



Forestry England

Annual report and accounts

2025-26

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2025-26

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of His Majesty

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Any enquiries regarding this publication should be sent to us at:
Forestry England
620 Bristol Business Park
Filton, Bristol
BS16 1EJ

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Chief Executive foreword

I am immensely proud of what Forestry England has achieved this year. Across the organisation, colleagues have continued to adapt, innovate and deliver, using the unique asset of the nation's forests to create greater value for society.

We have done so against a challenging backdrop. Economic uncertainty, volatile timber markets and increasingly extreme weather have all tested our resilience. Market volatility affected our financial performance, while the major wildfire at Langdale Forest was a stark reminder of the growing impacts of climate change. I am incredibly proud of the Forestry England colleagues who played a vital role in the multi-agency response, helping to protect local communities, businesses and the forest itself.

This year also marks the successful conclusion of our first strategy, *Growing the Future: 2021-26*. Five years ago, in the midst of the Covid-19 pandemic, we set an ambitious challenge: to use the nation's forests to create greater value for people, nature and climate. We recognised the vital role forests could play in improving health and wellbeing, reversing biodiversity loss, supporting sustainable economic growth and helping society adapt to a changing climate.

This final year has made a significant contribution to the strategy's overall success, and in many areas we have met or exceeded the ambitions we set in 2021. We have achieved this while building a new organisation, caring for the nation's forests and fulfilling our statutory responsibilities. Throughout this report we reflect on both this year's achievements and the cumulative impact of the past five years.

Looking across the lifetime of the strategy, I am particularly proud of what colleagues have achieved together. For nature, we have introduced wilding approaches across more than 12,000 hectares and reintroduced 24 species to support nature recovery. For people, we have welcomed more than 1.5 billion visits to the nation's forests while improving accessibility and developing experiences that support health, wellbeing and recreation. For climate, we published our Forest Resilience Strategy and Action Plan, acquired more than 3,000 hectares of land for woodland creation and planted over 2,000 hectares of climate-resilient productive woodland. Throughout this period, we have continued to supply around 1.2 million cubic metres of sustainably sourced timber annually while maintaining internationally recognised standards of forest management.

These achievements depend on strong foundations. Healthy, resilient forests remain at the heart of everything we do, supported by a secure supply of high-quality trees and seed. Our Lobslack nursery now produces around seven million trees each year across nearly 80 species. This year, with support from Defra, we invested more than £17 million in plant and seed infrastructure, including the opening of the Vernon Stockton Centre, our new seed processing facility. It was a privilege to welcome the Minister for Nature to celebrate this important milestone and the legacy of a colleague whose contribution to forestry has been so significant.

We have also continued to strengthen our financial foundations. Alongside investment in plant and seed supply, we secured £64 million of grant funding for woodland creation, nature recovery and access improvements. Improved efficiency, disciplined cost control and growth in commercial income, including strong performance across membership and recreation, have strengthened our resilience and ability to invest in the future.

Important challenges remain. Uncertainty around long-term core funding continues to affect our ability to plan for the statutory responsibilities at the heart of our work, including caring for protected sites, maintaining open access to 99.2% of the nation's forests and operating an

efficient and effective organisation. We continue to work closely with Defra and intend to submit a business case for a sustainable long-term solution in 2026-27.

Forestry England also plays a vital role in delivering Government priorities, Defra outcomes and the Forestry Commission's ambitions set out in *Thriving for the Future*. The nation's forests are a significant piece of national infrastructure, supporting economic growth through sustainable timber production, expanding woodland cover, enhancing the natural environment, improving access and wellbeing, and contributing to clean energy objectives.

This year marked another significant milestone, with the Planning and Infrastructure Act granting Forestry England powers to generate and export renewable electricity. This creates new opportunities to contribute to the UK's energy security and clean energy ambitions, support our journey to net zero and generate long-term value from the nation's forests. As we explore these opportunities, our focus will remain on delivering social value, strengthening financial resilience and helping to fund the protection, improvement and expansion of the forests in our care.

There have also been moments that remind us of the extraordinary heritage and long-term value of the nation's forests. One highlight was celebrating the centenary of Bedgebury National Pinetum. Its internationally important conifer collection and world-leading conservation work demonstrate what can be achieved through generations of expertise and stewardship. It was a great honour to welcome His Majesty The King and share our passion for trees, forestry and the vital role forests play in our future.

As we close the first chapter of *Growing the Future*, we are already looking ahead. More than 80% of Forestry England colleagues contributed to the development of our new strategy, *Growing the Future to 2031*, reflecting the commitment, expertise and ambition across the organisation.

I am delighted to welcome Baroness Barbara Young as Chair of the Forestry Commission and Forestry England Board, alongside new Board members Kate Cheetham and Chris Wood. I would also like to thank Sir William Worsley and departing Board members Jennie Price and Chris Simpson for their invaluable support and contribution. It is with great sadness that I also reflect on the passing of Peter Latham and the important contribution he made as a member of the Forestry England Board.

When I look back over these first five years, what stands out most is not any single achievement but the collective impact of colleagues across the organisation. None of this would have been possible without the expertise, dedication and commitment of our staff, volunteers, partners and supporters.

To all my Forestry England colleagues, thank you. I am incredibly proud of what you have achieved and of the organisation you have built. We begin the next chapter from a position of strength, with much to do and much to look forward to.

Mike Seddon
Chief Executive, Forestry England

Bedgebury Centenary, July 2025,
photo by David Jenner Photography.



About Forestry England

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

Why we do it:

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



Our structure:

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

Forestry England is an Executive Agency and non-financial public corporation.

Our values:

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

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

Awards and recognition for work in the nation's forests received in 2025-26

The Forestry England team, our partners and volunteers have worked tirelessly to look after the nation's forests and give people incredible experiences across the 1,500 locations that we manage. Here is a selection of the recognition received in 2025-26.

Honours

Forestry England Director of Marketing and Engagement, Josephine Lavelle has been recognised with an MBE for services to forestry in His Majesty The King's 2026 New Year Honours.

Forestry England Civil Engineer, Martin O'Vastar (retired) has been recognised with an MBE for services to forestry in His Majesty The King's 2025 Birthday Honours.

National health and wellbeing award

Forestry England's Active Forests programme has been named Best Project for Enhancing Health & Wellbeing at the 2025 Outdoor Recreation Network (ORN) Awards. The award recognises projects across the UK that demonstrate outstanding innovation and measurable impact in using the outdoors to improve physical and mental health. Winning this award is a testament to the lasting contribution the **Active Forests** programme is making to people's lives, encouraging them to visit, move, and feel good.

UK's Top 100 Visitor Attractions

Forestry England has been recognised in the Association of Leading Visitor Attractions (ALVA) 2024 report, with eight of our sites ranked among the UK's Top 100 Visitor Attractions, led by Moors Valley in 47th place. In total, 27 Forestry England locations featured in the report. We also outperformed sector trends, recording a 3.3% increase in visitor numbers compared to 2023 and a 10.7% rise on 2019 figures. This achievement highlights the strength of our visitor offer and the outstanding commitment of our staff, volunteers, and partners in providing high-quality, welcoming experiences that support the health and wellbeing of millions across the country.

Lifestyle Awards 2025

Westonbirt Arboretum was the winner of the 2025 Lifestyle Business of the Year and Cultural Venue of the Year, crowning the arboretum as the overall winner of the 220 finalists and businesses shortlisted.

Our main sites and offices



Performance report



Performance overview

1 April 2025 - 31 March 2026



326 million
estimated visits
to the nation's forests



764 hectares
of new woodland
planted



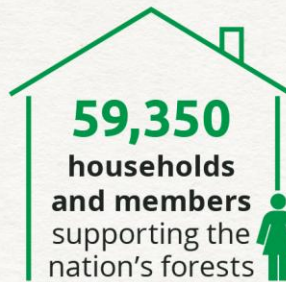
6 million
trees planted
in the nation's forests



1.14 million
cubic metres of
timber harvested



266,291
hours kindly given
by volunteers



59,350
households
and members
supporting the
nation's forests



99.97%
of people live within
a **one hour drive**
of the nation's forests

The nation's forests are vast

They include



54,262
hectares of
priority habitat



50,028
hectares of
open habitat



42,695
hectares of
plantations on
ancient woodland
(PAWS)



79
species of tree



33
conifer



46
broadleaf

We have planted...



