from overwhelming our response capability, which would result in significant damage to trees in the public and private sectors, and economic and natural capital losses as well as reputational harm. The Forestry Commission continues to work as part of the UK Plant Health Service to manage and mitigate against a number of serious risks highlighted in the UK Plant Health Risk Register, including working to deliver the GB biosecurity strategy with Defra and the UK Plant Health Service.

## Management of Grants

The increasing volume of approved woodland creation grants focuses the need to adequately manage our grants procedures and processes. Without management action, there is a risk that frictions which may prevent delivery of our goals remain. The ongoing, staged deployment of our internal Grant Management System last year remains a critical dependency for the Forestry Commission's successful delivery of the Nature for Climate Fund programme target, on a pathway to achieving the long-term statutory target for tree canopy and woodland cover. Failure to fully roll out this programme will have detrimental operational and reputational impact. There remains good compliance with the Government functional standard for grants with ongoing engagement with Cabinet Office and Defra Group forums on grant management. Looking ahead, we anticipate continuing to partner with Defra's customer enabling group to exploit opportunities to improve the EWCO application process in order to boost customer satisfaction, uptake, and operational effectiveness.

The Forestry Commission is working hard with our stakeholders to robustly challenge and strengthen our procedures, ensuring that we minimise the risk against fraud, error and irregularity to demonstrate value for money for the taxpayer. Details on the growth in grant value is on page 25 and 86.

## Performance analysis

Our complete range of key performance indicators (KPIs) for Forest Services are published on [www.gov.uk](https://www.gov.uk).

Some key indicators are reported here; together they show our contribution to expanding, protecting, improving and connecting trees and woodlands in England. The indicators reflect our strong commitment to play our part in supporting the delivery of the Government's plans as set out in the Environment Act 2021 and Environment Improvement Plan. The indicators enable monitoring of our key aspirations to plant more trees and increase the area of woodland in England. They also help us monitor progress in bringing more woodlands into management and protecting our treescape from pests and diseases.

# Forestry Commission

## Current tree pests and pathogens



### Chalara Ash dieback (*Hymenoscyphus fraxineus*)

This is present in most parts of the United Kingdom and continues to spread. The Forestry Commission continues to provide guidance, advice and support to landowners to aid management operations via the Tree Health Fund. This pathogen is under official border controls.



### Ramorum Disease (*Phytophthora ramorum*)

Ramorum disease is a highly destructive, algae-like organism which has been found in most regions of the United Kingdom, but it is more often reported in wetter, western regions. This pathogen is under official control (eradication and containment).



### Sweet chestnut blight (*Cryphonectria parasitica*)

Surveillance has continued across England to determine the extent of the disease, with a view to removing infected trees where possible. There have been no significant new findings of the disease in the last year, and ongoing monitoring and management of sites is in place along with an extensive programme of research to inform longer term management actions. This pest is under official controls (eradication and containment).



### Oak Processionary Moth (*Thaumetopoea processionea*)

The Oak Processionary Moth (OPM) was first identified in London in 2006. The caterpillars of OPM infest oak trees, eating their leaves and weakening the tree making it vulnerable to other threats. OPM are also a hazard to human and animal health as their hairs can cause itchy rashes, eye and throat irritations. This pest is under official control (eradication and containment).

# Performance report



## Eight-toothed European spruce bark beetle (*Ips typographus*)

The eight-toothed European spruce bark beetle is a destructive pest that affects spruce and some other conifer trees. If unchecked this pest poses a serious risk to UK's spruce-based forestry and timber industries. This pest is under official control (Eradication).



## *Phytophthora pluvialis*

In 2021-22, the Forestry Commission identified the first finding of this pathogen in Europe, as well as the first reported finding on Western Hemlock. It is thought to have a limited known distribution and host range. It was first described in 2013 in the USA from mixed Tanoak and Douglas Fir forests in Western Oregon and is also present in New Zealand on Radiata Pine and Douglas Fir. The pathogen is reported as causing needle cast, shoot dieback, twig, and branch lesions. This pathogen is under official control (Eradication and containment).



# Forestry Commission

## Alleged Illegal Felling

The following are not Key Performance Indicators; however, we do track and report on the number of Alleged Illegal Felling (AIF) cases for the year:

Reports of alleged illegal felling figures continue their trend of rising in England, although as a proportion of legal felling activity they remain extremely low. While the absolute numbers of alleged illegal felling reports continue their upward trend, it is unclear whether this is a result of additional illegal activity, or whether tree felling controls have become more well known among the public owing potentially to high profile cases such as Sycamore Gap, or Plymouth and Sheffield City street trees which result in more reports being made to the Forestry Commission.

What is clear is that the number of felling licences that have been applied for and granted continues to rise, which keeps the proportion of felling which is alleged to have been illegal as a consistently small percentage of overall felling rates.

Inhouse Investigations	2024-25	2023-24
AIF reports in 2024-25	775	753
Restocking Notices issued	49	65
Enforcement Notices issued	43	44
Formal warnings issued	25	36
Active cases still pending a Forestry Commission decision	134	118
<b>Defra Counter Fraud and Investigation Services (DCFIS) referrals</b>		
Cases currently under investigation	72	39
Prosecutions	3	11
Formal cautions issued	0	0
Cases closed without action	4	2
Criminal investigations concluded with Crown Prosecution Service rejection	0	1

## Financial review

Following the Spending Review in 2021, the budget allocations provided for 2024-25 were set. This incorporated the Forestry Commission's contributions to the England Tree Planting Programme, Future Farming & Countryside Programme, and dealing with tree health pest outbreaks.

The Forestry Commission has continued to build on the successes of previous years and delivered positive financial and operational results, meeting our key corporate plan objectives. The overall business has grown again in the 2024-25 financial year with increases in staff numbers and grants provided to deliver services secured through additional funding. Balancing the Forestry Commission portfolio of outcomes in 2024-25 has again been challenging however against the wider financial pressures cross-

# Performance report

government. For example, in Forest Services the operational budget for the 2025-26 financial year is reduced following the outcome of Phase 1 of the new Spending Review. This has led to a cessation of a number of temporary staff contracts in 2024-25 in order for our activities to be affordable in the coming year.

In addition, given the current point in the spending review cycle financial commitments for future years is unclear. Certainty on Spending Review outcomes in the coming months will hopefully enable longer term efficiency and effectiveness work to progress.

## Comparison with prior years

The following table describes the high level financial performance over the past 5 years:

<b>Consolidated</b>	<b>2024-25 £000</b>	<b>2023-24 £000</b>	<b>2022-23 £000</b>	<b>2021-22 £000</b>	<b>2020-21<sup>3</sup> £000</b>
Operating Income	(19,005)	(18,184)	(16,900)	(15,589)	(13,884)
Staff Costs	56,368	50,932	38,006	31,432	25,976
Other Operating Expenditure	150,957	123,906	76,018	71,060	47,176
<b>Net Operating expenditure</b>	<b>188,320</b>	<b>156,654</b>	<b>97,124</b>	<b>86,903</b>	<b>59,268</b>

Operating income is largely secured under the Memorandum of Understanding agreement for Forest Research. Forest Research has been successful in winning additional bids during the year which have led to the expansion of services across multiple research areas, resulting in increasing operating income again for 2024-25.

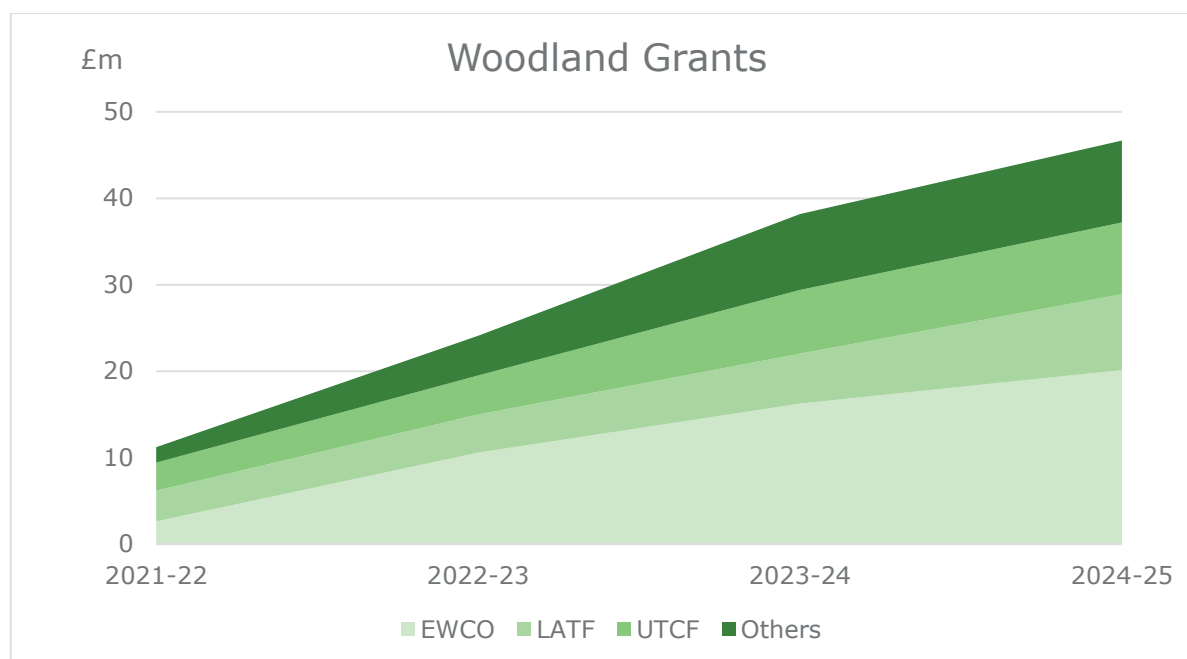
Staff costs have doubled in the Forestry Commission over the past 5 years (£26m to £56.4m). Despite not meeting the original recruitment targets for 2024-25 set in SR21, staffing costs increased again by 11% (an increase of £5.4 million over 2023-24 levels) in order to meet the challenging targets set by the Nature for Climate Fund and increases in Research and Development activities relating to Forest Research.

Other Operating Expenditure is largely made up of woodland creation grants and direct funding to Forestry England. Since the inception of NCF funding, these costs have witnessed a three-fold increase over the past 5 years (£47.2m to £151m) reflecting the improving level of woodland creation across England. This area has increased again by £27 million over the prior year. This is due in the main to increases to grants provided (woodland grants increased by 24%; some £9.1 million over 2023-24) as well as a £10.8m increase in direct Forestry England funding (totalling £60.6m).

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<sup>3</sup> Net Operating Expenditure increased from 2020-21 to 2021-22 by 47% largely to meet the Nature for Climate Fund related tree planting targets.

# Forestry Commission



The continued increase in Forestry England funding is as a result of Nature for Climate activities (such as freehold purchases for planting) as well as a number of one-off funding approvals for vital estate work/vehicle replacements. This level of relief will continue in 2025-26 in order to assist Forestry England in meeting its current financial challenges, against difficult trading conditions as a Public Corporation.

Compared to the trend in previous years which witnessed large growth in Forest Services grant related activities, it is anticipated that continued levelling off in the next financial year will occur. Further recruitment activity is only expected to match the level of grant activity required to meet the steady state on delivering the range of targets incumbent on the Forestry Commission.

The balance sheet has been impacted in recent years by the large increases in accrued expenditure liabilities relating to a number of our woodland creation grants. This is an expected outcome, underlining the successful take up of woodland creation grants by land managers. While these grants have resulted in a significant depletion of the reserves, the Forestry Commission is content that funding for these liabilities is covered within our 2024-25 budget and does not pose a risk to 2025-26 activity. The Forestry Commission will continue to deliver its statutory functions, such as woodland management, tree health protection, and forestry research and there is no indication that government support to fund our vital outcomes will cease. Cashflow and funding will therefore be made available to meet these liabilities in future years.

# Performance report

## Sustainability report

The Forestry Commission reports sustainability in line with the Greening Government Commitments and HM Treasury's Financial Reporting Manual requirements.

Forestry England, Forest Services and Commissioners' Office provide combined reporting against Greening Government Commitments (GGC). Forest Research report their GGC commitments separately, but their results are combined below with Forest Services and Commissioners' Office data in our performance summary against the GGC below.

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, to which we are endeavouring to re-gain certification.

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.

Emissions By Source and Scope (tCO2e)						
		2024-25	2023-24	2022-23	2021-22	2017-18
		Actual	Actual	Actual	Actual	GGC B/L
<b>Scope 1 - Direct emissions</b>	<b>tCO2e</b>	<b>716</b>	<b>599</b>	<b>506</b>	<b>404</b>	<b>237</b>
Built estate	tCO2e	156	162	286	259	-
Natural Gas	tCO2e	156	162	283	259	-
Heating Oil	tCO2e	-	-	3	-	-
F-Gas	tCO2e	94	14	3	23	-
Fleet vehicles (includes company cars)	tCO2e	466	423	217	123	237
<b>Scope 2 - Energy indirect emissions</b>	<b>tCO2e</b>	<b>373</b>	<b>330</b>	<b>292</b>	<b>266</b>	<b>520</b>
Location-based	tCO2e	345	307	277	272	528
Market-based	tCO2e	29	25	24	5	-
On site renewable energy generation	tCO2e	(1)	(2)	(9)	(12)	(8)
<b>Scope 3 - Other indirect emissions (where measured)</b>	<b>tCO2e</b>	<b>461</b>	<b>537</b>	<b>453</b>	<b>206</b>	<b>-</b>
<b>Business Travel</b>	<b>tCO2e</b>	<b>461</b>	<b>537</b>	<b>453</b>	<b>206</b>	<b>-</b>
Personal car	tCO2e	169	156	180	136	-
Hire car	tCO2e	189	183	157	51	-
Domestic Flight	tCO2e	30	84	44	10	-
International Flight	tCO2e	39	71	47	4	-
Rail-National	tCO2e	33	41	24	6	-
Taxi-Regular	tCO2e	1	2	1	-	-



