

31 July 2025

GRAVETYE GOVERNANCE

1. Executive Summary

Following the accounting determination at **Annex A** that the William Robinson Gravetye Charity (WRGC) should not be consolidated into the Forestry Commission's accounts under IFRS 10, this paper outlines options for the Forestry Commission's (FC) future relationship with the charity following this exercise. This is not a reset, rather a review of the current relationship between both parties going forward. A phased approach is recommended, beginning with improved engagement before reviewing the benefits of further reform.

2. Background/Introduction

The WRGC is a registered charity and company limited by guarantee, with assets valued at approximately £10.5 million. Although the Forestry Commission (FC) is the sole member and appoints trustees, it does not exercise operational control or bear financial risk. The charity operates independently, and the recent accounting decision confirms that it should not be consolidated into the FC's accounts through the following rationale:

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.

3. Option 1: Do Minimum – Strengthen Ties Without Structural Change

This option maintains the current governance structure while improving engagement and oversight to ensure alignment with FC and Forestry England (FE) objectives. The charity is being well run despite a challenging economic climate, however whilst reviewing the relationship through resolving the accounting issue has highlighted areas for improvement.

Actions:

Gravetye Governance

- Encourage more periodic reporting from WRGC through the appointed FC Commissioner(s). This will be achieved by an additional agenda point at 6 monthly intervals through the Commissioners Board.
- Promote shared initiatives that align with both WRGC's charitable aims and FC priorities.
- Increase visibility of the charity by all Commissioners by establishing a visit in the Summer of 2026. This is against the backdrop of a high turnover of Commissioners over the coming year.

Pros:

- Low administrative burden.
- Maintains charity independence and goodwill.
- Avoids legal, accounting or regulatory changes.

Cons:

Burden of constant reporting.

4. Option 2: Transfer Management to Forestry England

This option delegates operational oversight and engagement with WRGC to Forestry England. This would align the broadly similar delivery functions of FE to the charity and potentially enable other routes for revenue sources for both parties.

Actions:

- Sub-delegate FC's member responsibilities to the FE CEO through the delegation process (from FC CEO)
- Establish a Memorandum of Understanding (MoU) between FE and WRGC so that the reporting and governance is clear.

Pros:

- Aligns WRGC's activities with FE's operational expertise.
- Enhances strategic coherence across the public forest estate.
- May improve efficiency and delivery of public benefit.

Cons:

- Requires internal governance changes and potential reporting burden.
- Risk of burden of oversight and therefore independence of the charity – possibly call into question the control argument through IFRS 10.

5. Option 3: Amend Articles of Association to Reform Governance

This option involves structural reform by amending WRGC's Articles of Association to reduce or remove FC's control, enabling greater independence or broader partnership models. This option has been raised by the Charity when the risk of consolidation into the FC's accounts was initially discussed. When discussing this option with the charity trustees, this is now not an avenue of strong need ie now that the threat of consolidation has passed.

Actions:

Gravetye Governance

- Initiate a legal review of the Articles to explore governance reform options.
- Engage stakeholders in the reform process.

Pros:

- Clarifies WRGC's independence and reduces FC's oversight of the charity.
- May enable more flexible partnerships and funding opportunities.
- Aligns with best practice in charity governance.

Cons:

- Loss of influence over a valuable estate.
- Giving up control to the trustees (and the assets) will require HMT approval. This is unlikely to be approved without some benefit to the state.

6. Recommendation

It is recommended that the FC adopt a phased approach. In the short term, Option 1 should be implemented to strengthen ties and improve reporting. In the medium term preparatory work should begin to explore the other options to align with the FC's strategic goals. Efforts for further alignment will require more comprehensive scoping and joint working (keeping in mind that the FC has ultimate full control) to realise optimal benefit for all. Starting with Option 1 is an encouraging move in that direction.