12,752
hectares
area of ongoing
conversion to
wild area
projects



92.4%
of SSSIs
(Sites of Specific
Scientific Interest)
are in a
favourable
or **recovering**
condition

Challenges



Recruitment
& retention



Long-term
infrastructure



Pest &
diseases



Responding
to extreme
weather



Economic
uncertainty
and volatility



Fire -
including
human-caused

How we measure our performance

We measured our performance against our 5-year plan Growing the future: 2021-26 reported here, and our 5 published KPIs. Our Growing the future activities contribute to the goals of the Forestry Commission strategy Thriving for the Future, Defra goals including the Environmental Improvement Plan [Environmental Improvement Plan - GOV.UK](#), and Government's mission.

There are other measures and goals that we use to measure our performance:

The UN Global Goals

At an international level we track our contribution to the UN Sustainability Goals (SDGs).

These are a roadmap of 17 interlinked social, economic and environmental objectives to deliver global sustainable development by securing the rights and wellbeing of everyone on a healthy planet. The SDGs are illustrated below, and the following section shows how Forestry England's strategic goals support the SDGs. Throughout the report we refer to the relevant goals where our actions and ambitions align.



Natural capital

Natural capital accounting provides a framework for understanding, measuring, and valuing the environmental, social, and economic benefits delivered by the nation's forests. It supports Forestry England's commitment to protecting, managing, and enhancing these assets for current and future generations, while contributing to broader environmental, social and wellbeing outcomes.

Forestry England continues to demonstrate leadership in this field.

Our natural capital accounting is based on recognised natural capital accounting principles and methodologies that quantify and value the ecosystem services and wider benefits generated by the nation's forests. The accounts are aligned with BS ISO 14054:2025, providing a consistent and transparent framework for understanding nature's contribution to organisational outcomes and wider societal value.

We are also supporting and participating in a global project led by the International Sustainable Forestry Coalition (ISFC) to develop a harmonised approach to natural capital accounting across the forestry sector.

We continue to strengthen using natural capital evidence in decision-making at local and national levels. Reflecting the growing value of the nation's forests, the estimated natural capital value increased to £109.2 billion in 2025-26, up from £99.9 billion in 2024-25.

Further information on our natural capital methodology and published accounts is available on the Forestry England website: [Our natural capital approach](#).

Taskforce on nature-related financial disclosures (TNFD)

TNFD is a groundbreaking initiative led by the private sector. It is creating a global framework for companies and investors to monitor and disclose their risks and impacts on nature, including throughout their supply chain. Reporting the impacts on biodiversity is likely to become mandatory for large companies and investors. It could mean biodiverse, nature-first forest management becomes more commercially viable. The Forestry England Executive Team have made the decision that, whilst it's not mandatory, Forestry England will be an early adopter of this reporting to provide sector leadership and to create opportunities to attract green investment by communicating what we do well when managing nature, and how we manage nature-related risks, impacts, dependencies and opportunities.

Our approach to nature-related risk and opportunity assessment is informed by the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), helping us identify, assess and disclose our dependencies, impacts, risks and opportunities relating to nature.

Our first report for 2025 will be published in autumn 2026 [Taskforce on Nature-Related Financial Disclosures](#)

Key performance indicators

Our published key performance indicators (KPIs) function as long-term metrics calculated and reported every year. The Forestry England Board agreed this set of KPIs following extensive consultation in 2019.

These KPIs are recognised as official statistics and are a crucial public asset. They offer insights into society, the economy and the government's work and performance. They are part of the suite of Forestry Commission KPIs. The complete range of KPIs for the Forestry Commission are published on www.gov.uk.

Performance analysis

Five years of Growing the future: 2021-26

Our five-year plan for the nation's forests guides our work delivering valuable, sustainable public benefits from the nation's forests, underpinned by generating income that is reinvested into the care of the estate.

Five years ago, as the country faced the uncertainty of the Covid-19 pandemic, Forestry England launched Growing the future, its first corporate strategy. While the world around us was changing rapidly, the need to tackle some of society's most pressing challenges remained clear: responding to climate change, reversing nature loss, improving health and wellbeing, and ensuring the long-term sustainability of our forests. Growing the Future set out how Forestry England would make a meaningful contribution to these priorities through the management of the nation's forests and set ourselves challenging five year targets.

This report demonstrates the progress made against those ambitions. Over the past five years we have restored habitats and reintroduced species (Page 21-22), expanded access to nature for a wider and more diverse range of people, welcoming more than 1.5 billion visits that help millions of people experience the environmental, social and economic benefits that forests provide (Pages 17-19), increased woodland creation and strengthened the resilience of our forests (Pages 14-15). We have continued to provide a reliable supply of sustainable timber, invested in our people, technology and infrastructure, and grown our commercial and partnership income to support long-term financial resilience (Pages 24-25).

Delivery has not been without challenges (Page 29). Rising costs, economic uncertainty, severe weather events and increasing threats from pests, diseases and climate change have demanded resilience and adaptability across the organisation. Despite these pressures, Forestry England has continued to evolve, innovate and invest in the future.

The performance presented in this report reflects the commitment, expertise and dedication of our colleagues, partners, volunteers and supporters. Together, they have helped turn the ambitions of Growing the future into tangible outcomes for people, nature and the economy, while laying strong foundations for the next stage of Forestry England's journey.

Fuelled by rising temperatures and prolonged drought linked to climate change, this devastating wild forest fire is becoming an increasingly common reality. *Langdale Moor, North Yorkshire, August 2025.*



Growing the future: for climate

Our vision: For climate

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



New woodlands

Planting new woodlands



Sustainable timber

Over 1 million m³ to market yearly, maintaining forest management



Structural and tree species diversity

Supporting adaptation to climate change for future generations

Five years of Growing the future: 2021-26

5-year target by 2026	2,000 hectares	5,000,000 m ³	More diverse species
Cumulative 2021-26	3,006 hectares acquired and 2,000 hectares planted	5,844,000 m ³	Consistent increase from the baseline of 12
Achieved in 2025-26	1,013 hectares acquired and 764 hectares planted	1,141,000 m ³	79 distinct species
Target achievement	Exceeded	Exceeded	Exceeded

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

Land acquisition met the cumulative programme target creating a strong foundation for future woodland creation.

Woodland creation success¹: during the 2025-26 planting season ending in April 2026, the Woodland Creation Team achieved its delivery target, planting over 1.1 million trees and establishing 764 hectares (target 749ha) of new woodland across five sites funded through the Nature for Climate Fund. In addition, we secured more than 1,000 hectares of land across ten further sites, which will be brought forward for woodland creation in future years.

Sustainable timber production remained consistently strong across the five-year period, reflecting the effectiveness of robust long-term forest management across the nation's forests. This sustained level of production supports a range of strategic objectives, including carbon sequestration, the supply of renewable raw materials to the green economy and creating resilient, productive woodlands for future generations. We continue to operate to internationally recognised certification standards: FSC, PEFC, and Grown in Britain.

During the reporting year, Forestry England delivered 91% of its annual production target, equivalent to approximately 1.141 million cubic metres of timber. Timber production

¹ The 2025/26 planting season ended at the end of April 2026. We have reported the end of planting season data in the Annual Report as this reflects the full plan for 2025/26 which is the period for which the 2025/26 work was planned, resourced and targets set. The official statistics, published earlier in the year, took their data as at March 31 whilst planting was still taking place, and therefore the official statistics report a slightly lower figure of 733ha for 2025/26 new woodlands planted.

volumes fell short of the annual target as challenging global economic conditions in the first half of the year reduced market demand.

Forest Resilience: during this year, Forestry England published its first [Forest Resilience Strategy and action plan](#), setting out a long-term vision for ensuring the nation's forests continue to thrive in the face of increasing environmental pressures. Drawing on the latest evidence from Forest Research, as well as decades of practical experience and innovation in forest management, the strategy and action plan establishes a clear framework for building resilience across the nation's forests.

The publication of a dedicated organisational resilience strategy represents a significant milestone for the forestry sector and demonstrates Forestry England's leadership in addressing long-term environmental challenges. The strategy has been positively received by stakeholders, including Confor, which has recognised the importance of taking a proactive and strategic approach to safeguarding the future health and productivity of the nation's forests.

Plant and seed processing centre opened Forestry England's new plant and seed processing Centre at Delamere, was officially opened in September by the Minister for Nature. The 2,000m² timber-framed, net zero facility, represents a significant investment in the UK's forestry infrastructure. By enhancing Forestry England's capability to process and store tree seed, the centre will support the development of climate-resilient forests and help secure a sustainable supply of planting stock for the future.