# Forestry Commission

Consumption by source						
		2024-25	2023-24	2022-23	2021-22	2017-18
<b>Scope 1</b>						
Natural Gas	kwh	855,130	966,465	1,547,913	1,414,920	1,355,120
	£000	68	60	66	47	40
Heating Oil (Burning Oil)	kwh	-	-	10,630	-	6,426
	£000	-	-	1	-	0
Fleet vehicles (includes CAPES leased vehicles)	km	2,133,458	2,522,637	1,408,838	869,308	2,024,558
	£000	454	11	54	283	288
F-Gas	kgCO2e	31	11	2	-	-
<b>Scope 2</b>						
Electricity - green tariff	kwh	1,591,756	1,456,197	1,314,507	1,180,249	1,101,095
	£000	504	381	289	197	151
Renewable generation	kwh	5,080	-	42,915	43,674	24,115
<b>Scope 3</b>						
Non fleet road vehicles (personal and hire car)	km	2,112,092	2,599,632	1,983,176	1,102,709	-
	£ 000	452	533	481	163	-
Personal car	km	1,063,245	1,684,055	1,159,378	792,674	-
	£000	280	328	297	107	-
Hire car	km	1,048,847	915,577	823,797	310,035	-
	£000	172	205	184	56	-
Public transport	km	1,695,035	1,421,713	1,130,291	224,359	-
	£000	395	404	194	62	-
Light rail / Tram	km	779	2,102	686	200	-
	£000	1	1	0	0	-
London Underground	km	3,327	3,537	2,256	351	-
	£000	2	1	1	0	-
Taxi	km	8,732	9,552	2,568	1,520	-
	£000	13	17	5	2	-
Bus	km	14,786	6,433	1,542	500	-
	£000	5	4	1	0	-
Ferry	km	943	2,237	2,021	412	-
	£000	2	5	2	1	-
Domestic Flight	km	202,214	206,828	180,373	40,424	-
	£000	39	80	48	11	-
International Flight	km	420,138	259,888	266,408	22,185	-
	£000	32	28	29	3	-
Rail-National	km	1,044,116	930,724	674,438	158,768	-
	£000	301	267	108	44	-
Rail International	km	-	412	-	-	-
	£000	-	1	-	-	-

# Performance report

Waste (excl sewage) total	tonnes	702	175	119	76	72
	£000	109	89	42	33	219
Recycled	tonnes	672	167	111	69	60
Incinerated with energy recovery	tonnes	5	3	5	0	-
Incinerated without energy recovery	tonnes	-	2	-	-	-
Landfill	tonnes	23	1	1	1	12
Hazardous	tonnes	2	2	2	7	-
Sewage	tonnes	527	531	461	451	-
Water consumption - total	m3	11,774	12,863	13,358	7,146	32,279
	£000	39	33	30	11	33
Mains	m3	11,774	12,863	13,358	7,146	13,725
Office	m3	2,355	2,573	2,672	1,429	2,745
Non office	m3	9,419	10,290	10,686	5,717	10,980
Paper use	reams	347	295	288	200	940

<b>Total estate energy (all scope 1 &amp; 2 energy)</b>	kwh	2,441,806	2,422,662	2,830,135	2,551,495	2,438,526
<b>Total energy for heat from fossil fuel (gas and oil)</b>	kwh	855,130	966,465	1,558,543	1,414,920	1,361,546

There were no reportable environmental incidents in 2024-25.

## Overview

The Forestry Commission works with others to enable sustainable forest and land management and to manage its own environmental impacts, whether as a tenant or landlord. Prior year comparison figures include buildings and sites that were part of our Central Services function. Core Forestry Commission does not independently occupy any buildings, so building related consumption is recorded by building landlords and not apportioned by use. Much of this space is provided in Forestry England buildings; the sustainability data of this occupation is included in Forestry England's reports and not currently segregated. Forest Research data are included in this report.

## Sustainability strategy

The Forestry Commission Executive Board continue to support sustainability across our functions.

In 2024-25 we have focused on;

- increasing awareness and uptake of the Woodland Carbon Code
- working through transition to ISO 14001-2015 standard and re-certification
- cooperating with Forestry England to produce a net zero strategy which sets out how we will achieve Forestry England's net zero ambition.
- reducing energy needs from fossil fuel derived sources and supporting sustainable wood fuel and renewable energy in the rural sector

# Forestry Commission

## Cooperation and governance

The Forestry Commission cooperates with others where buildings are shared to enable them to report on greenhouse gas emissions, waste management and use of resources as required by government reporting and regulatory requirements.

Sustainable business in core Forestry Commission is overseen by the Director of Estates and the Sustainable Business team in Forestry England. They are responsible for formulating and championing the Forestry Commission's environmental policy and delivery through our integrated EMS.

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. Growing the Future set an ambition to reduce greenhouse gas emissions on our way to being net-zero by 2030. We continue to strive for net zero and have now set a target to achieve operational net zero by 2040.

## Performance against Greening Government Commitments 2021-2025

Forestry England and Forest Services and Commissioners' Office provide combined reporting against Greening Government Commitments (GGC). These figures are taken from 2024-25 and are reported against a 2017-18 baseline.

The evaluation of Forestry England's, Forest Services' and the Commissioners' Office's combined performance on each of the commitments is as follows:

## Mitigating climate change: working towards Net Zero by 2050

Consideration of climate change impacts is embedded all governance and key decisions made by the Forestry Commission, it is also considered in performance management.

- The organisation has invested in a mix of renewable energy generation and energy storage at 15 sites, reducing our future operational emissions
- Construction of a new seed processing centre in Lobsack and an operations yard at Haldon have also received investment in sustainability and energy efficiency measures
- In order to support the transition of our fleet the organisation have installed a further 45 EV charging points
- This year our overall emissions have decreased. The organisation's emissions have reduced 32% against the baseline year of 2017, against a 50% reduction target by 2025
- There have also been reductions in direct emissions reported from our buildings and forest operations, a 31% reduction against baseline, against a 15% reduction target by 2025
- The organisation has also managed to reduce the number of domestic flights in line with the 30% target
- Our use of fleet remains a significant contributor to the organisation's direct scope 1 emissions. Getting our fleet to zero emissions by 2027 remains a challenge. We remain operationally reliant on road transport and are working with the challenges of sourcing appropriate vehicles as well as the electricity grid capacity
- Investment in evolving our fleet to ultra-low and zero emissions vehicles where operationally possible is ongoing. The percentage of ultra-low emissions vehicles is not currently reported.

# Performance report

## Minimising waste and promoting resource efficiency

The organisation is managing to reduce the volume of waste it produces, with a >60% reduction against the baseline year of 2017. Efforts have been taken to improve our recycling rate and reduce waste sent to landfill in order to meet government targets by 2025. The latest data shows our reporting rate is now at 40% and waste sent to landfill represents 9% of all waste.

Although sewage waste is not included within the reporting requirements for GGC it remains a significant waste stream for the organisation.

We continually monitor the use of Consumer Single Use Plastics (CSUPs) and source alternative products where these are available. Paper use across our office estate is measured and has reduced by 46% against the 2017-18 baseline.

Addressing a need for improved sustainability within our corporate clothing contract, any unwanted or worn-out branded clothing is now returned to the supplier for re-use as biofuel.

## Reducing our water use

Despite a target to reduce water by 8%, water use across the Forestry Commission has increased and is now significantly up since our baseline year of 2017. To some extent this is due to improved reporting of water use, however the organisation is reviewing the water inventory and management systems to establish accurate usage and improve water management.

The scope of reported water does not yet include our indirect water use. This will be considered within the implementation of our net zero and environmental sustainability strategy, currently in development.

We are also yet to include within our reporting the purchase of licences for water use. This has been captured in our improvement plan for future reporting.

## Procuring Sustainable products and services

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. These include using fresh, local, and ethically sourced ingredients, reducing food miles, packaging, waste and increasing composting and recycling.

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 to increase the recycling of signs.

This year, as part of the work to develop our net zero strategy, the Forestry Commission has 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



# Forestry Commission

of the supplier survey and analysis of emissions associated with our purchased goods and service will inform how we engage with suppliers to deliver our net zero strategy.

## Nature recovery and biodiversity action planning and adapting to climate change

The Forestry Commission 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. In January 2025, we published our fourth Adaptation Reporting Power report, which provides an updated assessment of risks to our functions and a programme of measures to address those risks.

We are also 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 Task Force on Climate-Related Financial Disclosures (TCFD) reporting requirements to create an integrated delivery and reporting model going forwards.

## Reducing environmental impacts from ICT and Digital

The Forestry Commission Information Technology 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 IT and technology architecture solutions with sustainability principles in mind. It has key focus areas, with links to the wider aims of the Defra, Greening Government: ICT and digital services strategy and the 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).
- 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.

## Reporting Requirements from the Task Force on Climate-Related Financial Disclosures

The Forestry Commission is currently aligned against the TCFD reporting requirements under Phase 2. 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

# Performance report

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 'Thriving for the Future' (2023-28) strategy which prioritises climate action. 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 development of our 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, which is currently in development. 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.

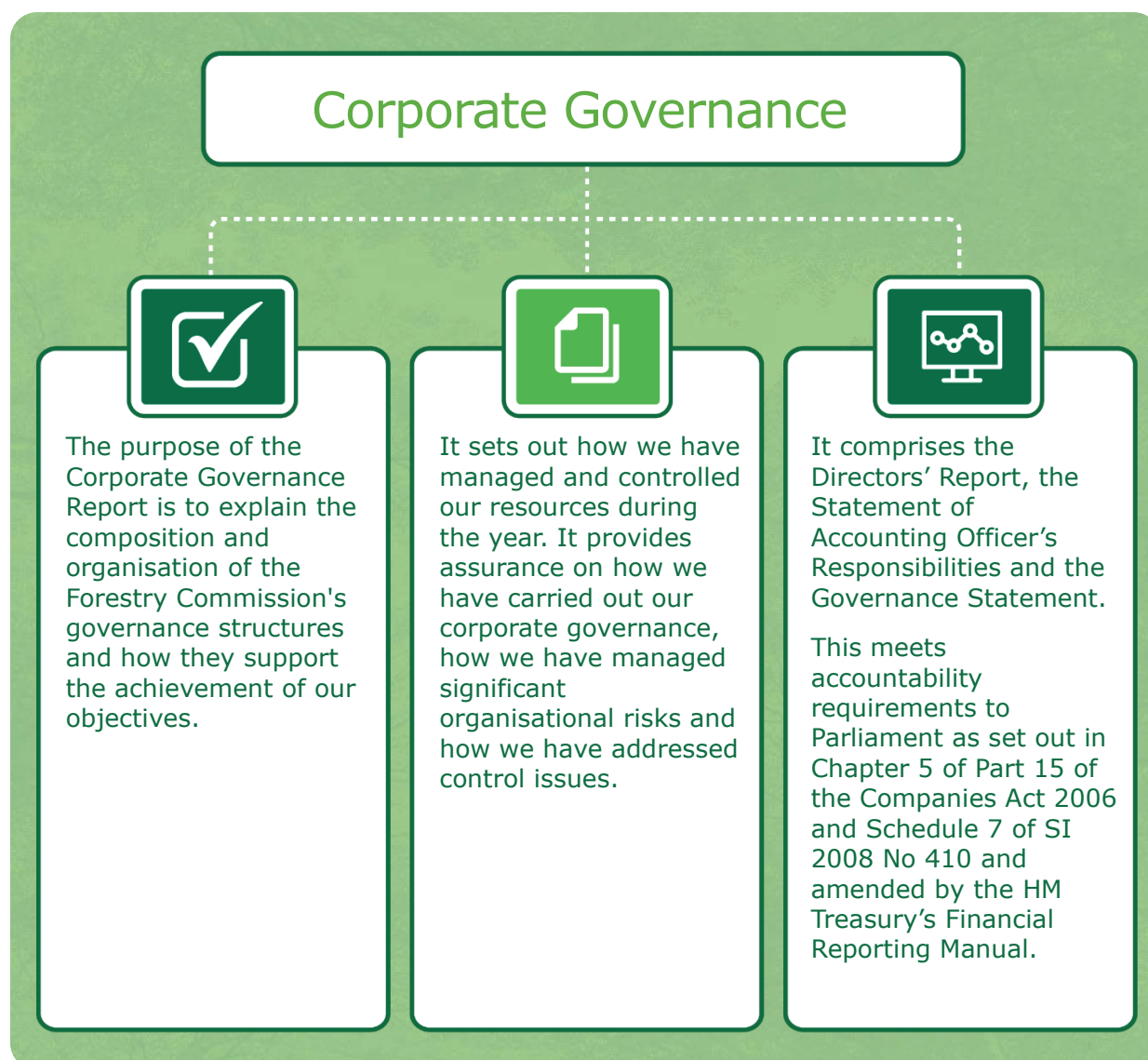
A handwritten signature in black ink, reading 'Richard Stanford'.

Richard Stanford CB MBE  
Accounting Officer  
Forestry Commission

9 July 2025



Section two  
**Accountability report**



## Directors' report

### Relationship with Defra and the wider Defra group

Defra ministers who had responsibility for the Forestry Commission during the year were:

- Steve Barclay MP, Secretary of State until 5 July 2024
- Steve Reed OBE MP, Secretary of State from 5 July 2024
- Rebecca Pow MP, Parliamentary Under Secretary of State until 5 July 2024
- Robbie Douglas-Miller OBE, Parliamentary Under Secretary of State for Biosecurity, Marine and Rural Affairs until 5 July 2024
- Mary Creagh CBE MP, Parliamentary Under Secretary of State for Nature from 18 July 2024



Our Board



Sir William Worsley

Chair



Neil Sachdev

Non-Executive Commissioner



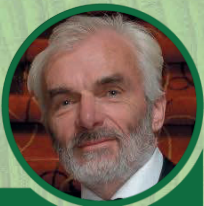
Jennie Price

Non-Executive Commissioner



Peter Latham

Non-Executive Commissioner



Jo Bradwell

Non-Executive Commissioner



Hilary Allison

Non-Executive Commissioner



Sandy Storrie

Non-Executive Commissioner



Ross Murray

Non-Executive Commissioner



Richard Stanford

Executive Commissioner

# Accountability report

Julia Grant served as a Non-Executive Commissioner on the Board of Commissioners until the end of her contract on 31 October 2024: she was replaced on 1 December 2024 by Neil Sachdev.

From 1 April 2025 Kate Cheetham has been appointed for a three year term as a Non-Executive Commissioner.

## Chair and Chief Executive

The Chair of the Forestry Commission, Sir William Worsley, has been in post since 10 February 2020. Richard Stanford, Chief Executive Officer was appointed senior executive officer within the Forestry Commission on 9 August 2021.

## Significant interests held by Board members

A register of interests of all Board members is maintained by the Forestry Commission and published on [www.gov.uk](http://www.gov.uk).

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

## Personal data related incidents

There were no protected personal data related incidents reported for the Forestry Commission in 2024-25 (2023-24: nil).

## Supplier payment policy

The Forestry Commission complies with government's better payment practice code. Unless otherwise stated in the contract, we aim to pay within five days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. In 2024-25 96.8% (2023-24: 95.9%) of invoices for core Forestry Commission and 97.3% (2023-24: 98.5%) of invoices of the Forestry Commission including Forest Research were paid within the statutory 30 days or agreed due date. Arrangements for handling complaints on payment performance are notified to suppliers in contracts.