Westonbirt Christmas Lights 2025



Growing the future: for people

Our vision: For people

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



Volunteer hours

Five years of
Growing the future:
2021-26



Partnerships

Grow expertise
and innovation



Diversity visitors

Reflecting the
nation's communities



Membership

Launching our
national scheme

5-year target by 2026	1,000,000 hours	Quality partnerships supporting delivery	Infrastructure to drive greater diversity	Grow our national memberships family
Cumulative 2021-26	973,681 hours	£2.9 million	Exceeded	59,350 total active memberships
Achieved in 2025-26	266,291 hours	£718,158	Minority ethnic groups 22% Visitors with disability 19%	8,194 total active memberships
Target achievement	Met	Exceeded	Exceeded	Exceeded

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

Volunteer participation successfully met our ambitious five-year target of one million hours, finishing within 5% of the goal and demonstrating the vital contribution that volunteers, community partners and unpaid workers make to Forestry England's mission. More than 3,000 active volunteers, alongside a wide range of community partnerships, including our longstanding work with the Ministry of Justice Community Payback programme, continue to help deliver lasting benefits for people, nature and the economy. Feedback remains strongly positive, with 92% of volunteers reporting they are happy or very happy with their experience.

Looking ahead, our draft Community Partnership and Volunteer Strategy 2026-31 focuses on creating a culture where volunteering and community engagement are everybody's business. Through stronger staff training, improved communication, more inclusive opportunities and enhanced partnership support, we will enable teams across Forestry England to confidently work with volunteers and community partners, ensuring these relationships continue to play a central role in growing the future of the nation's forests while delivering meaningful opportunities for communities to connect with nature.

Stronger partnerships. A Growing the future strategic aim was to develop stronger partnerships to support delivering our work, some examples are listed below.

Community Payback Partnership. Our partnership with the Ministry of Justice has been a powerful collaboration to deliver a successful Community Payback scheme. The partnership provided 12,703 hours and continues to strengthen with several existing sites seeking to increase participant numbers or expand their delivery days. We are also in the final stages of establishing a new programme in the Forest of Dean and early discussions

are underway for a second programme in the East District, reflecting growing demand and confidence. Our Memorandum of Understanding with Ministry of Justice is being refreshed.

Corporate partnerships continue to grow and valued long-term partnerships developed. Income reached 90% of the annual target for 2025-26, highlighting the resilience of Forestry England's partnerships and the growing value of forests for shared social and environmental impact, including:

- **British Airways** have been supporting Forestry England since 2023 through the BA Better World Community Fund. To date, the company has donated over £227,000 as part of our ongoing partnership, including raising £20,000 for the Kielder Osprey Project through combined corporate and individual giving. In addition to this financial support, British Airways colleagues have provided hundreds of volunteering hours to support Forestry England's work, planting trees, clearing invasive species and removing tree guards.
- **AstraZeneca's** five-year, £1.75 million partnership will reach its goal of planting 1.15 million trees in 2026, contributing to AstraZeneca's Global Forests programme and the ambition to see one million trees thriving by 2030. The partnership has supported woodland creation and restoration across seven forests and enabled AstraZeneca staff to take part in eight tree-planting events.

Parkrun. Forestry England has launched its 30th Forestry England-hosted parkrun at York Community Woodland. Across the nation's forests, we have now hosted over 10,000 park run events and in January celebrated our 1 millionth participant.

Yearly visit numbers to hubs exceeded pre-pandemic levels, highlighting rising demand for recreation and wellbeing and reinforcing the nation's forests' value as a vital public asset.

New family adventures. We have launched new family adventures including Go Ape nets adventure and giant marble run at Alice Holt Forest, and a Go Ape high ropes course at Salcey Forest.

Observatory and planetarium. The Lake District's first public observatory and planetarium has opened at Grizedale Forest. This builds on previous successes at Kielder Forest and other sites, enhances the visitor offer and creates a new focal point for dark skies tourism in the region.

Access for All. 36 projects have been delivered this financial year, at 27 different forest locations, these include Changing Places, pedal and play, accessible trails and play areas.

Rainbow Canopy's Out in the Forest series brought the LGBTQ+ community together in some of Forestry England's most beautiful spaces. **Westonbirt Arboretum** hosted a wellbeing walk, fire-lighting, clay art and a picnic at the community shelter. **Hicks Lodge** hosted nature immersion and forest bathing. **Chopwell Wood** went big with a Pride Colour Run alongside Gateshead Pride, drawing around 400 participants.

Improving heritage assets across the nation's forests. Forestry England has been rated among the top-performing government bodies for heritage care, ahead of several dedicated heritage agencies. The latest report under the Protocol for the Care of the Government Historic Estate shows a major leap in performance: our score having risen to 97/100, up from 78/100 in 2019. The nation's forests hold one of the country's most significant heritage portfolios, from Neanderthal caves to the largest bomb ever dropped

on British soil, illustrating the remarkable depth and diversity of the historic environment Forestry England manages. This progress reflects sustained investment and co-ordinates action to improve guidance, monitoring, data systems and management.

National contemporary art programme As part of Forestry England's national contemporary art programme, Clearfell House, Dalby Forest, North Yorkshire, was created through a partnership with Central Saint Martins, University of the Arts London, and Material Cultures. Architecture students designed and built the structure as a live-build project in Dalby Forest. The award-winning project showcases the potential of home-grown timber and bio-based materials in low-carbon construction. It also explores the connections between forestry, biodiversity and the built environment.

Clearfell House demonstrates how contemporary art and architecture can enrich visitor experiences, support learning, and encourage conversations about climate resilience and regenerative construction. Recognition through the Architects' Journal Small Projects Award 2025 and inclusion in the Dezeen Awards 2025 longlist has raised the profile of both the project and the wider programme. It highlights the value of creative collaboration in attracting new audiences, ideas and perspectives to the nation's forests.

Active memberships exceeded target, demonstrating strong growth, rising public engagement and lasting support for the work of Forestry England, deepening connections with the nation's forests and generating income for reinvestment in our forests. The launch of the national membership scheme in June 2023 has driven this growth.

Tawny Owl, resident at Wendover Woods, East District.



Growing the future: for wildlife

Our vision: For wildlife

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



Reintroducing and translocating

Plant and animal species to support ecosystems



Habitat enhancements

Proportions of the nation's forests that are open habitats (%)



Wilding

Additional conversions to wild areas

Five years of Growing the future: 2021-26	Reintroducing and translocating	Habitat enhancements	Wilding
	Plant and animal species to support ecosystems	Proportions of the nation's forests that are open habitats (%)	Additional conversions to wild areas
5-year target by 2026	7 ongoing reintroduction projects	21.1%	6,000 hectares
Cumulative 2021-26	24 ongoing reintroduction projects	19.7%	12,752 hectares ongoing
Achieved in 2025-26	24 ongoing reintroduction projects	0.7%	2,216 hectares
Target achievement	Exceeded	Not met	Exceeded

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

Supporting nature's recovery, Forestry England is at the forefront of innovation and, using new technologies, is driving forward nature's recovery within the nation's forests.

Species reintroduction and biodiversity recovery. Species reintroduction exceeded expectations. These programmes are restoring lost or declining species, strengthening ecosystem function and enhancing the natural capital value of forests. This progress reinforces Forestry England's role as a leader in nature recovery, showcasing innovation and ambition in reversing biodiversity loss and supporting thriving, resilient ecosystems. These include pine martens, wood ants, fungi translocation, white-tailed eagles and beavers.

Golden eagle. Forestry England completed a feasibility study on the recovery of golden eagle into England. The study suggests it is possible to expand the range of golden eagle into northern England. We will now work with Defra and Natural England to develop proposals to take this forward within the nation's forests engaging with stakeholders.

Open habitat management. Creation and management of open habitat has achieved close to the five-year target, maintaining momentum in enhancing habitat diversity across the nation's forests and strengthening long-term ecological resilience. It also ensures that open habitats continue to play a complementary role alongside woodland creation in delivering biodiversity and climate adaptation outcomes.

Landscape Recovery Schemes (LRS). Forestry England has now formally entered the c.£34 million Upper Duddon LRS in the Lake District in partnership with the University of Leeds. The project covers over 2,800 hectares of uplands in southwest Cumbria in the heart of the Lake District National Park. This is a nationally significant, first of its kind approach to landscape scale recovery, which began its 20-year implementation phase last year. It is only the second LRS signed in England.

Forestry England partner in new National Nature Reserve (NNR). Between Liverpool and Manchester, on the doorstep of urban communities in Warrington and Greater Manchester, this area was at the centre of the industrial revolution. It is now the site of the new Risley, Holcroft and Chat Moss NNR the newest addition under the King's Series. It is a network of 11 sites managed by 7 partners including Forestry England. The NNR includes lowland raised bogs and fen, through to lowland heath, wet woodland and drier woodland habitats which will be restored to provide homes for rare species, such as lapwings, curlew, sundew and adders.

Wilding and nature-led approaches. Areas identified for the restoration of natural processes “wilding” were more than doubled compared to target, with a cumulative 12,752 hectares. This reflects a significant step forward in embedding nature-led approaches in productive forest landscapes. By allowing natural processes to shape habitats at scale, these initiatives are restoring ecological function, improving connectivity and contributing to long-term landscape recovery. This growing portfolio creates a legacy for resilient ecosystems while demonstrating how nature recovery can be integrated alongside sustainable timber production.

Forestry England & Arbortec development
of women's chainsaw trousers.



Growing the future: our people and values

Our vision: Our people & values

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



Diverse workforce
Reflecting the nation's communities



Work environments
To empower people wherever they work



Health and safety
Improved accident reporting:
Public reports Staff reports

Five years of Growing the future: 2021-26	5-year target by 2026	Infrastructure to drive greater diversity	Empower workforce	Yearly improvement	Yearly improvement
	Achieved in 2025-26	6% Minority Ethnic groups, 7% have a disability	91% staff engagement recorded in 2024/25	8.4 per 100k visits	7.87 per 100 employees
	Target achievement	Exceeded	Exceeded	Met	Exceeded

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

Inclusion, health, and safety

High-risk incident prevention. No high-profile near-miss incidents were recorded by programme end, reflecting effective risk management and strengthened preventative controls across high-risk activities.

Safety culture and reporting. An open culture that supports transparency, learning and continuous improvement, led to more reporting of staff accident rates.

Workforce inclusivity. We have continued to make progress in building a more diverse workforce. Since last year's report, the proportion of colleagues from minority ethnic backgrounds has increased from 5.7% to 6.0%, colleagues declaring a disability has risen from 5.6% to 7.0%, and female representation has increased from 45.5% to 47.0%. We also maintain a high level of workforce data quality, with 98% of colleagues having declared their ethnicity.

Work environments

Digital transformation. Forestry England's IT Team have been at the heart of digital transformation across the organisation. A strong emphasis has been placed on resilience and security, while driving innovation. A new key service, Halo, has brought consistency and quality to internal service provision. Public Wi-Fi has been introduced across our major forest centres to improve our offer for visitors.

Investment in staff welfare facilities. We have invested £2.989m in improving our staff welfare facilities. This has included new staff welfare and operational enhancements at Santon Downham in the East, new staff facilities as part of the Veron Stockton seed centre development and further mobile welfare units for staff working in our forests.

The Old Walled Garden operational yard redevelopment at Santon Downham was completed, providing a better place to work for colleagues. It provided a new welfare block, upgraded storage areas, new increased environmental, biosecurity and security facilities.

Female-fit PPE. Female forest workers now have chainsaw protection equipment designed specifically for their bodies, rather than using ill-fitting men's workwear that compromised safety and comfort. Forestry England's investment has enabled the range of female-fit workwear to be developed by manufacturer Arbortec Forest Wear. The design and production process has involved extensive testing and feedback from female forest workers for the first time.

Forest Live, Paul Weller. Thetford, *photo*
by David Jenner Photography



Growing the future: Our sustainable approach

Our vision: Sustainable approach

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



Reduced emissions

Total GHG emissions by source



Sustainable finance

self-generated income from commercial activity



Awareness

Increased awareness of Forestry England

Five years of Growing the future: 2021-26

5-year target by 2026	Meaningful reduction towards net zero	Increase from 76% (2021)	Increase from 33% (2021)
Achieved in 2025-26	2,693 tCO ₂ e	61%	45%
Target achievement	Exceeded	Not met	Exceeded

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

Reducing emissions. Over the past five years, greenhouse gas emissions have fallen significantly from 3,707 to 2,693 tCO₂e, exceeding reduction targets and demonstrating sustained progress in minimising environmental impact through operational changes.

Net Zero Strategy. The strategy, Our Clean Future, launched on 16 October 2025. The headline targets are for Forestry England to be net zero for scopes 1 and 2 by 2035 and scope 3 by 2040. We are targeting all parts of the business from the timber operations and the fleet to the built estate. Net zero workshops were held at staff briefing session over the summer to canvas views and to ensure consistent messaging in advance of the formal launch. A series of data 'dashboards' for district teams and the Executive Team have been developed to support performance management and improve our evidence base. The strategy supports the objectives of Growing the future: 2021-26. Forestry England activities generate most Forestry Commission carbon emissions and by tackling these directly we can make greatest impact across FC to meeting government commitments.

Renewable energy powers. The Planning and Infrastructure Act received Royal Assent in December 2025 and the measures relating to the new powers enabling Forestry England to develop renewable electricity took effect on 27 February 2026, alongside the associated secondary legislation and Defra MoU. We have started to develop our approach and an initial pipeline of potential developments to take forward in coming years.

Brand awareness and public understanding of Forestry England's role both exceeded ambition and target. This reflects the growing recognition of the organisation and the increasing effectiveness of its communications approach. Stronger storytelling, strategic partnerships, and enhanced public engagement have strengthened visibility and made messages clearer, enabling Forestry England to better connect people with forests and demonstrate their value. This increased awareness highlights greater recognition of

Forestry England's contribution to people, nature and the economy, reinforcing its position as a trusted, valued and nationally significant organisation.

Self-generated income and financial resilience. Self-generated income from commercial activity rose significantly over the period from £82m in 2020-21 to £97.2m in 2024-25 and £98.5m in 2025-26, supported by strong growth in recreation and visitor engagement. The reported proportion of 61% was below the five-year target due to our success in gaining increased Defra funding for specific programmes.

Timber income performance. Timber markets remained challenging throughout 2025-26, with economic uncertainty continuing to drive market volatility and reduced demand. Despite these pressures, demand strengthened over the winter months, and Forestry England teams responded effectively to ensure customer needs were met. In total, 1.141 million cubic metres of sustainable timber was brought to market, supporting critical supply chains and rural businesses. The timber generated £51.3 million of income for Forestry England, which was 9% below the 2025-26 budget.

Overnight stays remained a key focus during 2025-26. Camping income rose by almost 24% with new accommodation offers prepared for launch for the 2026 season, including; the first Unyoked off-grid cabins in Dalby Forest and six to seven locations identified as pilot sites for campervan stopovers.

Events were strong last year with Forest Live's 19-concert series selling over 141,000 tickets, generating over £590,000 for Forestry England. The seasonal trails for 2025-26, delivered in partnership through our national partnership with Sony / Raymond Gubbay Limited, generated a total profit of £246,591 to Forestry England.

Specific challenges

While delivering the strong set of activities and outcomes through 2025-26 highlighted in the previous pages, Forestry England has been navigating several challenges summarised below.

Specialist post recruitment and retention

Direct timber production teams have struggled to retain experienced staff leading to late sales catalogue launches and/or sale parcels being withdrawn.

Challenges recruiting and retaining land agents, building surveyors and civil engineers has impacted the maintenance and improvement our infrastructure, such as reservoirs, bridges, and roads. While we have been successful in recruiting and retaining some specialist professions, this is an on-going challenge.

The cost-of-living crisis and global inflation are making it harder to attract and retain specialist staff in a competitive job market.

Responding to extreme weather

Storms. Increased frequency and severity of storms has impacted land management delivery and timber harvesting and causing some visitor centres to close during storm events directly impacting trading income and delivery cost.

Water. Extreme droughts and floods impact the growth of trees, particularly in woodland creation sites, new planting and nursery operations. In 2025-26, there was geographical variation in beat up rates (the percentage of trees that died or failed to establish from the first planting and require replacement) for the woodland creation sites across the country, with site conditions and climate having an impact. Figures ranged from c.10-80%.

Wildfire. August 2025 saw a prolonged major fire at Langdale Forest in the North Yorkshire Moors. Such wildfires divert resources and damage the environment along with being a threat to the health and safety of our staff and visiting public / local residents.

Pests, diseases and tree health: The growing frequency and cumulative impact of pest and disease outbreaks pose a significant threat to forest health and resilience, requiring resources to be redirected from planned programmes and operational activities.