During the year no late payment interest and charges were incurred (2023-24: £10.36).

## Auditors

The Forestry Commission's accounts are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The audit fee was £108,000 (2023-24: £55,000). In addition, the notional fee for the audit of the Forest Research Agency was £66,450 (2023-24: £50,750). These fees may be subject to increase due to additional work performed on grants. No fees were charged for other services (2023-24: nil).

## Disclosure of audit information to the auditors

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

## Statement of Accounting Officer's responsibilities

Under Section 5, subsection 7 of the Government Resources and Accounts Act 2000, HM Treasury has directed the Forestry Commission to prepare accounts for each financial year. The accounts are prepared on an accruals basis and must give a true and fair view

# Forestry Commission

of the state of affairs and of the income and expenditure, changes in taxpayers' equity, and cash flows of the department for the financial year.

The Chief Executive, Forestry England has been designated by the Forestry Commission Chief Executive Officer as Accounting Officer for that part of the department's accounts relating to the Agency's activities and the associated assets, liabilities and cash flows. Furthermore, the Chief Executive, Forest Research has been designated by the Forestry Commission Chief Executive Officer as Accounting Officer for that part of the department's accounts relating to the Agency's activities and the associated assets, liabilities and cash flows. None of these appointments detract from the Forestry Commission Chief Executive Officer's overall responsibility as Accounting Officer for the department's accounts. The relationship between the Accounting Officers, together with their respective responsibilities, is set out in the Defra/Forestry Commission framework document.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis and prepare the annual report and accounts so that they are fair, balanced and understandable
- state whether applicable accounting standards as set out in the government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

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

The Accounting Officer is required to confirm that the annual report and accounts as a whole are fair, balanced and understandable, taking personal responsibility for the judgements required to ensure this.

## Governance statement

### Introduction and scope of responsibility

Richard Stanford has been appointed by the Principal Accounting Officer of Defra as Accounting Officer for the Forestry Commission. The Accounting Officer's financial responsibilities mirror those of the Principal Accounting Officer. He has responsibility for ensuring that the Forestry Commission's business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively in accordance with Managing Public Money.

This Statement covers the Forestry Commission, comprising Forest Services and the Commissioners' Office, and fully complies with the Corporate Governance Code where relevant and applicable to the Forestry Commission. In addition, our agencies Forestry England and Forest Research publish separate Governance Statements within their Annual Reports.

## The purpose of the governance framework

The Corporate Governance Code for central government comprises the systems and processes, and culture and values, by which 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 the delivery of appropriate, cost-effective outcomes which are also compliant with the law and with policy.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Forestry Commission's policies, aims and objectives. Evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place at the Forestry Commission throughout 2024-25 up to the date of the production of the annual report and accounts, with the combined Forestry Commission Audit and Risk Assurance Committee (ARAC) operating from November 2020, and accords with HM Treasury guidance.

## The governance framework

The Forestry Commission is a non-ministerial government department and has a Royal Charter, dated 25 March 1920, which makes the entire organisation a single legal entity. It is headed by a Board of Commissioners. The Forestry Commissioners are appointed by Royal Warrant and may regulate their own procedure, under the provisions in the Forestry Act 1967.

The Forestry Act 1967 (as amended) and the Forestry Act 1979 set out the principal legislative framework within which the Forestry Commission operates. The Forestry Commissioners are established by statute and derive their powers primarily from the Forestry Acts but also from other legislation such as the Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999. Under the Plant Health Act 1967, the Commissioners are the competent authority for the protection of forest trees and timber from attack by pests and diseases.

The Forestry Commission activities in Scotland ceased in April 2019 on completion of devolution. The Forestry Commission activities in Wales became part of Natural Resources Wales in April 2013 and the Forestry Commission has never operated in Northern Ireland. However, some activities (Research and Plant Health) continue to be delivered cross border on behalf of the GB Devolved Administrations under a Memorandum of Understanding.

Only international forestry policy is reserved but the Forestry Commission continues to operate some cross-border functions, such as biosecurity at the UK border and forestry research, which are co-funded with the devolved administrations. Defra is responsible for forestry policy in England.

As required under section 2(3) of the Forestry Act 1967, the Commissioners have appointed a National Committee. However, no activities have been delegated to it and it is not expected to meet. They have instead, through administrative action, delegated relevant and appropriate functions to the sub-boards of the delivery arms of the Forestry Commission namely Forestry England, Forest Services and Forest Research. Officials

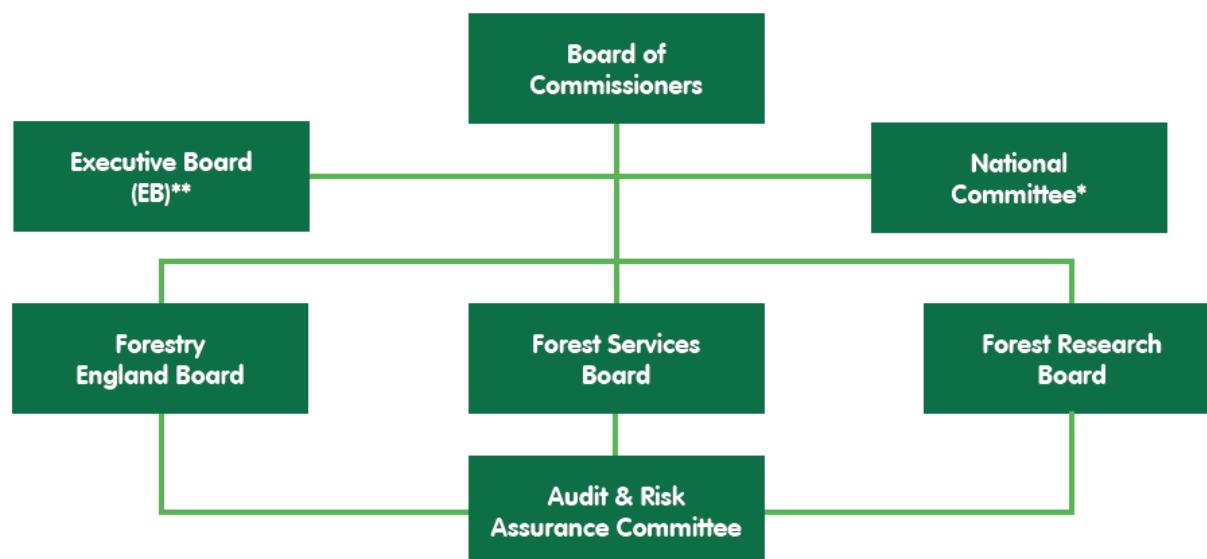


# Forestry Commission

from Defra and the Devolved Administrations act as members of the sub-boards where appropriate. Overall responsibility, however, remains with the Board of Commissioners.

## How we operate

The governance structure in operation throughout 2024-25 is outlined below and shows the most numerous interactions between the groups. Further information on the Forest Research Board and the Forestry England Board can be found in their respective Annual Report and Accounts.



\* Although the Board of Commissioners has appointed a National Committee, as required by the Forestry Act, no activities have been delegated to it and it is not expected to meet. The Board of Commissioners has instead, through administrative action, delegated relevant and appropriate functions to the sub-boards of Forestry England, Forest Services and Forest Research.

\*\* The Executive Board draws upon the executive leadership of all parts of the Forestry Commission to take strategic decisions on common issues.

## Forestry Commissioners

The Board of Commissioners consists of a chair and up to ten other members appointed by His Majesty the King or Her Late Majesty the Queen. Sir William Worsley has been Chair since 10 February 2020.

The Board of Commissioners met in April, July, October 2024 and March 2025.

Further information on the Board of Commissioners and their responsibilities is available on [www.gov.uk](http://www.gov.uk)

## The Forest Services Board

This Board is appointed by the Forestry Commissioners to enable them, 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 Plant Health Act 1967. The Board also provides leadership for Forest Services by supporting, guiding, constructively challenging, and directing the Forest Services executive team in the development and delivery of its strategy.

# Accountability report

The Forest Services Board will share information as appropriate with the Forestry England Board, the Forest Research Board and the Forestry Commission Executive Board, ensuring collaboration and cooperative working on matters that require decision, resolution or co-ordinated action across the Forestry Commission.

The membership of the Forest Services Board during 2024-25 was:

- Sir William Worsley, chair Forestry Commission
- Hilary Allison, non-executive commissioner
- Sandy Storrie, non-executive commissioner
- Ross Murray, non-executive commissioner
- John Lockhart, non-executive member
- Richard Stanford, executive commissioner and the Forestry Commission Chief Executive Officer
- Anna Brown, Director Forest Services
- Steph Rhodes, Forest Services Chief Operating Officer until 1 December 2024
- Derrick Osgood, Forestry Commission Director Finance and Corporate Governance
- Edward Barker, Defra Natural Environment Trees and Landscape Directorate

The Forest Services Board met in May, July, November 2024, January and March 2025.

Further information about the Forest Services Board, including membership, attendance and their main duties, are available on [www.gov.uk](http://www.gov.uk) and in the Forestry Commission framework document.

## The Forestry Commission Executive Board

The Forestry Commission Executive Board, which is chaired by the Forestry Commission Chief Executive Officer, has the shared purpose to champion forests and forestry in England and beyond. The Executive Board brings the executive leadership of all parts of the Forestry Commission together to take strategic decisions on matters where Forestry England, Forest Services and Forest Research can achieve more by taking a common approach.

The Forestry Commission Executive Board met in April, June, September, November 2024, January and March 2025.

Further information about the Forestry Commission Executive Board, including membership and attendance, are available on [www.gov.uk](http://www.gov.uk) and in the Forestry Commission framework document.

## Forestry and Woodland Advisory Committees

Forestry and Woodland Advisory Committees (FWACs) provide strategic advice, expertise and challenge to the Forestry Commission on implementing forestry and woodlands policy in England as well as advocating and championing forestry interests and woodland partnership working.

There are currently nine separate regional FWACs across England, each consisting of up to 11 individuals drawn from a range of sector interests. The term of office for FWAC Chairs and members is for a term of three years, although there is the possibility of reappointment for a further term subject to satisfactory performance.

Chairs and members are appointed as individuals and not as representatives of a particular organisation. While acting as an independent Chair or member, individuals are allocated to one of three main fields of interest that comprise the expert membership of the Committee: forest industry and land ownership; social, access and environment expertise; and local communities, economy and government interest.

# Forestry Commission

## William Robinson Gravetye Charity

For the first time these accounts disclose at (note 17, page 95) the [William Robinson Gravetye Charity](#) (Registered Charity 1136242). William Robinson was renowned for his wild and natural gardening, died in 1935 and bequeathed the freehold of his estate, the Gravetye Estate in West Sussex, in trust, to the nation. The trust property consists of cottages, farmland, agricultural buildings, lakes and a hotel and its substantial (240 hectares) of woodland.

## Audit and Risk Assurance Committee

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](http://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 2024-25

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



# Accountability report

- Medium-term horizon scanning (at each meeting)
- Review and scrutiny of risk management and controls
- Review and scrutiny of the 2023-24 ARAs
- Review and scrutiny of EA audit planning for the 2024-25 ARAs
- Oversight of IA reporting and planning, including:
  - Review of the IA Annual Opinion and Report for 2023-24
  - Review of IA reporting in-year for 2024-25, and the tracking of recommended management actions
  - Input to, and agreement of, the IA work plan for 2025-26
  - Endorsement of the IA Charter and Memorandum of Understanding for 2025-26
- Oversight of the ARAC's internal business programme, Terms of Reference and measures of effectiveness

Specific activities and matters considered in 2024-25 included:

- Data Protection
- Alignment with Cabinet Office Functional Standards
- Security, and specifically the ongoing matters related to the Departmental Security Health Check undertaken in August 2023
- Safeguarding, Complaints, Fraud and Whistleblowing.

ARAC Membership:

- Three Commissioners (two from October 2024 to March 2025)
- 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 & Landscape, Defra
- The Accounting Officers
- Senior Executives from across the Forestry Commission

During 2024-25 the ARAC met eight times. The four quarterly meetings (June, September, November, March) were supplemented by four additional meetings, first to consider matters arising from the valuation of the nation's forests, and then other issues regarding the ARAs of all three entities.

## Task Force on Climate-Related Financial Disclosures

The Forestry Commission 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. The Forestry Commission considers climate to be a principal risk, and has therefore complied with the TCFD recommendations and recommendations disclosures around:

- governance (recommended disclosures (a) and (b)) – for details of how we are managing our compliance see our Governance statement and performance report
- risk management (recommended disclosures (a) to (c)) – for details of how we are managing our compliance see our Governance statement

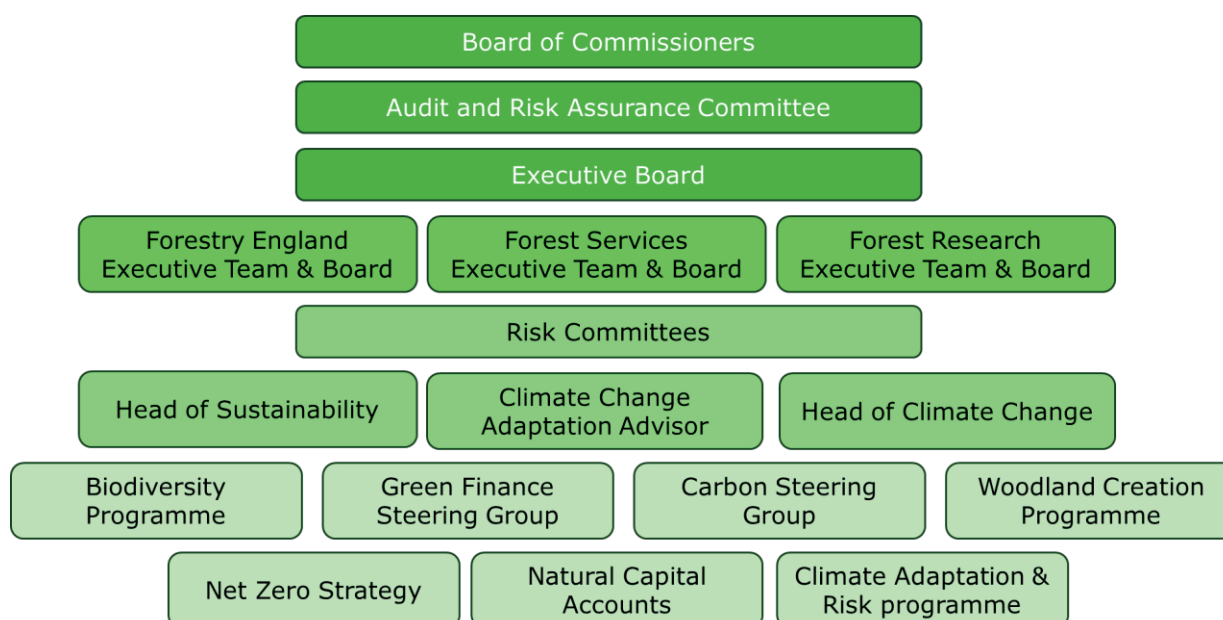


# Forestry Commission

- metrics and targets (recommended disclosures (a) to (c)) – 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 for Phase 2.