Long-term infrastructure. The nation's forests have significant and ageing infrastructure and assets which need managing and long-term investment. The challenge remains to secure long-term resources and professional expertise to deliver the diverse programme of modernisation and investment identified.

Financial risks, economic uncertainty, and volatility. We put in place the 3-year management intervention programme 'Securing the future' to set a path to financial sustainability. This is detailed in the Operating Review, Financial Performance section.

**Without resilient forests
we lose everything.
The challenge is great
but the opportunity is greater.**

Operating performance

Financial review

Overview

Forestry England secured a total of £201 million from operating income and Defra funding (2024-25 £161 million) to deliver public benefits from the nation’s forests and care for the estate. The year ending 31 March 2026 was characterised by a more stable trading environment alongside continued delivery of the Securing the future programme, which generated £7 million of savings in its second year.

Timber markets were subdued, with demand resulting in volumes 9% below budget. This was partially offset by stronger timber prices, such that overall timber income reduced by around 5% year-on-year. Continued growth in recreation income, together with disciplined cost control, helped mitigate this shortfall.

The deficit before biological asset revaluation was £86 million (2024-25: £74 million). However, this includes £64 million of activity funded directly by Defra, with corresponding income recognised in the Statement of Changes in Taxpayers’ Equity. Excluding these Defra-funded activities provides a clearer view of the underlying operating deficit of around £23 million, representing the performance of Forestry England’s core activities.

The comprehensive deficit of £86 million (2024-25 £433 million) is substantially lower than the previous year.



Savills’ database of forest transactions is used to inform the Existing Forest Price Index shown in the chart above. While the chart shows a further downturn in 2025, this masks the underlying regional pattern as average prices have not fallen across all regions. Analysis by Savills Research also suggests that average values remain well over the long-term average which sits at 135 index points, shown by the red dashed line. During 2025 prices came under the most pressure in the far north and west of Scotland, where extended haulage to timber markets is a negative influence. Properties sold in central and south Scotland and the few commercial forests that sold in Wales, indicated flat or even slightly improved pricing.

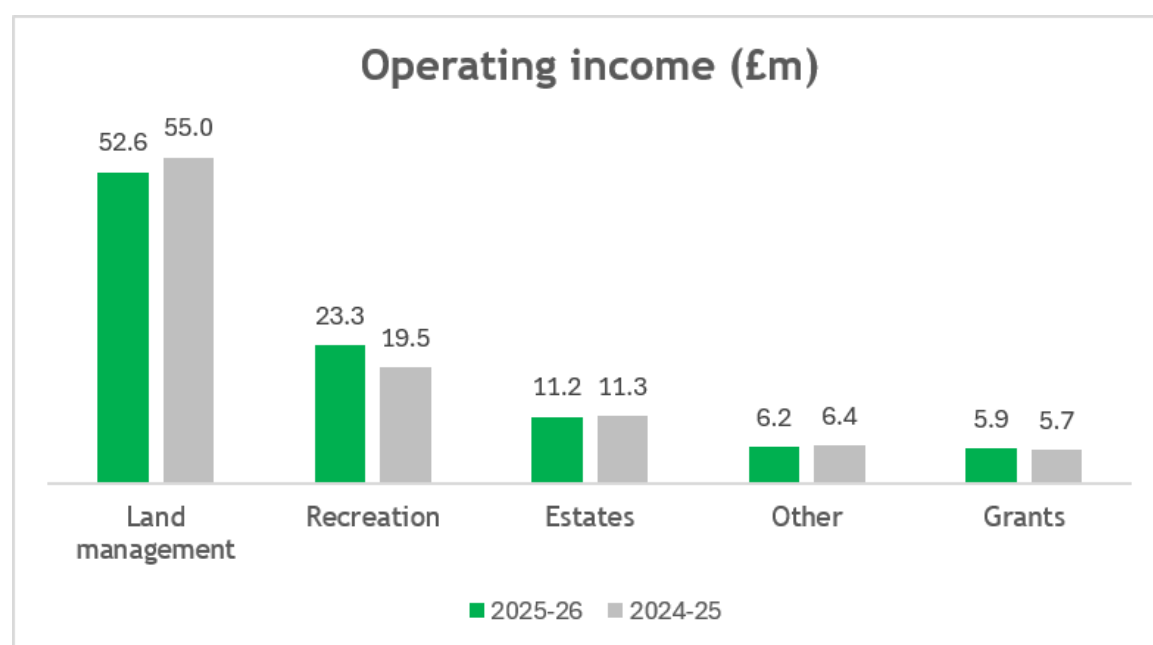
Source: Savills Research

Operating income

Operating income excluding funding from Defra for specific programmes increased from £98 million to £99 million, a rise of 1%. The chart below illustrates the key categories of operating income. Timber income decreased by £2.4 million, reflecting lower volumes partially offset by a 4% increase in average sales prices. Such fluctuations are consistent with operating in commodity markets.

Recreation income continued its strong upward trajectory, with parking income increasing by 16%, driven by expanded charging infrastructure and enforcement activity. This growth supports continued investment in facilities across the nation's forests for the benefit of our visitors.

Income from estates in the prior year benefited from nutrient credit sales, with increased rental income partially offsetting this effect in the current year.



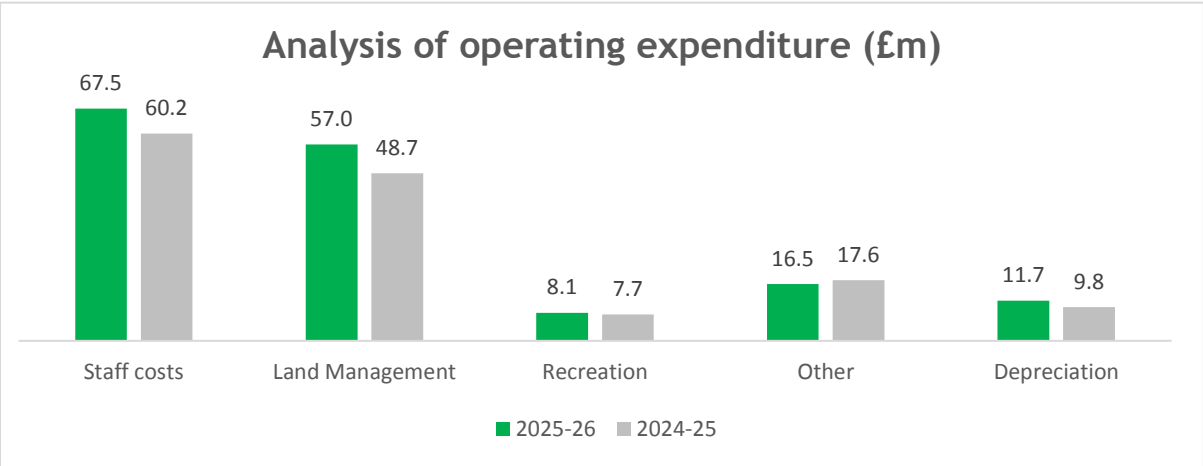
Operating expenditure

Operating expenditure rose to £186 million, an increase of £14 million year-on-year. This includes £16 million of additional Defra-funded activity, including woodland creation, nature recovery and access improvements.

Excluding funded programmes, underlying cost growth has been moderated by delivering £7 million of savings from Securing the future initiatives.

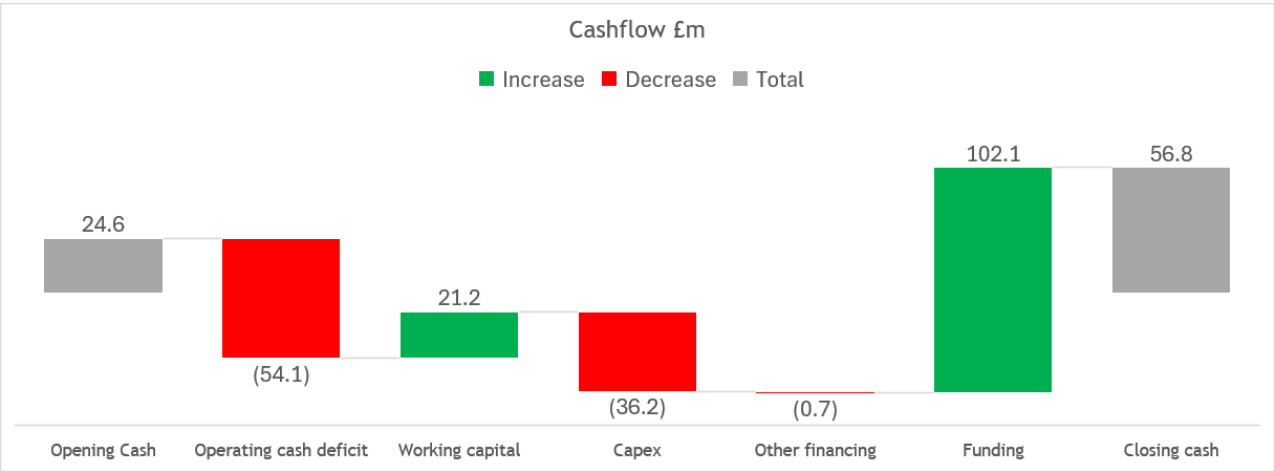
Staff costs increased by 13% which includes the annual pay award of 3.75% from October. Headcount increased to support funded programmes and as an investment in business improvement and income-generating activities.