The Forestry Commission manages its climate related risk through the governance structure illustrated below.



## Performance

All of the committees and boards have linkages through shared membership. Each sub-board provides a non-executive commissioner or director as a member of the ARAC. This ensures a breadth of knowledge and understanding of the organisation and forestry issues, which enhances the contribution made by non-executives and thus the effectiveness of all the committees. Each board and committee receive relevant reports from the other committees and the non-executives play an active part in agreeing and selecting items for inclusion in agendas.

The Forestry Commission ARAC has been assessed as being in line with requirements for public sector bodies as per HM Treasury guidance.

## Review of effectiveness

The Accounting Officer has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework. The review is informed by the work of internal audit, the agency Accounting Officers and the executive managers across the Forestry Commission who have responsibility for the development and maintenance of the governance, risk management and control framework, and comments made by the external auditors in their management letter and other reports.

Annual Assurance Statements are produced by senior executive managers from across the Forestry Commission, with content supported by the results of the annual programme of GIAA audit assignments, and effectiveness reviews conducted by the sub-boards and the ARAC.

The GIAA Head of Internal Audit for the Forestry Commission has prepared a suite of audit reports and assurance statements for the Forestry Commission, Forestry England

# Accountability report

and Forest Research throughout 2024-25. These are summarised in an Annual Opinion and Performance Reports which continue to provide an overall 'moderate'<sup>4</sup> opinion on the adequacy and effectiveness of the framework of governance, risk management and control. Plans to ensure continuous improvement of the framework are in place.

The Forestry Commission has continued to apply the principles of HM Treasury's Code of Good Practice for Corporate Governance in the context of its own circumstances as a non-ministerial department, which encourage the adoption of practices set out, where relevant and practical.

The ARAC reviews its effectiveness annually in line with best practice as set out in HM Treasury's Audit Committee Handbook.

Each of the three sub-boards and the Board of Commissioners also undertake an annual effectiveness review.

Work to date has not identified any significant control weaknesses and has supported findings from management accounting inspections and the work of internal and external auditors.

## Whistleblowing

The Forestry Commission is committed to ensuring a high standard of conduct in all that it does, and has a duty to identify and remedy any area of malpractice. This is achieved by encouraging a culture of openness, where employees feel confident and able to raise any matters of concern. The Forestry Commission has a dedicated whistleblowing officer and network of nominated officers in the three organisations. The policy and procedures are kept under constant review and after each significant case.

There have been two possible fraud cases raised within the Forestry Commission in 2024-25 which are undergoing further investigation.

## Risk management

The Forestry Commission's risk management policy demonstrates the full commitment of the Forestry Commission to effective risk management, adopting best practice in the identification, evaluation and control of risks. By adopting its risk management policy, the Forestry Commission recognises risk management as an important function in helping to ensure it achieves its aims and objectives. In addition to the policy, the Forestry Commission has an agreed Risk Appetite Statement which provides a framework to enable the organisation to make informed management decisions.

Our risk management policy and processes have been designed to comply with the requirements of the Orange Book's five principles.

## Fraud and error

The Forestry Commission has in place a Counter Fraud, Bribery and Corruption Strategy (2020-25), and a policy and fraud response plan that were both refreshed in 2024. These documents along with wider processes form an effective framework of controls,

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<sup>4</sup> GIAA definition of moderate - Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

# Forestry Commission

protecting the organisation from fraud and enabling appropriate responses to fraudulent attempts.

## Ministerial direction

No ministerial directions were received during the year.

## Significant governance and risk issues

Please see the main issues and risks to delivery set out in the Overview section of the Performance Report.

Other governance and risk issues are as follows.

## Grants

The ability to deliver woodland creation through grants has inherent risks, due to the timing of requests for repayment over multiple planting seasons, the possibility of non-delivery of expected planting and whether the incentive is enough to compete with other land use incentives. Much of the planting season also takes place through the winter period, and whilst communication between the Forestry Commission staff, and those which have grants approved for planting is strong there are risks of non-delivery. In most cases however woodland creation grants are paid in arrears once the planting has been completed and the claim reviewed for accuracy (and inspected as necessary) thus reducing the risk of fraud. Where this is not the case expenditure is covered under Section 31 of the Local Government Finance Act 2003, with similar reviews and inspections as appropriate. Additionally, the Forestry Commission is continuously reviewing and improving its grant policies and processes to avoid irregularity, improve throughput on applications whilst taking a risk-based approach as appropriate. The current assessment of transaction error rates is based on a sampling approach on a subset of grants (Farm Woodland legacy schemes) and is not currently extrapolated across the entire grant population. Future development is planned to improve this. In addition, we are developing increased reporting of possible fraud and error across all grant schemes with the intent of providing estimates of potential error by scheme in the future.

The England Woodland Creation Offer (EWCO) grant is considered to be the highest risk by management in its grant portfolio, due to the level of financial incentive provided and the likelihood of issues with claimants for this grant. Other grant schemes' customers are predominantly local authorities and have been assessed to carry much less risk of claim error. In relation to 2024-25 EWCO grant planting activities, management's checks estimate there is a risk that 3.08% has been claimed for incomplete planting. This is based on analysis of inspections of 5% of claims. The findings are under review, with remedial actions being implemented, and any confirmed cases of fraud or error will be reported as identified. Management considers that the potential value of error is not material to the accounts.

## Pay

The annual civil service pay guidance permitted a maximum 5% increase to pay. This increase was carefully targeted to improve pay for lower grades and to narrow our pay bands however, pay continues to be a contentious and challenging issue. Against a challenging economic backdrop, management will continue to mature the pay and reward offer to staff, building on the work achieved thus far whilst working in concert with Defra, the Cabinet Office, Treasury and Forestry Commission Trade Unions.

# Accountability report

## Limited legal powers of the Forestry Commission

The Forestry Act 1967 is over 50 years old, and the duties and powers of the Forestry Commission contained therein would benefit from being updated and extended. There is a risk that without legislative and non-legislative reform it will not have the legal powers and processes needed to deliver its contribution to the successful delivery of thriving trees, woods and forests as required in the context of modern practices and objectives. Whilst there is an opportunity for commercial revenue generating opportunities within the nation's forests through the proposed Planning and Infrastructure Bill, this has not yet been realised.

## Security

The Forestry Commission Security Risk Management Forum (SRMF) continues to drive forward an improved security culture across the organisation, covering cyber, information, physical and personnel security. The Forestry Commission submitted an annual Departmental Security Health Check Questionnaire (DSHC) to the Cabinet Office which provides assurance of our compliance against the HMG security standards. Compliance against these standards has increased substantially in year due to progress against activities set out in the Security Improvement Plan (SIP). In addition a number of GovAssure assessments of our cyber security controls against the National Cyber Security Centre's Cyber Assessment Framework (CAF) were completed this year. The Forestry Commission operates within Defra security framework and remains vigilant to the increasing level of cyber security threats witnessed across the global digital environment.

## Modelling and Quality Assurance

A sensible and proportionate approach to quality assurance has been adopted across the Forestry Commission, incorporating a programme of management audits for the application of policy and procedures guidance with summary reports provided for senior management and the ARAC.

## Wider circumstances and future challenges

The main challenges for the Forestry Commission during 2024-25 and beyond are:

- continue to address our outdated pay structure to prevent the loss of forestry skills. Demand for foresters is growing rapidly, and there is a growing risk that net zero and tree cover targets will be impacted by a lack of forestry expertise
- working with Defra to determine clarity on woodland creation for land managers to meet the Government's commitment to create 30,000 hectares per year of new woodland across the UK by the end of this Parliament
- supporting our staff through the effects of a challenging and uncertain economic landscape and mitigating the resulting impact of any industrial action on the Forestry Commission's operational delivery
- securing sufficient funding from Defra to support the delivery of the Forestry Commission's business and corporate plan targets at a time of significant financial constraint
- working with Defra teams following the [Corry review](#) to streamline the regulatory process to encourage woodland creation
- ensuring that Forest Research's pan GB outputs are sustained
- continuing to develop an appropriate response to the increasing threat of cyber security attacks
- handling the continued biosecurity threat and the potential substantial cost of countermeasures

# Forestry Commission

- mitigating and adapting to climate change as an organisation and through the delivery of our functions

Overall, the governance arrangements for the Forestry Commission are working effectively.



# Accountability report

## Remuneration and staff report

The remuneration and staff report sets out the Forestry Commission'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.

Unless otherwise stated below, the senior staff covered by this report hold appointments which 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 [civilservicecommission.independent.gov.uk](https://civilservicecommission.independent.gov.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 and senior staff who do not have open-ended appointments who served during the year are:

	Date of current contract	Unexpired term in months from 31 March 2025
<b>Sir William Worsley</b>	10/02/2023	11
<b>Hilary Allison</b>	01/04/2023	12
<b>Neil Sachdev</b>	01/12/2024	32
<b>Peter Latham</b>	01/04/2025	6
<b>Jennie Price</b>	01/04/2025	24
<b>Sandy Storrie</b>	01/04/2023	12
<b>Ross Murray</b>	01/10/2022	6
<b>Jo Bradwell</b>	19/02/2024	22

### Remuneration policy

Fees for non-executive Commissioners and members who are not Forestry Commission or Defra employees, and remuneration for senior civil servants, are determined in accordance with guidelines prescribed by the Cabinet Office. The Performance Pay reviews for Senior Staff Grades are undertaken by Defra within the stipulated Cabinet Office guidelines with the aim of paying any agreed Senior Civil Servant pay award in Autumn. The reviews and moderation are undertaken across the Defra group based on Performance reviews, position in the salary range and cross group moderation.

# Forestry Commission

Remaining 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 civil servants who are members of the Forestry Commission Executive Board and the Forest Services Board.

	Salary £000	Bonus Payments £000	Benefits in kind (to the nearest £100) £	Pension benefits (to nearest £1,000) £000	Total £000
<b>Richard Stanford</b> Chief Executive Officer					
<b>2024-25</b>	<b>145-150</b>	<b>0-5</b>	-	<b>58</b>	<b>210-215</b>
2023-24	140-145	5-10	-	56	200-205
<b>Derrick Osgood</b> Director of Finance and Corporate Governance					
<b>2024-25</b>	<b>85-90</b>	<b>0-5</b>	-	<b>79</b>	<b>170-175</b>
2023-24	80-85	0-5	-	34	120-125
<b>Jo Ridgway</b> HR Director					
<b>2024-25</b>	<b>65-70</b>	-	-	<b>27</b>	<b>95-100</b>
2023-24	65-70	0-5	-	26	90-95
<b>Steph Rhodes<sup>1</sup></b> Forest Services Chief Operating Officer					
<b>2024-25</b>	<b>50-55</b>	-	-	<b>44</b>	<b>95-100</b>
2023-24	70-75	-	-	35	105-110
<b>Anna Brown</b> Director Forest Services					
<b>2024-25</b>	<b>80-85</b>	<b>0-5</b>	-	<b>48</b>	<b>135-140</b>
2023-24	80-85	-	-	35	115-120

<sup>1</sup>Until 1 December 2024. Full year equivalent salary £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.

The salary and pension entitlements of the following members of the Forestry Commission Executive Board are disclosed as follows:

### Forest Research Annual Report and Accounts

- James Pendlebury, Chief Executive of Forest Research
- Chris Quine, Forest Research Chief Scientist
- Paula Rice, Director of Finance & Corporate Services of Forest Research

### Forestry England Annual Report and Accounts

- Mike Seddon, Chief Executive of Forestry England
- Tristram Hilborn, Chief Operating Officer of Forestry England
- Amanda Grist, Chief Financial Officer of Forestry England

# Accountability report

The salary and pension entitlements of the members of the Forest Research Board and Forestry England Board are borne and disclosed in each of the agencies Annual Report and Accounts 2024-25.

## 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 the Forestry Commission and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Forestry Commission and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid in 2024-25 (nil in 2023-24).

## Disclosure of salary, pension and compensation information for 2024-25 – subject to audit

	Accrued pension at pension age at 31 March 2025 and related lump sum £000	Real increase (decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2025 £000	CETV at 31 March 2024 £000	Real increase (decrease) in CETV £000
<b>Richard Stanford</b>	10 - 15	2.5 - 5	208	140	44
<b>Derrick Osgood</b>	35 - 40 plus a lump sum of 110 - 115	2.5 - 5 plus a lump sum of 22.5 - 25	802	705	64
<b>Jo Ridgway</b>	15 - 20	0 - 2.5	273	227	21
<b>Steph Rhodes<sup>1</sup></b>	25 - 30	0 - 2.5	473	421	34
<b>Anna Brown</b>	25 - 30 plus a lump sum of 60 - 65	2.5 - 5 plus a lump sum of 0 - 2.5	577	513	37

<sup>1</sup> Until 1 December 2024.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

# Forestry Commission

## 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 (the "McCloud judgment").

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.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service

# Accountability report

Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the **alpha** scheme for the period from 1 April 2015 to 31 March 2022.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. 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](http://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.



# Forestry Commission

## Remuneration of non-executives – subject to audit

The non-executive Forestry Commissioners received the following remuneration for their services during the year ended 31 March 2025.

	2024-25		2023-24	
	Fees £000	Expenses £000	Fees £000	Expenses £000
Sir William Worsley	60 <sup>1</sup>	1	39	2
Hilary Allison	12	1	12	1
Julia Grant <sup>2</sup>	7	1	12	1
Neil Sachdev <sup>3</sup>	4	0	-	-
Peter Latham	12	2	12	2
John Lockhart	8	1	5	1
Jennie Price	12	1	12	-
Sandy Storrie	12	1	12	2
Ross Murray	12	1	12	-
Jo Bradwell <sup>4</sup>	12	-	1	-

<sup>1</sup> Includes 25% increase in contracted days backdated to 23-24

<sup>2</sup> Commissioner term ended 31 October 2024

<sup>3</sup> Commissioner term started 1 December 2024

<sup>4</sup> Commissioner term started 19 February 2024

The expenses disclosed above include all expenses, whether taxable or non-taxable, incurred and reclaimed while travelling on Forestry Commission business.

## 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.

The banded remuneration of the highest-paid director of the Forestry Commission in the financial year 2024-25 was £145-150,000 (2023-24: £140-145,000).

In 2024-25, no (2023-24: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £24,000 to £149,000 (2023-24: £22,000 to £142,000).

		2024-25	2023-24
25 <sup>th</sup> Percentile	Salary	£32,089	£29,863
	Pay and Benefits	£32,089	£31,363
	Pay Ratio	4.60	4.77
Median	Salary	£35,922	£34,292
	Pay and Benefits	£35,922	£35,792
	Pay Ratio	4.11	4.16
75 <sup>th</sup> Percentile	Salary	£39,135	£37,485
	Pay and Benefits	£39,135	£38,985
	Pay Ratio	3.77	3.80

# Accountability report

The percentage change from 2023-24 of the highest paid director is 5.0% (from 2022-23: 5.5%). The average percentage change from 2023-24 in respect of the employees as a whole is 4.52% (from 2022-23: 3.43%).

Pay ratios have remained the same in 2024-25, with the fractional variation due to the nature of the banded calculation used for the highest paid director. This is to be expected with SCS and the rest of the civil service both getting a 5% pay increase.

2023-24 Pay and benefits included 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.

## Staff report

### Average number of persons employed (FTE) – totals subject to audit

				2024-25	2023-24
	Directors and senior civil servants Number	Permanently employed staff Number	Others Number	Total Number	Total Number
<b>Core</b>					
Male	2	280	7	289	305
Female	2	256	17	275	284
Total	4	536	24	564	589
<b>Forest Research</b>					
Male	2	164	59	225	208
Female	1	131	63	195	175
Total	3	295	122	420	383
Consolidated	7	831	146	984	972

There are six senior civil servants, two are employed at Band 2, and four at Band 1.

We publish our gender pay gap report on [www.gov.uk](http://www.gov.uk) and further detail is available on page 58

# Forestry Commission

## Staff costs – subject to audit

			2024-25	2023-24
	Permanently employed staff £000	Others £000	Total £000	Total £000
<b>Core</b>				
Wages and salaries	20,618	3,076	23,694	21,916
Social security costs	2,264	279	2,543	2,356
Other pension costs	5,914	836	6,750	5,652
Agency and temporary staff	-	690	690	634
<b>Total net staff cost</b>	<b>28,796</b>	<b>4,881</b>	<b>33,677</b>	<b>30,558</b>
<b>Forest Research</b>				
Wages and salaries	12,180	3,658	15,838	14,050
Social security costs	1,372	353	1,725	1,516
Other pension costs	3,455	1,041	4,496	3,613
Agency and temporary staff	-	631	631	1,193
<b>Total net staff cost</b>	<b>17,007</b>	<b>5,683</b>	<b>22,690</b>	<b>20,372</b>
<b>Total net staff cost</b>	<b>45,803</b>	<b>10,564</b>	<b>56,367</b>	<b>50,930</b>

Staff costs comprise staff employed by core Forestry Commission and staff employed within Forest Research.

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 the Forestry Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2024-25, employers' contributions of 11,157,000 were payable to the PCSPS (2023-24: £9,096,000) 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 2024-25 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 £69,000 (2023-24: £57,000) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £800 (2023-24: £800), 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. Contributions prepaid at that date were £nil.

## Ill-health retirement

One employee retired early on ill-health grounds (2023-24: nil); the total additional accrued pension liabilities in the year amounted to £nil (2023-24: £nil).

# Accountability report

## Sickness absence data

Year	Working days lost per staff year
2024-25	6.0
2023-24	5.7
2022-23	5.3

Our vision is that everyone working with the Forestry Commission remains safe and well and our woodlands are safe and enjoyable places to visit. We remain committed to the Forest Industry Safety Accord and have representatives on the Steering Group and the eight Working Groups including Managing Safety, Electricity, Haulage and Forest Training.

## Accidents and reportable incidents

The Forestry Commission puts Health and Safety at the core of all our staff policies and practices. We have refocused efforts and made positive improvements across a range of health and safety systems and reporting commitments led through our Health and Safety Committee. We have maintained certification on ISO 14001 and implemented our Environmental Management System action plan as well as a new COSHH system in year. There were two reportable incidents in 2024-25 (2023-24: one, this incident was not formally reported until 2024-25 so not reported in the last accounts). These were work-related ill health cases of Lyme disease which presented with the typical 'bullseye' rash.

## Staff turnover

In 2024-25, Forest Services and Commissioners' Office had a staff turnover percentage of 12.80% (2023-24: 8.78%), Forest Research had a staff turnover of 15.74% (2023-24: 21.84%). Recruitment and retention has is key risk area particularly across FR activities. Actions have been targeted to reduce turnover where possible. The respective FC Boards continue to monitor the effectiveness of these actions.

Reason for leaving*	2024-25	2023-24
End of fixed term contract	3.81%	0.17%
Redundancy	-	-
Retirement	0.61%	0.84%
Resignation	1.98%	3.21%
Resignation – less than 2 years	3.20%	2.03%
Transfer	2.29%	1.52%
Other	0.91%	1.01%

\* Forest Services and Commissioners' office data only.

## People Strategy

In 2021, the Forestry Commission launched its first People Strategy. The ambitious strategy outlined a four-year plan of improvements focused on leadership and training, wellbeing, diversity and inclusion, resourcing and development, changing the way we work and our reward offer. The FC People Strategy concluded in March 2025, and future Forestry Commission-wide people projects will be incorporated into the Forestry Commission Corporate Plan.

Throughout the year, significant efforts were made to establish and implement a stronger governance framework for people-related projects. This framework aims to enhance planning and reporting, as well as to track progress and demonstrate success in fulfilling the commitments outlined in the strategy.

# Forestry Commission

## Leadership development

The Forestry Commission Professional Manager Programme (PMP) is now in its fourth year. There have been 15 learning groups, with 363 managers from middle management grades across the business having accessed the programme as at end-March 2025. Focusing on strengths, personal impact and encouraging a coaching approach, participation in the programme is very popular and evidence of a culture change across our business continues to be seen.

The programme is accredited by the Chartered Management Institute and 134 participants have registered to complete the Level 3 Award in Principles of Management & Leadership.

The Senior Leadership Programme (SLP) pilot was launched in May 2024, aimed at the Forestry Commission Senior Leadership Group in pay bands 1 and 2. Building on the success of PMP, the programme offers a range of development support and self-awareness tools such as 360 degree feedback, through a range of workshops, masterclasses and action learning sets. The programme is being rolled out across the organisation over coming years, with an agile approach to evaluation and continuous improvement to ensure the best development experience for our senior leadership group.

To date, 38 senior leaders have attended the pilot (learning group 1) and learning group 2.

## Forestry Commission People Recognition Scheme

Following the launch of the Forestry Commission's People Recognition Scheme in September 2023 we continue to celebrate our employees' outstanding contributions, further enhancing a culture of appreciation across the organisation. Forestry England celebrated the second edition of its Forestry England People Awards, and work has commenced on developing a Forestry Commission-wide awards event, to take place in autumn 2025.

## 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 median gender pay gap remains at 0%, meaning that the middle female salary is equivalent to the middle male salary. However, the mean pay gap has slightly increased from 2.84% to 2.96%, reflecting broader workforce shifts.

The proportion of female employees has increased to 47%, up 1.7% from last year, with more women moving into middle pay quartiles. Women now make up 47% of the workforce, an increase of 1.7%, with more moving into middle pay quartiles.

Our Diversity and Inclusion initiatives continue to be cited as examples of good practice inside and outside the Civil Service. Below are some of the highlights:

- Updating policies in line with the Worker Protection Act 2023 and strengthening protections against workplace harassment to include sexual harassment.
- Promoting diversity in hiring and rolling out the Creating an inclusive workplace training as well as other resources found on the EDI learning and resources page.
- Working with staff networks to host a variety of webinars by external speakers with good attendance from within the FC and wider Civil Service, on topics



# Accountability report

including Multigenerational teams, disability discrimination, deaf awareness, positive masculinity and male allyship.

- The FC has been involved in the rollout of the Defra Aspire Ethnic Minority development programme, with one colleague securing a place on the programme.
- In the wake of civil unrest in early August 2024, the Forestry Commission CEO and the Diversity and Wellbeing Manager issued a joint statement with some important key messages.
- The Forestry Commission CEO issued a message, reaffirming his and the organisation's commitment to equality, diversity and inclusion.
- The Everyone Belongs Board is now in its third year, bringing together representatives from across the FC to provide oversight, assurance and accountability of our diversity and inclusion work.
- The final project from the first tranche of the Forests for Everyone programme has officially been delivered.

All of the work carried out in diversity and inclusion including some of those highlighted above have helped to improve the diversity and inclusion scores in the latest Staff Engagement Survey 2024 compared to that of 2022.

This includes the number of participants agreeing that:

- Their business area has a culture where discriminatory treatment, harassment and bullying are not tolerated – 77% (+4)
- They can report discrimination/bullying/harassment without worrying it would have a negative impact on them – 71% (+5)
- They are treated fairly at work – 85% (+4)
- Their business area respects individual differences – 82% (+4)
- Their business area makes them feel included – 76% (+3)

## Workplace wellbeing

Staff wellbeing is directly linked to organisational performance, as healthier, happier employees are more productive, engaged, and resilient. Over the past year, we have continued to develop and evolve our support for staff wellbeing. In the first half of the year, we focused on responding directly to staff feedback and data insights, leading to the development of a well-consulted and widely supported set of wellbeing priorities. Early actions taken in response to the staff engagement survey results include the creation of a work-related stress toolkit and increased support for our core wellbeing networks, including Wellbeing Champions and Mental Health First Aiders. Mental health training has been made accessible and affordable for all staff, and we have also reviewed our Occupational Health processes to ensure they're delivering maximum benefit to our people.

## 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 a year. Tier 2 staff council meetings are held at least twice a year 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 workforce policies, organisational design and organisational restructuring, diversity, inclusion and wellbeing priorities alongside health and safety issues and employee relations matters.

# Forestry Commission

## Trade union facility time (Core only)

### Relevant union officials

There were 12 union officials during 2024-25 with a full time equivalent of 11.55 (2023-24: 12/11.5).

### Percentage of time spent on facility time

Percentage of time	2024-25 Number of employees	2023-24 Number of employees
0%	0	0
1-50%	11	11
51-99%	1	1
100%	0	0

### Percentage of pay bill spent on facility time

Percentage of the total pay bill spent on facility time was 0.18% (2023-24: 0.18%).

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours during the year was 194.6% (2023-24: 191.3%).

### Expenditure on consultancy – subject to audit

During the year Forestry Commission (including Forest Research) incurred £6,000 on consultancy services related to the financial treatment of the William Robinson Gravetye charity (2023-24: £285,000).

### Expenditure on agency and temporary staff – subject to audit

Costs incurred on agency and temporary staff including inward secondments by the Forestry Commission (including Forest Research) during the period total £1,283,000 (2023-24: £1,825,000).

### Compensation for loss of office – subject to audit

No members of staff left under Voluntary Exit and Voluntary Redundancy terms in the year to 31 March 2025 (2023-24: nil). They received a total compensation payment of £nil (2023-24: nil).

Two members of staff left under Compulsory Redundancy terms due to the end of a fixed term contract after more than 2 years' service in the year to 31 March 2025 at a total cost of £19,871 (2023-24: nil).

### Reporting of Civil Service and other compensation schemes – exit packages – subject to audit

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 the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme.

### Off-payroll engagements

Defra are required to disclose information in their annual report and accounts relating to the review of tax arrangements of public sector employees. Information relating to off

# Accountability report

payroll engagements for the Forestry Commission and Forest Research is reported below for consistency with Defra's annual report and accounts.

**Table 1:** Highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater.

Number of existing engagements as of 31 March 2025	8
Of which...	
Number that have existed for less than one year at time of reporting	2
Number that have existed for between one and two years at time of reporting	3
Number that have existed for between two and three years at time of reporting	3
Number that have existed for between three and four years at time of reporting	-
Number that have existed for four or more years at time of reporting	-

**Table 2:** All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater.

Number of off-payroll workers engaged during the year ended 31 March 2025	11
Of which...	
Not subject to off-payroll legislation	11
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-
Of which: number of engagements that saw a change to IR35 status following review	-

**Table 3:** For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2024 and 31 March 2025.

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off payroll that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements	27

## Parliamentary Accountability and Audit Report – subject to audit

### Losses and special payments – subject to audit

Total losses and special payments for the Forestry Commission (including Forest Research), across 103 payments is £146,000 (2023-24: 68 payments, £62,000), this increase is due to a new hire car contract with a claim threshold of zero.

An efficiency dismissal settlement was agreed with an employee outside of the Civil Service redundancy and Ill Health retirement schemes costing £86,185.

There have been no reportable gifts made or received.

### Fees and charges – subject to audit

The Forestry Commission has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

# Forestry Commission

## Remote contingent liabilities – subject to audit

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


## Government Functional Standards

UK Government Functional standards set expectations for the management of functional work and the functional model across government. During 2024-25 the Forestry Commission 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.

A heatmap of the current compliance against the standards is provided below for information. The assurance from the various standards is obtained from: self-assessments, submitted assessments to the Cabinet Office, Public Sector Fraud Authority, Government Security Group and GIAA audit reports.

Functional Standard	Forestry England	Forest Services	Forest Research
GovS 001: Government Functions			
GovS 002: Project Delivery			
GovS 003: Human Resources			
GovS 004: Property			
GovS 005: Digital, Data and Technology			
GovS 006: Finance			
GovS 007: Security			
GovS 008: Commercial			
GovS 009: Internal Audit			
GovS 010: Analysis			
GovS 011: Communication			
GovS 013: Counter Fraud			
GovS 014: Debt			
GovS 015: Grants	N/A		N/A

Key
Meets all mandatory elements of the functional standard
Meets most mandatory elements of the functional standard
Meets few mandatory elements of the functional standard



Richard Stanford CB MBE  
Accounting Officer  
Forestry Commission

9 July 2025

# Accountability report

## The certificate and report of the comptroller and auditor general to the House of Commons

### Opinion on financial statements

I certify that I have audited the financial statements of the Forestry Commission and its Group for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Forestry Commission and its Group's

- Statement of Financial Position as at 31 March 2025;
- 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 Group's financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Forestry Commission and its Group's affairs as at 31 March 2025 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### 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 (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of Forestry Commission and its Group 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 the Forestry Commission and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



# Forestry Commission

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 Commission and its Group'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 certificate.

The going concern basis of accounting for the Forestry Commission and its Group 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 information included in the Annual Report, but does not include the financial statements and my auditor's certificate and 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 certificate, 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 HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- 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 is in accordance with the applicable legal requirements.