Land management costs increased by 17% to £57.1 million largely due to the increase in funded programmes, while recreation costs increased modestly compared with income growth.



Cash

The cash balance at 31 March 2026 was £56.8 million. The chart below shows the reasons for the net increase in cash of £32.2 million over the year from the opening balance of £24.6 million. Note that the operating cash deficit includes the costs of delivering funded programmes which are directly paid for by cash inflows from funding.



Capital investments

Capital investment continued to prioritise compliance, operational resilience and income-generating infrastructure. Defra-funded land acquisitions for future woodland creation totalled £24 million. The vehicle replacement programme spent £7.5 million this year, replacing ageing fleet, and remains a significant annual capital programme.

The overall programme continues to be balanced against available funds. The Investment Committee oversee investment proposals with a managed programme prioritising compliance works and actively exploring commercial opportunities.

Financial risks

Forestry England's financial performance is exposed to market conditions because it relies on income from commercial forestry and recreation activities. The principal long-term strategic financial risk remains market prices and demand for forestry products, compounded by a forecast reduction in timber availability. This reduction reflects the historically limited area of woodland planted with timber-producing species over the past 40 years, together with a lower area of regeneration with such timber-generating species, as Forestry England increases its delivery of environmental and social benefits in line with the UK Forestry Standard.

Forestry England's strategy seeks to mitigate the financial impact of reduced timber volumes by optimising silvicultural interventions, including the targeted planning of thinning, harvesting and restocking activities to improve woodland productivity, timber quality and long-term forest resilience, and by diversifying income sources beyond timber. In particular, the recreation and leisure offer continues to expand, with the objective of realising its full commercial potential while remaining aligned with Forestry England's public good objectives.

In recent years, recurrent government funding had been declining, and the inequity between Forestry England's level of funding and that received by private landowners and non-governmental organisations, relative to landholding size, was highlighted through *Securing the future* and recognised by Defra. During this financial year, Forestry England received £23 million (2024-25: £13 million) in funding in support of its core activities. While funding at a similar level has been requested for future years, the outcome remains subject to government Spending Reviews and is therefore uncertain. This uncertainty over the timing and amount of future core funding represents Forestry England's primary financial risk.

In common with other organisations, global economic and geopolitical uncertainty continues to place pressure on staffing and operational costs, alongside volatile trading conditions. This environment means that we must have sustained and rigorous scrutiny of expenditure, income generation and operating margins. The workstreams arising from *Securing the future* continue to deliver tangible benefits. A complementary review will identify opportunities to accelerate income generation, further improve margins and provide clearer quantification of the public benefits delivered by the nation's forests. Together, these actions support the development of a sustainable long-term financial model for Forestry England, enabling the organisation to manage ongoing economic uncertainty while continuing to deliver substantial environmental, social and economic benefits across the nation's forests.

Environmental sustainability



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

Governance

Environmental sustainability is overseen by the Director of Estates and the Sustainable Business team in Forestry England. They are responsible for formulating and championing Forestry England's environmental policy and

delivery through our integrated Environmental Management System.

Reducing our emissions to mitigate climate change

In line with the Government's Net Zero Strategy and the legally binding target to reach net zero emissions by 2050, Forestry England's strategy for the nation's forests, Growing the future, commits us to making meaningful reductions in our emissions.

We have set the following targets:

- carbon net zero for our direct emissions by 2035.
- net zero across our full operations by 2040.
- carbon positive by 2045.

Carbon sequestration by the nation's forests is reported separately in our annual natural capital account.

The sustainability data in this report covers our operational Scope 1 and Scope 2 emissions, along with limited Scope 3 emissions associated with business travel. Further action to deliver net zero will be managed through dedicated workstreams such as sustainable procurement. This reporting year represents a new baseline, providing a more accurate reflection of Forestry England's operational consumption.

Our delivery of net zero actions also supports the delivery of the Greening Government Commitments. A summary of collective performance across Forestry England, Forest Services and the Commissioners' Office is provided in the Forestry Commission Annual Report.

Performance against net zero target

Our operational emissions this year remain broadly consistent with previous years, providing a stable foundation from which to continue driving reductions. Scope 1 emissions reflect the core activities required to manage our estate and forestry operations, fleet and the provision of heat and power across our sites.

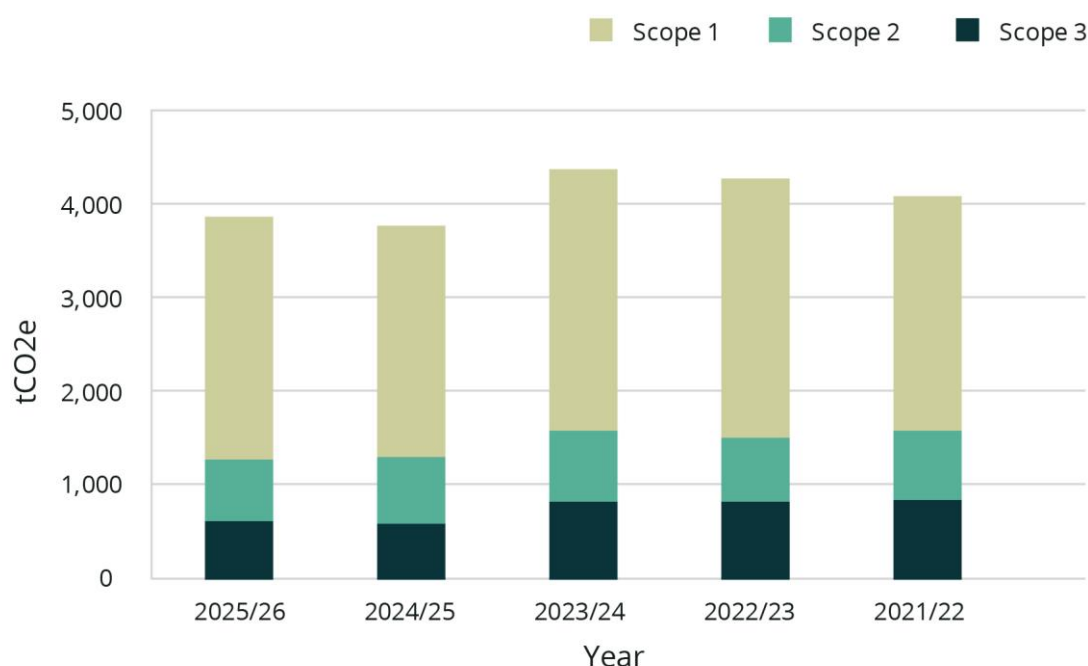
Whilst much of these activities continue to rely on the use of fossil fuel energy, keeping our scope 1 emissions broadly the same as previous years, we are making steady progress

Performance report

in reducing the impact of our electricity use. Increased electricity use has been partially offset by investments in on-site renewables, our continued use of renewable electricity tariffs, alongside a lower grid emission factor compared with last year. Together, this has contributed to a slight reduction in Scope 2 emissions.

Scope 3 emissions reporting remains limited to those associated with business travel, water and waste. The picture here is mixed. We are seeing positive emission reductions associated with business travel, demonstrating the impact of sustained behaviour change and more efficient ways of working. Yet, due to increased volumes of waste and water, the associated emissions have marginally increased.