## Matters on which I report by exception

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

# 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 the Forestry Commission and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit 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
- 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 the Forestry Commission and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Forestry Commission and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Forestry Commission and its Group will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK)

# Forestry Commission

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 the Forestry Commission and its Group's accounting policies, key performance indicators and performance incentives
- inquired of management, the forestry Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Forestry Commission and its Group'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 the Forestry Commission and its Group's controls relating to the Forestry Commission and its Group's compliance with the Forestry Act 1967, Government Resources and Accounts Act 2000 and Managing Public Money
- inquired of management, Forestry Commission's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including the component team 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 the Forestry Commission and its Group 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 and fraud and error within the grants scheme expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Forestry Commission and its Group's framework of authority and other legal and regulatory frameworks in which the Forestry Commission and its Group 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 the Forestry Commission and its Group. The key laws and regulations I considered in this context included the Forestry Act 1967,

# Accountability report

Government Resources and Accounts Act 2000, Managing Public Money, grant expenditure legislation, employment law, pensions legislation and tax legislation.

I considered Forestry Commission's estimate of the risk of fraud and error within the scheme expenditure population.

## 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 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; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- other audit procedures responsive to the risk of fraud and irregularity within grant scheme expenditure.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including the component audit teams 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence 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.

## Report

I have no observations to make on these financial statements.

# Forestry Commission

**Gareth Davies**

Date 11 July 2025

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP





Section three  
Financial statements

# Forestry Commission

## Consolidated statement of comprehensive net expenditure

for the year ended 31 March 2025

			2024-25		2023-24
	Note	Core £000	Consolidated £000	Core £000	Consolidated £000
Revenue from contracts with customers	3	(1,754)	(19,005)	(1,616)	(18,184)
<b>Total operating income</b>		<b>(1,754)</b>	<b>(19,005)</b>	<b>(1,616)</b>	<b>(18,184)</b>
Staff costs	2	33,677	56,368	30,558	50,932
Other costs	2	66,516	82,186	57,204	70,088
Rentals under operating leases	2	79	79	38	38
Forest Research programme costs	2	26,574	-	26,750	-
Forestry England costs	2	60,557	60,557	49,789	49,789
Non-cash costs	2	1,975	8,134	1,080	3,991
<b>Total operating expenditure</b>		<b>189,378</b>	<b>207,324</b>	<b>165,419</b>	<b>174,838</b>
<b>Net operating expenditure</b>		<b>187,624</b>	<b>188,319</b>	<b>163,803</b>	<b>156,654</b>
<b>Other comprehensive expenditure</b>					
Net (gain)/loss on revaluation of property, plant and equipment	4	-	(830)	-	(667)
Net (gain)/loss on revaluation of investment	6	-	44	-	-
<b>Comprehensive net expenditure for</b>		<b>187,624</b>	<b>187,533</b>	<b>163,803</b>	<b>155,987</b>

All income and expenditure is derived from continuing operations.

These accounts show Core which comprises Commissioners Office and Forest Services only and Consolidated which is the total of Commissioners Office, Forest Services and Forest Research.

*The notes on pages 74 to 97 form part of these accounts*

# Financial statements

## Consolidated statement of financial position

as at 31 March 2025

		31 March 2025		31 March 2024	
		Core	Consolidated	Core	Consolidated
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	4	377	44,903	541	43,091
Intangible assets	5	2,506	2,540	2,183	2,227
Investment in associate		-	31	-	75
Trade receivables, financial and other assets	7	5	28	15	15
Total non-current assets		2,888	47,502	2,739	45,408
Current assets					
Inventories		-	-	-	9
Trade receivables, financial and other assets	7	5,196	9,448	4,504	10,965
Cash and cash equivalents	8	19,797	24,389	11,326	16,618
Total current assets		24,993	33,837	15,830	27,592
Total assets		27,881	81,339	18,569	73,000
Current liabilities					
Trade payables, financial and other liabilities	9	(77,705)	(81,678)	(64,472)	(69,566)
Finance lease liabilities	12	(40)	(42)	(60)	(69)
Provisions	11	(930)	(930)	-	-
Total current liabilities		(78,675)	(82,650)	(64,532)	(69,635)
Total assets less current liabilities		(50,794)	(1,311)	(45,963)	3,365
Non-current liabilities					
Trade payables, financial and other liabilities	9	-	-	-	-
Finance lease liabilities	12	(40)	(40)	(486)	(486)
Provisions	11	-	-	-	-
Total non-current liabilities		(40)	(40)	(486)	(486)
Total assets less total liabilities		(50,834)	(1,351)	(46,449)	2,881
Taxpayers' equity					
General fund		(50,834)	(18,240)	(46,449)	(13,238)
Revaluation reserve		-	16,889	-	16,119
Total taxpayers' equity		(50,834)	(1,351)	(46,449)	2,881



Richard Stanford CB MBE  
Accounting Officer  
Forestry Commission

9 July 2025

*The notes on pages 74 to 97 form part of these accounts*

# Forestry Commission

## Consolidated statement of cash flows

for the year ended 31 March 2025

			2024-25		2023-24
	Note	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Cash flows from operating activities</b>					
Net operating expenditure		(187,625)	(188,320)	(163,803)	(156,654)
Adjustment for non-cash transactions	2	1,976	8,135	1,080	3,991
Decrease in inventories		-	9	-	5
(Increase)/decrease in trade receivables, financial and other assets	7	(682)	1,504	(3,307)	(925)
Increase/(decrease) in trade payables, financial and other liabilities	9	13,233	12,112	34,884	34,973
Disposal of finance lease liabilities		(423)	(423)	-	-
Less movement in Defra supply creditor	9	(7,771)	(7,771)	(12,909)	(12,909)
Less movement in receivables not passing through the OCS		-	-	-	-
Use of provisions	11	(99)	(99)	-	-
<b>Net cash outflow from operating activities</b>		<b>(181,391)</b>	<b>(174,853)</b>	<b>(144,055)</b>	<b>(131,519)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(298)	(7,538)	-	(9,122)
Purchase of intangible assets	5	(756)	(756)	(604)	(604)
Proceeds on disposal of non-current assets		427	436	-	2
<b>Net cash outflow from investing activities</b>		<b>(627)</b>	<b>(7,858)</b>	<b>(604)</b>	<b>(9,724)</b>
<b>Cash flows from financing activities</b>					
Funding from Defra		207,150	207,150	157,923	157,923
Repayment of prior year Defra creditor		(16,618)	(16,618)	(3,709)	(3,709)
Payment of principal portion of leases liabilities	12	(43)	(50)	(54)	(62)
<b>Net cash inflow from financing activities</b>		<b>190,489</b>	<b>190,482</b>	<b>154,160</b>	<b>154,152</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>8,471</b>	<b>7,771</b>	<b>9,501</b>	<b>12,909</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>11,326</b>	<b>16,618</b>	<b>1,825</b>	<b>3,709</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>19,797</b>	<b>24,389</b>	<b>11,326</b>	<b>16,618</b>

The notes on pages 74 to 97 form part of these accounts



# Financial statements

## Consolidated statement of changes in taxpayers' equity

for the year ended 31 March 2025

		General fund £000	Revaluation reserve £000	Core Taxpayers' equity £000	General fund £000	Revaluation reserve £000	Consolidated Taxpayers' equity £000
	Note						
<b>Balance at 31 March 2023</b>		<b>(24,546)</b>	<b>-</b>	<b>(24,546)</b>	<b>1,444</b>	<b>15,471</b>	<b>16,915</b>
Net Defra funding		141,305	-	141,305	141,305	-	141,305
Notional charges							
Auditors' remuneration	2	55	-	55	106	-	106
Defra corporate services	2	540	-	540	540	-	540
Comprehensive net expenditure for the year		(163,803)	-	(163,803)	(155,987)	-	(155,987)
Net gain on revaluation of							
Property, plant and equipment	4	-	-	-	(667)	667	-
Realised element of revaluation reserve		-	-	-	19	(19)	-
<b>Balance at 31 March</b>		<b>(46,449)</b>	<b>-</b>	<b>(46,449)</b>	<b>(13,238)</b>	<b>16,119</b>	<b>2,879</b>
Net Defra funding		182,761	-	182,761	182,761	-	182,761
Notional charges							
Auditors' remuneration	2	108	-	108	174	-	174
Defra corporate services	2	371	-	371	371	-	371
Comprehensive net expenditure for the year		(187,625)	-	(187,625)	(187,534)	-	(187,534)
Net gain on revaluation of							
Property, plant and equipment	4	-	-	-	(830)	830	-
Financial asset		-	-	-	44	(50)	(6)
Realised element of revaluation reserve		-	-	-	10	(10)	-
<b>Balance at 31 March</b>		<b>(50,834)</b>	<b>-</b>	<b>(50,834)</b>	<b>(18,240)</b>	<b>16,889</b>	<b>(1,355)</b>

The notes on pages 74 to 97 form part of these accounts



# Forestry Commission

## 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 Secretary of State and the 2024-25 Financial Reporting Manual (FReM) issued by HM Treasury. The FReM applies International Financial Reporting Standards (IFRS) as interpreted for the public sector. The Forestry Commission 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 the Forestry Commission 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 assumes that Forestry Commission will continue to provide existing services in the future, with no legislation changes currently expected.

The statement of financial position at 31 March 2025 shows taxpayer's equity (being the consolidated general fund) of -£18.2 million (at 31 March 2024 -£13.2 million). This significant movement is driven by higher grant accruals. In common with other public bodies across government, the future funding for our liabilities will be sourced from our parent department (Defra funding formed 99% of our 2024-25 funding). Parliament approves this funding annually.

The Forestry Commission's funding for 2025-26 is included within the Defra estimates which have already been approved by Parliament. Based on the above information and due to the FReM adaptation, that the Forestry Commission is providing funded statutory services, it has 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 Basis of consolidation

The Core Forestry Commission delivery and management units called Forest Services and Commissioners' Office, are consolidated with Forest Research, an executive agency of the Forestry Commission. Forestry Commission Core as disclosed relates to the transactions of Forest Services and the Commissioners' office only, including contractual payments and funding to Forest Research. These transactions between entities within the consolidation boundary (intragroup transactions) have been eliminated from the consolidated accounts. Grants that include an element of co-financing from the European Union are accounted for by Defra.

The nation's forests in England are managed by Forestry England, an executive agency of the Forestry Commission, which has been classified by the Office for National

# Financial statements

Statistics as a public corporation. As a public corporation, the assets (including the nation's forests), liabilities, income and expenditure of Forestry England are not consolidated in the accounts of Forestry Commission, or Defra. Forestry England produces its own Annual Report and Accounts, which are available on [www.gov.uk](http://www.gov.uk).

## 1.3 Funding to Forest Research and Forestry England

Forest Research and Forestry England receive funding from the Forestry Commission which is accounted for through the Statement of Comprehensive Net Expenditure 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 from Forestry England

Forestry England pays a dividend to the Forestry Commission, reflecting the expected rate of return on funding provided. 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 2024-25 (2023-24 – 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 Commission 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 Commission 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 Commission 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.

# Forestry Commission

Non-IAS 37 Remote Contingent Liabilities are reported in the Accountability Report, where any have been identified. Non-IAS 37 Contingent Liabilities are not reported in the Contingent Liability note to the financial statements.

## 1.7 Fair value of non-financial assets

In accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards ('Red Book Global Standards'), Forest Research measures its in-use, operational assets at fair value at each reporting date.

Fair value is determined as the amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Forest Research 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.

Where market evidence is absent or fair value cannot be reliably extrapolated from the evidence available, the Depreciated Replacement Cost (DRC) method is used for valuation purposes.

## 1.8 Property, plant and equipment

Legal ownership of all land and buildings is vested in the Secretary of State together with the legal ownership of timber which is accounted for by Forestry England. Legal ownership of other tangible assets is vested in the Forestry Commissioners and accounted for in the Forestry Commission, Forest Research and Forestry England as appropriate. Where the Forestry Commission is the principal beneficial user of assets owned by the Secretary of State these are treated as property, plant and equipment assets of the Commission.

### 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 market value (MV), 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.

### Dwellings and other buildings

Dwellings and other buildings are shown at fair value.

Professionally qualified staff employed by Forestry England (on behalf of Forest Research) 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

# Financial statements

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 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.

NRS Main Building and externals were revalued by Savills, Chartered Surveyors, in March 2024 following completion of the major refurbishment works. Alice Holt lodge and externals were revalued by Savills, Chartered Surveyors, in March 2025 following completion of the major refurbishment works.

The threshold for capitalisation of buildings is £10,000.

## 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 Forest Research 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)

Forestry Commission does not own any VME. VME held by Forestry England is shown at fair value. 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)

The Forestry Commission does not own any OME. OME held by Forestry England and Forest Research is shown at fair value. 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 held by Forest Research 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

# Forestry Commission

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.

## 1.9 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
Scientific equipment	Over 5 to 20 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.

## 1.10 Intangible non-current assets

Intangible non-current assets are defined as identifiable non-monetary assets without physical substance. These comprise software licences and internally developed information technology software, including assets under construction.

Acquired computer software licences are initially capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and subsequently revalued to depreciated replacement cost. Acquired computer software licences are amortised over their estimated useful lives dependent upon the period of the licence.



# Financial statements

The Forestry Commission expenditure on research activities is written off to the Statement of Comprehensive Net Expenditure as incurred.

Capitalisation of internally developed software is contingent on fulfilment of the criteria noted in IAS 38 *Intangible Assets* and includes capitalisation of internal IT employee costs on projects. Internally developed software assets are valued at depreciated replacement cost and amortised over an estimated useful economic life of seven years.

## 1.11 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.

## 1.12 Government grants receivable

Grants from the government are accounted for in accordance with IAS 20 as adapted by the FReM.

The Forestry Commission receives funding directly from Defra, which is credited to reserves in accordance with IAS20, as adapted by the FReM. Any unused cash balances at the end of each accounting period are returned to Defra, in accordance with the terms of the Framework Agreement and are disclosed as amounts payable to the Defra Supply Creditor in note 9

## 1.13 Directly funded grants payable

Planting and non-planting grants are administered by the Forestry Commission to mitigate climate change, deliver nature recovery and provide wider environmental and social benefits. Most of the Forestry Commission administered grants are in relation to the promotion of tree planting, with smaller non-planting grants available for woodland maintenance and plant health. Planting grants also provide an opportunity for some applicants to apply for an additional establishment grant in order for a tree to reach a certain level of maturity. This is paid annually across the term of the establishment (post planting) if certain criteria and deadlines are met.

Grants payable to individuals and bodies by the Forestry Commission in accordance with its statutory powers and duties are accounted for as post planting applications are received except in relation to payments to local authorities through the Local Authorities Treescape Fund (LATF). LATF grant determinations are provided through Section 31 agreements through the Local Government Act 2003. On grant award the local authority is paid 50% of the planting grant, and subsequently on receipt of a valid grant claim form by the applicant, up to 50% of the remaining value is accrued. Payments on the

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remaining balance, and any subsequent maintenance elements are made after a qualified assessment of the claim(s) and adjusted accordingly.

The liability for a claim from an individual or organisation that has a live grant agreement with the Forestry Commission, irrespective of compliance checks, exists from the receipt of the checked claim when an accrual is raised.

The claim will then be reviewed by the grants team against a defined checklist for all claims. Some of these claims may also be subject to a separate inspection. Should checks (and inspection where applicable) be compliant against these checks, payment will be made to the claimant.

No provision is made in the financial statements for the future cost of grant offers made but not yet approved for payment, although they are quantified in note 14.

## 1.14 Subsidiaries, joint ventures and available for sale financial assets

Investments held in subsidiaries, associates or joint ventures that are outside the consolidation boundary, and where the Forestry Commission does not exercise in-year budgetary control, are accounted for in accordance with HM Treasury's Financial Reporting Manual.

Where such an investment is in another public sector entity it is reported at historical cost less any impairment. Where an investment is in another entity it is accounted for following the requirements of IAS 39.

An IFRS 10 assessment of the William Robinson Gravetye Charity has been carried out and concluded that the Forestry Commission should not consolidate the charity, but be accounted for under IAS 28 and disclosed under IFRS 12.

C-Cure Ltd is classified as an associate of Forest Research and is consolidated using the equity method in accordance with IAS 39.

## 1.15 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.

## 1.16 Revenue recognition

Operating income relates directly to the operating activities of the Forestry Commission. 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.

## 1.17 Leases

The Forestry Commission 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. Forest Research recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

## 1.18 Provisions

The Forestry Commission 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

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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.

## 1.19 Value Added Tax

The Forestry Commission is registered for Value Added Tax (VAT). 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.

## 1.20 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 the Forestry Commission operates as one operating segment.

## 1.21 Foreign currency transactions

### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Forestry Commission 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.

## 1.22 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

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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.

## 1.23 Financial assets

### Classification

The Forestry Commission classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. 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. The Forestry Commission 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 the Forestry Commission 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 the Forestry Commission has transferred substantially all risks and rewards of ownership.

## 1.24 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current balances held by the Government Banking Service and other short-term highly liquid investments with original maturities of three months or less.

## 1.25 Financial liabilities

### Classification

The Forestry Commission 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. The Forestry Commission's other financial liabilities comprise trade and other payables in the Statement of Financial Position.

### Recognition and measurement

Financial liabilities are recognised when the Forestry Commission 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.

## 1.26 Effective in these financial statements

All International Financial Reporting Standards (IFRS), interpretations and amendments effective at 31 March 2025 have been adopted in these statements.

## 1.27 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 the Forestry Commission are outlined below. None have been adopted early.

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

IFRS 17 – Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard.



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The Standard will be applied by HM Treasury in the 2025-26 FReM, with an implementation date of 1 April 2025.

The financial impact of applying IFRS 17 is not yet known.

Changes to the 2025-26 FReM will be made in respect of non-investment asset valuations. In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms 'specialised/nonspecialised' assets are being removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value. Assets are now valued using the one of the following processes:

- A quinquennial revaluation supplemented by annual indexation.
- A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
- For non-property assets only, appropriate indices.
- In rare circumstances where an index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.

The option to measure intangible assets using the revaluation model is withdrawn. The carrying values of intangible assets at 31 March 2025 will be considered the historical cost at 1 April 2025. The financial impact of this change is not yet known.

## 1.28 Significant judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amount of income and expenditure. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events and actions. Where appropriate, the relevant notes to the accounts provide further detail on estimation techniques.

Non-current assets are valued at depreciated replacement cost, and, as described in note 1.7. Scientific equipment and OME are revalued using indices. An appropriate ONS indicia is applied to the gross book and depreciation amounts to arrive at the indexed carrying value.

The Alice Holt Main Building and externals were revalued by Savills, Chartered Surveyors, in March 2025 following completion of the major refurbishment works. The significant assumptions used in the valuation were a design fee of 10%, build costs based on build rates taken from BCIS, adjusted for Tender Price Index (TPI) and a Location Factor (LF) adjustment of 1.12, to reflect the Modern Equivalent Asset (MEA) and an adjustment for obsolescence. A desktop valuation was carried out for the remainder of the buildings (NRS and the remainder of Alice Holt) using the BCIS index as at 31 March 2025. Future revaluations of property may result in further material changes to the carrying value of non-current assets

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## Note 2 Staff and other costs

		2024-25		2023-24	
	Note	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Staff costs</b>					
Wages and salaries		23,694	39,554	21,916	35,967
Social security costs		2,543	4,271	2,356	3,872
Other pension costs		6,750	11,253	5,652	9,266
Agency and temporary staff		690	1,290	634	1,827
		<b>33,677</b>	<b>56,368</b>	<b>30,558</b>	<b>50,932</b>
<b>Other costs</b>					
Travel and subsistence		1,616	3,083	1,588	2,919
Staff transfers		3	22	39	52
Corporate services charges		3,219	3,219	3,185	3,116
Computer costs		105	3,616	218	3,056
Accommodation and office services		61	2,716	88	2,287
Communication		84	210	292	458
Training		112	374	188	350
Losses and compensation		107	136	54	62
Legal expenses		174	257	43	104
Partnerships and publicity		11,405	18,492	12,309	18,281
Private woodland grants	2.1	47,286	47,286	37,597	37,597
Research and development		-	-	9	9
Other expenditure		2,344	2,775	1,594	1,797
		<b>66,516</b>	<b>82,186</b>	<b>57,204</b>	<b>70,088</b>
<b>Rentals under operating leases</b>					
Land and buildings		79	79	38	38
Plant and machinery		-	-	-	-
		<b>79</b>	<b>79</b>	<b>38</b>	<b>38</b>
<b>Forest Research costs</b>					
Programme costs		26,574	-	26,750	-
		<b>26,574</b>	<b>-</b>	<b>26,750</b>	<b>-</b>
<b>Forestry England costs</b>					
Forestry England costs		13,128	13,128	16,147	16,147
Forestry England capital costs		47,429	47,429	33,642	33,642
		<b>60,557</b>	<b>60,557</b>	<b>49,789</b>	<b>49,789</b>
<b>Non-cash costs</b>					
Depreciation		39	2,636	57	2,114
Amortisation		433	444	428	448
Impairment of property, plant and equipment		-	3,482	-	759
Impairment of investment		-	(6)	-	-
Loss on disposal of property, plant and equipment		(4)	5	-	24
Loss on disposal of intangibles		-	-	-	-
Finance lease interest		-	-	-	-
Provisions		-	-	-	-
Provided in year		1,029	1,029	-	-
Not required and written back		-	-	-	-
Unwinding of discount		-	-	-	-
Notional charges		-	-	-	-
Auditors' remuneration		108	174	55	106
Defra corporate services		370	370	540	540
		<b>1,975</b>	<b>8,134</b>	<b>1,080</b>	<b>3,991</b>
		-	-	-	-
<b>Total</b>		<b>189,378</b>	<b>207,324</b>	<b>165,419</b>	<b>174,838</b>

<sup>1</sup> Further analysis of staff costs is located in the Staff Report.

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## Note 2.1 Woodland Grants

	2024-25		2023-24	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Private Woodland Grants</b>				
England Woodland Creation Offer	20,151	20,151	16,828	16,828
Local Authority Treescapes Fund	8,771	8,771	5,552	5,552
Urban Tree Challenge Fund	8,887	8,887	6,423	6,423
Woods into Management	2,467	2,467	2,771	2,771
Tree Production Innovation Fund	2,479	2,479	2,564	2,564
Tree Production Capital Grant	2,531	2,531	2,242	2,242
Smaller grant schemes	2,000	2,000	1,217	1,217
<b>Total</b>	<b>47,286</b>	<b>47,286</b>	<b>37,597</b>	<b>37,597</b>

Future commitments for these grant schemes are in note 14.

See pages 21 and 25 in the Performance Report for further detail on grants.

## Note 3 Income

	2024-25		2023-24	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Revenue from contracts with customers</b>				
Forest Research MOU income from:				
Scotland	-	4,079	-	4,895
Wales	-	907	-	1,088
Other charges to public sector forestry bodies in:				
Scotland	856	3,318	349	2,908
England	191	1,850	186	1,710
Wales	190	1,085	78	1,202
	<b>1,237</b>	<b>11,239</b>	<b>613</b>	<b>11,803</b>
Project and partnership income	256	220	726	726
EU income	-	165	-	399
Other income	261	7,381	277	5,256
	<b>1,754</b>	<b>19,005</b>	<b>1,616</b>	<b>18,184</b>
<b>Other operating income</b>				
Rental income	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,754</b>	<b>19,005</b>	<b>1,616</b>	<b>18,184</b>

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## Note 4 Property, plant and equipment

	Land £000	Buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2024	1,735	41,864	11,936	9,976	65,510
Additions	-	80	812	6,646	7,538
Reclassifications	-	10,097	1,029	(11,121)	5
Disposals	-	(458)	(204)	-	(662)
Revaluation	55	878	250	-	1,183
Impairment	-	(3,482)	-	-	(3,482)
<b>At 31 March 2025</b>	<b>1,790</b>	<b>48,979</b>	<b>13,823</b>	<b>5,501</b>	<b>70,092</b>
<b>Depreciation</b>					
At 1 April 2024	15	16,250	6,158	-	22,422
Charged in year	7	1,373	1,256	-	2,636
Reclassifications	-	-	-	-	-
Disposals	-	(36)	(186)	-	(222)
Revaluation	-	249	104	-	353
<b>At 31 March 2025</b>	<b>22</b>	<b>17,836</b>	<b>7,332</b>	<b>-</b>	<b>25,189</b>
<b>Carrying value</b>					
<b>At 31 March 2025</b>	<b>1,768</b>	<b>31,143</b>	<b>6,491</b>	<b>5,501</b>	<b>44,903</b>
At 31 March 2024	1,720	25,614	5,778	9,976	43,088
<b>Asset financing</b>					
Owned	1,766	31,064	6,491	5,501	44,822
Leased	2	79	-	-	81
<b>Total</b>	<b>1,768</b>	<b>31,143</b>	<b>6,491</b>	<b>5,501</b>	<b>44,903</b>
<b>Asset ownership</b>					
Core	-	79	-	298	377
Forest Research	1,768	31,064	6,491	5,203	44,526
<b>Total</b>	<b>1,768</b>	<b>31,143</b>	<b>6,491</b>	<b>5,501</b>	<b>44,903</b>

	Land £000	Buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2023	1,664	37,273	10,558	6,763	56,258
Additions	-	3	785	8,334	9,122
Reclassifications	-	4,654	468	(5,122)	-
Disposals	-	-	(140)	-	(140)
Revaluation	71	693	265	-	1,029
Impairment	-	(759)	-	-	(759)
<b>At 31 March 2024</b>	<b>1,735</b>	<b>41,864</b>	<b>11,936</b>	<b>9,976</b>	<b>65,510</b>
<b>Depreciation</b>					
At 1 April 2023	7	14,995	5,057	-	20,059
Charged in year	7	995	1,112	-	2,114
Reclassifications	-	-	(113)	-	(113)
Disposals	-	-	-	-	-
Revaluation	-	260	102	-	362
<b>At 31 March 2024</b>	<b>14</b>	<b>16,250</b>	<b>6,158</b>	<b>-</b>	<b>22,421</b>
<b>Carrying value</b>					
<b>At 31 March 2024</b>	<b>1,720</b>	<b>25,615</b>	<b>5,780</b>	<b>9,976</b>	<b>43,091</b>
At 31 March 2023	1,657	22,278	5,501	6,763	36,200
<b>Asset financing</b>					
Owned	1,711	25,074	5,780	9,976	42,541
Leased	9	541	-	-	550
<b>Total</b>	<b>1,720</b>	<b>25,615</b>	<b>5,780</b>	<b>9,976</b>	<b>43,091</b>
<b>Asset ownership</b>					
Core	-	541	-	-	541
Forest Research	1,720	25,074	5,780	9,976	42,550
<b>Total</b>	<b>1,720</b>	<b>25,615</b>	<b>5,780</b>	<b>9,976</b>	<b>43,091</b>

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Land and Buildings were valued as at 31 March 2023 by professionally qualified staff employed by the Forestry Commission. The results of this valuation were also subject to professional review by Savills, Chartered Surveyors. The next full valuation will be as at 31 March 2028. In the intervening years, the assets are revalued using the indices detailed in note 1.7.

Forest Research assets were revalued as at 31 March 2025, using indexation alongside professional review by Savills, Chartered Surveyors, on one building project. This valuation was undertaken for the Alice Holt lodge, Farnham, with a net book value (excluding land) of £10.8 million, at 31 March 2025.

Capital estates project within assets under construction classification includes the work in progress of £3.84 million at Alice Holt, £1.21 million at NRS, and £0.16 million at Wykeham.

Plant and Machinery is usually valued at five-year intervals. Professionally qualified staff employed by Forestry England undertook the full valuation at 31 March 2023. In the intervening years, revaluations are on the basis of indices provided by the Office for National Statistics or internal professional staff, as appropriate.

Depreciation expense above has been charged in other operating expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

Within the results above, the following represent right-of-use assets held under lease agreements.