Forestry England annual emissions



Overall emissions summary by scope

Emissions by scope (tCO ₂ e)		Baseline				
		2025-26	2024-25	2023-24	2022-23	2021-22
Built estate	tCO ₂ e	189	216	216	147	197
Operational fuel	tCO ₂ e	1,307	1,289	1,456	1,298	1,350
Fleet vehicles (includes company cars)	tCO ₂ e	1,207	1,173	1,230	1,421	1,085
Scope 1: Direct emissions		2,703	2,679	2,902	2,866	2,632
Location-based	tCO ₂ e	611	672	725	614	701
Electric fleet vehicles	tCO ₂ e	12	6	7	3	-
On-site renewable energy generation (emissions avoided)	tCO ₂ e	49	22	21	23	17
Scope 2: Energy indirect emissions (excluding on-site renewables energy generation)		623	679	732	617	701
Purchased goods and services	tCO ₂ e	50*	26	30	33	17
Fuel and energy-related activities	tCO ₂ e	65**	59	63	58	62
Waste generated in operations	tCO ₂ e	132	104	234	252	388
Business travel	tCO ₂ e	333	378	451	459	321
Scope 3: Other indirect emissions		580	567	778	802	788

* Emissions associated with water supply and treatment (water treatment was not previously reported in this dataset).

** Emissions associated with transmission and distribution of electricity.

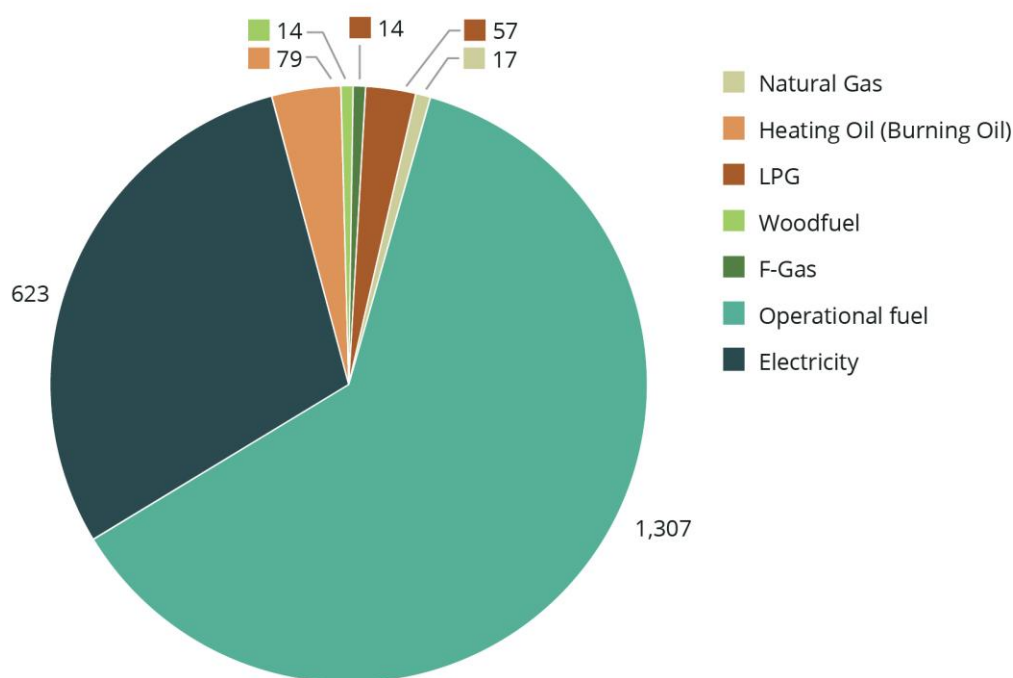
Operational estate energy and decarbonisation

Forestry England is taking an active and forward-looking approach to managing its built estate, aiming to optimise flexible use of space while steadily reducing CO₂e emissions from energy use. Our most significant Scope 1 emissions arise from fuel used in the machinery that supports the management of the nation's forests, followed by electricity used to power the buildings from which we operate.

We recognise that our remote locations present ongoing challenges to achieving net zero. Limited access to electric and gas networks means that some sites continue to rely on oil and LPG for heating. Despite this, we are making consistent progress by adopting biomass and other low and zero carbon technologies wherever practical, reducing our dependence on fossil fuels over time.

To address emissions associated with electricity use, Forestry England procures electricity through a renewable tariff backed by verified Renewable Energy Guarantees of Origin. This ensures that the electricity we purchase supports renewable generation and aligns with our wider sustainability ambitions.

2025-26 Proportion of estate emissions in tonnes of carbon by source



Our recently published Property Strategy sets a clear direction, aligning the management of our estate with Forestry England's near-term ambition for the estate to reach net zero for direct emissions by 2035. Through our Strategic Asset Management Plans, we are identifying and prioritising opportunities to improve energy efficiency, reduce energy demand and costs and increase on site renewable energy generation.

In 2025 to 2026, we continued to invest in a mix of renewable energy generation and energy storage solutions, building resilience and reducing future operational emissions at key sites. These investments demonstrate our ongoing commitment to improving the sustainability and efficiency of our estate while supporting our long-term net zero goals.

Energy and fuel consumption and expenditure

		2025-26	2024-25	2023-24	2022-23	2021-22
Scope 1						
Natural gas	kWh	95,194	79,217	119,028	68,268	186,785
	£'000	18	22	19	17	11
Heating oil (burning oil)	kWh	353,132*	484,388	407,508	257,067	245,242
	£'000	20	30	29	34	23
Liquid petroleum gas (LPG)	kWh	278,437	257,390	202,312	228,696	175,614
	£'000	33	36	34	32	32
Wood fuel	kWh	1,192,586	1,183,858	1,383,912	1,240,645	1,506,870
	£'000	60	67	56	80	80
Operational fuel	kWh	5,145,165	4,985,621	5,623,972	5,044,580	5,264,662
	£'000	305	334	330	459	372
F-gas	Kg F gas	8	8	9	4	23
Scope 2						
Electricity - standard	kWh	57,555	70,193	14,512	27,703	119,420
	£'000	21	31	4	37	24
Electricity - green tariff	kWh	3,462,450	3,181,422	3,488,216	3,276,430	3,181,216
	£'000	1,263	1,403	1,283	710	654
Electric fleet vehicles	Km	433,848	32,900**	147,089	66,319	166
	£'000	24	10	1	-	-
Renewables generation	kWh	276,873	96,974	95,549	112,413	75,487

* Burning oil consumption uses a spend based proxy 2023- 2026. Figures in italics restated using spend based proxy.

** Electric vehicle charging data was adversely impacted by poor networking connections to the chargers. As a result, the figure for 2024-25 does not reflect the full extent of EV use.

Fleet

Our Sustainable Travel Policy aligns with the Office for Zero Emission Vehicles requirements, setting a clear direction for the transition of our fleet towards zero emission vehicles. Over the past year, we have taken further steps to modernise and consolidate our fleet, introducing lower emission vehicles where suitable alternatives are

available. As a result, 18% of our fleet is now classified as ultra-low or zero emission. Alongside this, we have continued to expand our network of electric vehicle charging points across the estate, strengthening the foundations for future transition.

We recognise that transitioning our fleet presents practical challenges, particularly given the nature of our operations. Our rural operating environment also means that access to public charging infrastructure remains limited.

In addition, our structured five-year asset replacement cycle means that some vehicles will remain in service beyond the 2027 target date for sound financial and operational reasons. Despite these constraints, we are continuing to plan and prepare for a phased transition, ensuring we are ready to accelerate change as technology and infrastructure evolve.

Table 3: Operational fleet

		2025-26	2024-25	2023-24	2022-23	2021-22
Fleet - ULEV	Vehicles	38	27	29	15	-
Fleet - ZEV	Vehicles	84	67	64	56	-

Business travel

Forestry England recognises that travel is essential to delivering its objectives, while also contributing to greenhouse gas emissions and having implications for cost, safety, health and wellbeing. During the year, the organisation introduced a revised Sustainable Travel Policy, supporting staff to make lower carbon and more efficient travel choices.

Business travel emissions have come down reflective of an increase in the use of lower emission vehicles and ongoing encouragement to avoid travel and use technology to hold online meetings.

Annual emissions by travel mode

Business travel

		2025-26	2024-25	2023-24	2022-23	2021-22
Non-fleet road vehicles (personal and hire car)	km	1,936,416	2,195,708	2,634,478	2,519,724	1,855,247
	£'000	407	480	601	654	294
Public transport	km	341,047	410,563	475,999	578,303	152,089
	£'000	121.4	146	187	161	52
Domestic flights	km	32,947	46,517	26,606	20,659	6,387
	£'000	11	10	12	5	2
International flights	km	32,616	22,455	20,678	144,007	

		2025-26	2024-25	2023-24	2022-23	2021-22
	£'000	7	4	4	13	
Rail: national	km	264,254	400,591	464,134	403,222	140,990
	£'000	101	130	164	124	40
Rail: international	km		-	384	-	-
	£'000		-	-	-	-

Resource consumption

We measure the waste we produce and the water we use, a summary of each is in the table below. Data quality has been a challenge in both areas, and we are taking steps to improve how we manage our water and waste.