	Land £000	Buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2024	24	655	155	-	834
Additions	-	-	-	-	-
Disposals	-	(458)	-	-	(458)
<b>Depreciation</b>					
At 1 April 2024	15	114	155	-	284
Disposals	-	(36)	-	-	(36)
Charged in year	7	39	-	-	46
<b>At 31 March 2025</b>					
Cost or valuation	24	197	155	-	376
Depreciation	(22)	(117)	(155)	-	(294)
<b>Carrying value</b>	<b>2</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>82</b>
<b>Asset ownership</b>					
Core	-	80	-	-	80
Forest Research	2	-	-	-	2
<b>Total</b>	<b>2</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>82</b>

PY	Land £000	Buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2023	24	655	155	-	834
Additions	-	-	-	-	-
<b>Depreciation</b>					
At 1 April 2023	7	57	155	-	219
Charged in year	7	57	-	-	64
<b>At 31 March 2024</b>					
Cost or valuation	24	655	155	-	834
Depreciation	(14)	(114)	(155)	-	(283)
<b>Carrying value</b>	<b>10</b>	<b>541</b>	<b>-</b>	<b>-</b>	<b>551</b>



## Note 5 Intangible assets

	Software licences £000	Internally developed £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2024	126	12,508	12,634
Additions	-	756	756
<b>At 31 March 2025</b>	<b>126</b>	<b>13,264</b>	<b>13,390</b>
<b>Amortisation</b>			
At 1 April 2024	81	10,324	10,405
Charged in year	11	433	444
<b>At 31 March 2025</b>	<b>92</b>	<b>10,757</b>	<b>10,849</b>
<b>Carrying value</b>			
<b>At 31 March 2025</b>	<b>34</b>	<b>2,506</b>	<b>2,540</b>
At 31 March 2024	45	2,184	2,229
<b>Asset financing</b>			
Owned	34	2,506	2,540
<b>Total</b>	<b>34</b>	<b>2,506</b>	<b>2,540</b>
<b>Asset ownership</b>			
Core	-	2,506	2,506
Forest Research	34	-	34
<b>Total</b>	<b>34</b>	<b>2,506</b>	<b>2,540</b>

	Software licences £000	Internally developed £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2023	126	11,904	12,030
Additions	-	604	604
<b>At 31 March 2024</b>	<b>126</b>	<b>12,508</b>	<b>12,634</b>
<b>Amortisation</b>			
At 1 April 2023	62	9,897	9,959
Charged in year	20	428	448
<b>At 31 March 2024</b>	<b>82</b>	<b>10,325</b>	<b>10,407</b>
<b>Carrying value</b>			
<b>At 31 March 2024</b>	<b>44</b>	<b>2,183</b>	<b>2,227</b>
At 31 March 2023	64	2,007	2,071
<b>Asset financing</b>			
Owned	44	2,183	2,227
<b>Total</b>	<b>44</b>	<b>2,183</b>	<b>2,227</b>
<b>Asset ownership</b>			
Core	-	2,183	2,183
Forest Research	44	-	44
<b>Total</b>	<b>44</b>	<b>2,183</b>	<b>2,227</b>

# Forestry Commission

## Note 6 Financial instruments

Consolidated	31 March 2025			31 March 2024		
	Loans and receivables £000	Available for sale £000	Total £000	Loans and receivables £000	Available for sale £000	Total £000
Financial assets	-	31	31	-	75	75
Trade and other receivables (excluding prepayments)	4,267	-	4,267	6,712	-	6,712
Cash and cash equivalents	24,389	-	24,389	16,618	-	16,618
Less provision for impairment	(2)	-	(2)	-	-	-
<b>Total assets</b>	<b>28,654</b>	<b>31</b>	<b>28,685</b>	<b>23,330</b>	<b>75</b>	<b>23,405</b>

Consolidated	Other financial liabilities		Other financial liabilities	
	£000	Total £000	£000	Total £000
Finance lease liabilities	82	82	555	555
Trade and other payables (excluding statutory liabilities)	56,310	56,310	51,255	51,255
<b>Total liabilities</b>	<b>56,392</b>	<b>56,392</b>	<b>51,810</b>	<b>51,810</b>

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

Financial Assets represents an available-for-sale asset; Forest Research's share of C-Cure Solutions Ltd which is classified as Fair Value through Other Comprehensive Income (FVOCI). This was revalued at £31k (a £44k decrease on 2023-24 values).

# Financial statements

## Note 7 Trade receivables, financial and other assets

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Amounts falling due within one year</b>				
Trade receivables	142	2,884	290	4,637
Provision for impairment	(2)	(2)	-	-
<b>Trade receivables - net</b>	<b>140</b>	<b>2,882</b>	<b>290</b>	<b>4,637</b>
VAT receivable	78	78	69	69
Other receivables	13	18	14	19
House purchase and other loans to employees	1	2	4	4
Prepayments and accrued income	4,964	6,468	4,127	6,236
	<b>5,196</b>	<b>9,448</b>	<b>4,504</b>	<b>10,965</b>
<b>Amounts falling due after more than one year</b>				
House purchase and other loans to employees	2	2	1	1
Prepayments and accrued income	3	26	14	14
	<b>5</b>	<b>28</b>	<b>15</b>	<b>15</b>
<b>Total current and non-current</b>	<b>5,201</b>	<b>9,476</b>	<b>4,519</b>	<b>10,980</b>

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

Of the Group trade receivables, £177,000 were past due but not impaired as of 31 March 2025 (2023-24: £403,000). These relate to a number of customers for whom there is no recent history of default.

## Note 8 Cash and cash equivalents

	2024-25		2023-24	
	Core £000	Consolidated £000	Core £000	Consolidated £000
At 1 April	11,326	16,618	1,825	3,709
Net change in balances	8,471	7,771	9,501	12,909
<b>At 31 March</b>	<b>19,797</b>	<b>24,389</b>	<b>11,326</b>	<b>16,618</b>

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Held at</b>				
Government Banking Service	19,797	24,389	11,326	16,618
Commercial banks and in hand	-	-	-	-
<b>Total</b>	<b>19,797</b>	<b>24,389</b>	<b>11,326</b>	<b>16,618</b>

# Forestry Commission

## Note 9 Trade payables and other current liabilities

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Amounts falling due within one year</b>				
Trade payables	3,537	4,262	6,457	7,586
Other payables	711	719	788	1,285
VAT payable	-	407	-	467
Other taxation and social security	578	572	735	1,226
Accruals	48,490	50,342	39,874	41,711
Contract liabilities	-	736	-	445
Payments received on account	-	251	-	228
Defra Supply creditor	24,389	24,389	16,618	16,618
	<b>77,705</b>	<b>81,678</b>	<b>64,472</b>	<b>69,566</b>
<b>Amounts falling due after more than one year</b>				
Deferred income	-	-	-	-
	-	-	-	-
<b>Total current and non-current</b>	<b>77,705</b>	<b>81,678</b>	<b>64,472</b>	<b>69,566</b>

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

1. The large accrual value is driven by an increase in Grant payment accruals to £29.8M and Forestry England accruals of £15.5M both due in the following financial year
2. The Defra Supply Creditor value represents the actual cash holdings at 31<sup>st</sup> March 2025 which is a liability to be returned to Defra in 2025-26

The carrying amounts of trade and other payables are denominated in the following currencies:

	31 March 2025 £000	31 March 2024 £000
GBP Sterling	81,491	69,434
Euro	187	132
US Dollar	-	-
New Zealand Dollar	-	-
<b>Total</b>	<b>81,678</b>	<b>69,566</b>

## Note 10 Contract balances

	31 March 2025 £000	31 March 2024 £000
Contract assets	-	-
Contract liabilities	823	529

There was an error in 2023-24 published accounts where the 31 March 2024 contract liabilities value should have been £445,000.

All income disclosed within contract liabilities is expected to be received in the coming year.

# Financial statements

## Note 11 Provisions for liabilities and charges

	Core			Consolidated		
	Early departures £000	Other £000	Total £000	Early departures £000	Other £000	Total £000
Balance at 31 March 2024	-	-	-	-	-	-
Provided in year	169	860	1,029	169	860	1,029
Not required written back	-	-	-	-	-	-
Utilised in year	(86)	(13)	(99)	(86)	(13)	(99)
Unwinding of discount	-	-	-	-	-	-
<b>Balance at 31 March 2025</b>	<b>83</b>	<b>847</b>	<b>930</b>	<b>83</b>	<b>847</b>	<b>930</b>
<b>Expected timing of discounted cash flows</b>						
Not later than one year	83	847	930	83	847	930
Later than one year and not later than five years	-	-	-	-	-	-
Later than five	-	-	-	-	-	-
<b>Total</b>	<b>83</b>	<b>847</b>	<b>930</b>	<b>83</b>	<b>847</b>	<b>930</b>



# Forestry Commission

## Note 12 Commitments under leases

### Finance leases

Obligations under finance leases fall due as follows:

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
<b>Land and buildings</b>				
Not later than one year	40	42	60	60
Later than one year and not later than five years	40	40	200	200
Later than five years	-	-	394	394
	<b>80</b>	<b>82</b>	<b>654</b>	<b>654</b>
Interest element	-	-	(54)	(54)
<b>Present value of obligations</b>	<b>80</b>	<b>80</b>	<b>600</b>	<b>600</b>
<b>Plant and machinery</b>				
Not later than one year	-	-	-	7
Later than one year and not later than five years	-	-	-	2
Later than five years	-	-	-	-
	-	-	-	<b>9</b>
Interest element	-	-	-	-
<b>Present value of obligations</b>	-	-	-	<b>9</b>
Amounts falling due within one year	40	42	60	69
Amounts falling due after one year	40	40	486	486
	<b>80</b>	<b>82</b>	<b>546</b>	<b>555</b>

Reconciliation of liabilities arising from finance leases is as follows:

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
At 1 April 2024	(546)	(555)	(600)	(617)
Finance lease additions	-	-	-	-
Finance lease disposals	423	423	-	-
Finance lease interest	(1)	(1)	(5)	(5)
Payment of lease liabilities	44	51	59	67
At 31 March 2025	<b>(80)</b>	<b>(82)</b>	<b>(546)</b>	<b>(555)</b>

### Note 13 Capital commitments

There were contracted capital commitments of £435,759 at 31 March 2025 (2023-24: £1,213,000) for an entomology and pathology quarantine laboratory at Forest Research.

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## Note 14 Other financial commitments

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
Not later than one year	34,718	34,718	38,641	38,641
Later than one year but not later than five years	52,017	52,017	33,617	33,617
Later than five years	32,137	32,137	22,776	22,776
<b>Total</b>	<b>118,872</b>	<b>118,872</b>	<b>95,034</b>	<b>95,034</b>

The commitments in the table above represent the signed commitment values for grant payments for the grant schemes detailed in note 2.1. All in year grant payments and accruals are excluded from this figure.

## Note 15 Contingent liabilities disclosed under IAS 37

The Woodland Carbon Guarantee is a £50 million scheme that aims to help accelerate woodland planting rates and develop the domestic market for woodland carbon for the permanent removal of carbon dioxide from the atmosphere.

It provides the option to sell captured carbon in the form of verified carbon credits, called Woodland Carbon Units, to the Government for a guaranteed price every five or ten years up to 2055-56. If preferred, credits can be sold on the open market rather than to the Government. The first credits will mature in 2025-26.

The Forestry Commission's liabilities under the Woodland Carbon Guarantee are contingent on others deciding to exercise their rights to sell the Woodland Carbon Units to the Government. The discounted limit of this liability under the Guarantee at 31 March 2025 is £10.5 million (2023-24: £10.7 million). This contingent liability is included in the Defra Main Supply Estimates with a £11.1 million limit of liability and, if realised, will be funded as part of the Defra Spending Review process.

## Note 16 Operating lease receivables

	31 March 2025		31 March 2024	
	Core £000	Consolidated £000	Core £000	Consolidated £000
Not later than one year	-	5	-	5
Later than one year but not later than five years	-	20	-	20
Later than five years	-	38	-	43
<b>Total</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>68</b>

## Note 17 Investment in the William Robinson Gravetye Charity

The Forestry Commission is the sole member of the William Robinson Gravetye Charity (registered Charity 1136242), incorporated in the UK on 11 April 2009, with no changes in arrangements since this date. Whilst the Forestry Commission is the sole member of the entity, non-consolidation is aligned with the requirements of IFRS 10. The Forestry Commission appoints the trustees, but has no direct control over day-to-day activities. Furthermore, there are no financial benefits, cost savings, or other economic interests or risks arising from the charity pertaining to the Forestry Commission. Whilst the Forestry Commission could exercise its control in extreme circumstances through the removal of trustees, this has not been tested and the charity operates with minimum oversight.

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The total net assets for the William Robinson Gravetye Charity for 2023-24 were £10,530,335. The accounts for 2024-25 have not yet been ratified, but are not considered to result in a material difference this valuation. There are no contingent liabilities relating to the Forestry Commission's interest in the William Robinson Gravetye Charity.

## Note 18 Consolidated related-party transactions

The Forestry Commission's agency Forestry England is regarded as a related party. During the year, The Forestry Commission provided an annual subsidy and other grant income of £60,557,000 to Forestry England of which £14,000,000 is outstanding for payment (2023-24 £49,789,000).

In addition, the Forestry Commission has had various material transactions with other government departments and other central government bodies. The main entities within government with which the Forestry Commission has had dealings are High Speed 2 Ltd, Government Internal Audit Agency, and Defra.

Other than transactions with the James Hutton Institute, there were no other material related party transactions in year. The following information is provided for completeness: all transactions were carried out at arm's length.

## Woodland Grants

The Forestry Commission administers a variety of Woodland Grant schemes. The following payments were made in relation to these schemes:

Recipient	2024-25 £000	2023-24 £000
William Robinson Gravetye Charity <sup>1</sup> (Julia Grant & Peter Latham trustees)	4	2
Hovingham Farms (Sir William Worsley partner)	0 <sup>2</sup>	0 <sup>2</sup>
Bradford Rural Estates Ltd (Ross Murray director)	13 <sup>3</sup>	22 <sup>3</sup>
Hilary Allison	-	2
Norbury Park (Jo Bradwell partner)	28 <sup>4</sup>	- <sup>4</sup>
Duchy of Lancaster (Ross Murray Rural Committee Member)	-	6

1. See page 42 and note 17, page 95

The following transactions were made within the wider Defra group with the Forestry Commission input but are not disclosed in the Forestry commission accounts.

- £159,000 Defra grants received in 2024-25, Countryside Stewardship, Farming in Protected Landscapes and Basic Payment Scheme, £123,000 in 2023-24
- £9,000 Defra Countryside Stewardship Grant received in 2024-25, £8,000 Defra Countryside Stewardship Grant received in 2023-24
- £163,000 Defra Rural Payments received in 2024-25, £77,000 Defra Rural Payments received in 2023-24

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## James Latham PLC

Peter Latham, non-executive commissioner, is a retired Chair of James Latham PLC a timber distribution company. Transactions in year are as follows:

	2024-25	2023-24
	£000	£000
Sales	2	2

There were no sales invoices outstanding as at 31 March 2025 (2023-24: £1,000).

## Others

Some members of the Forestry Commission Executive Board and the Forest Services Board are also members of the Forestry England Board, and are directors or trustees of organisations for which Forestry England had transactions throughout the year. Details of these transactions can be found in the Forestry England Annual Report and Accounts 2024-25.

## Key management compensation

Key management personnel are deemed to be the members of the Forestry Commission Executive Board and the Forest Services Board.

Refer to the Remuneration Report for further details of remuneration of the Forestry Commission Executive Board and the Forest Services Board.

## Note 18 Events after 31 March 2025

In accordance with the requirements of IAS 10, events after 31 March 2025 are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. The authorised for issue date is the date of the Comptroller and Auditor General's audit certificate.

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









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