Resource consumption

		2025-26	2024-25	2023-24	2022-23	2021-22
Scope 3 (currently measured)						
Waste (excluding sewage) total	tonnes	3,209	970	1,327	1,193	1,539
	£'000	1,170	1,260	1,063	966	937
Recycled excluding information communications technology (ICT)	tonnes	633	292	671	564	605
	£'000	821	380	470	-	-
Composted (including food waste)	tonnes	861	73	17	19	16
	£'000	102	95	12	-	-
Incinerated with energy recovery	tonnes	1,558	519	511	491	320
	£'000	212	674	348	-	-
Landfill (including hazardous)	tonnes	157	85	126	138	593
	£'000	13	110	146	-	-
Information communications technology (ICT)	tonnes	-	1	2	1	5
	£'000	-	-	-	-	-
Hazardous	tonnes	16	85	7	15	18
	£'000	1	-	-	-	-
Sewage	tonnes	6,665	2,352	1,626	1,422	1,163
	£'000	346	187	91	-	-
Water consumption: total	m ³	138,715	134,437	139,167	125,503	100,731
	£'000	253	144	186	187	174
Mains	m ³	138,715	134,437	114,003	125,503	100,731

		2025-26	2024-25	2023-24	2022-23	2021-22
Scope 3 (currently measured)						
Office	m ³	26,859	26,031	28,087	29,559	22,626
Non-office	m ³	111,856	108,407	85,916	95,944	78,105

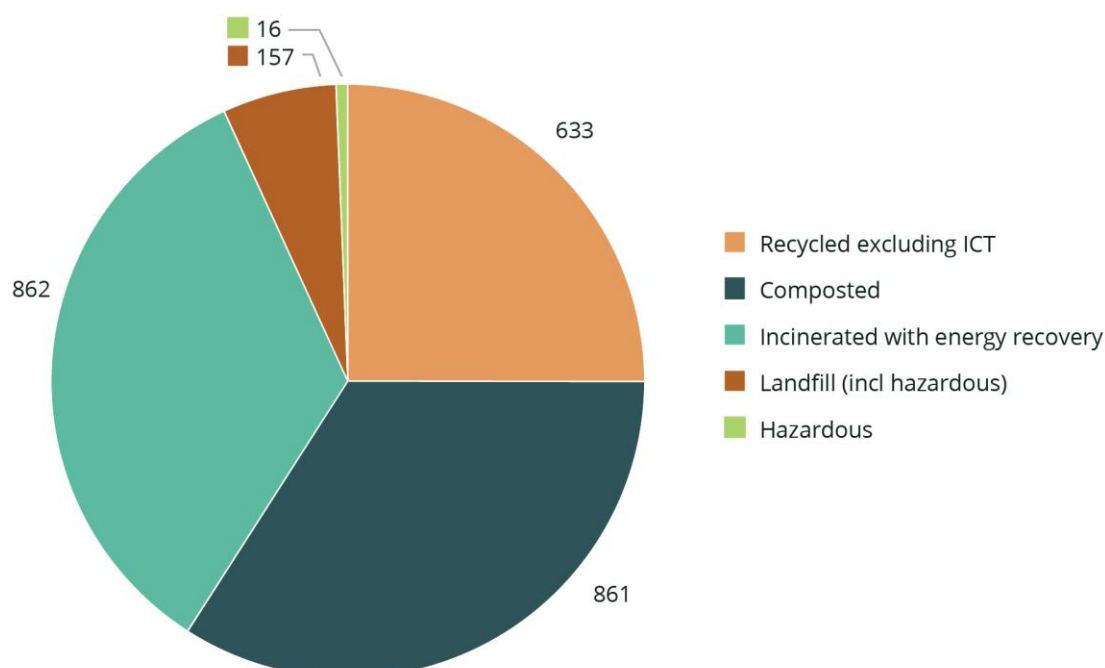
Breakdowns for the cost of waste have been provided using spend apportioned by waste volume since 2023.

Waste

Forestry England generates waste through its offices, forests and operational sites. Whilst our total volume of reported waste has increased this year, we continue to work closely with our main contractors to improve performance. Key drivers for the increase were reported compostable waste from our nursery and considerable volumes of general waste reported by a small selection of operational sites. A key focus is increasing the proportion of waste that is recycled and reducing the amount sent to landfill, supporting our wider environmental ambitions.

Alongside this, we are continuing to support colleagues in understanding their role in effective waste management. This includes maintaining strong regulatory compliance, embedding sustainable procurement practices and applying circular economy principles to reduce waste at source and make better use of resources.

2025-26 waste by disposal type



We continue to report separately on sewage generated from recreation facilities across our forests. This year's increase is reflective of a broadening out of the reporting guidance

in line with our Greening Government commitment. Sewage remains our largest waste stream and represents a significant operational cost.

Whilst not included within our reported waste, the costs of fly-tip clearance this year £210,731 has increased by 44% on last year.

Water

Forestry England uses both mains and private water supplies across its estate. As shown in the chart below, the volume of water consumption reported has increased against our baseline. This rise is partly the result of improved data capture and reporting processes, giving us a more complete and accurate understanding of our water use.

We are beginning to embed water efficiency more systematically through our emerging Strategic Asset Management Plans, developed as part of our Property Strategy. These plans set clear aims for improving water efficiency across our estate and will help guide future investment and decision making.

We are already implementing practical measures to improve water efficiency. Rainwater harvesting and micro irrigation systems are in use at several key sites. Our tree nursery, which is our largest water consumer, primarily relies on harvested water, supplemented by metered mains supply when required. Water efficient appliances are also routinely installed during refurbishments and when existing equipment reaches the end of its life.

We recognise that there is more to do to fully understand and manage our water footprint. Our current reporting does not yet include indirect water use, such as embodied water associated with the products and services we procure. In addition, water abstraction licences are not currently included in our reported scope and incorporating these forms part of our ongoing improvement plan to enhance the completeness and transparency of our reporting.

Annual water use



Sustainable procurement

As part of our Net Zero Strategy, Forestry England has committed to achieving net zero emissions by 2040, including tackling the indirect emissions associated with our supply chain. As a first step, we have undertaken a comprehensive analysis of our organisational spend to estimate our full supply chain emissions, providing a robust baseline from which to drive improvement.

Building on this, we are developing a Sustainable Procurement Plan, informed by a maturity matrix aligned with ISO principles. This plan will set out a structured pathway for embedding sustainability across our procurement activities. It includes actions to raise awareness of supply chain emissions within the organisation and to prioritise the most material categories by working closely with buyers and strengthening engagement with our suppliers.

A key ambition is to increasingly embed sustainability into our procurement processes. This includes strengthening the use of sustainability performance as a supplier selection criterion and building clear sustainability requirements into contract delivery. In doing so, we aim to influence behaviours across our supply chain and support the transition to lower carbon goods and services.

In line with our Environmental Policy Statement, guidance for our buyers promotes a whole life cycle approach to procurement and aligns with Government Buying Standards where these are relevant. This supports more informed decision making and helps to ensure that environmental impacts are considered from sourcing through to end of life.

We are already applying these principles in practice. Our providers of Customer food outlets on are required to follow sustainable operating principles. We also maintain clear standards for the materials we use. All timber products procured by Forestry England must be certified as originating from legal and sustainable sources, including those used in construction projects and temporary works. We actively support the Grown in Britain initiative to promote the use of sustainable UK timber.

Alongside this, we are exploring practical opportunities to reduce the use of fossil fuel based materials. Trials are underway to identify alternatives to plastic products such as signs, tree shelters and Christmas tree netting, with a focus on reducing reliance on virgin plastics and increasing opportunities for reuse and recycling.

Together, these actions reflect a growing and increasingly strategic approach to sustainable procurement, supporting our ambition to significantly reduce supply chain emissions as part of our journey to net zero by 2040.

Reducing environmental impacts from ICT and digital

Forestry England's IT team is reducing the environmental impacts of its service. This complements and aligns with the IT strategy (2023-26). The programme focuses on architecting IT and technology solutions with sustainability principles in mind. It has key focus areas, with links to the wider aims of Defra, GGC, ICT and digital services strategies and Forestry England and 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's annual carbon footprint);
- working with supply chains and third parties to reduce the impact of IT services (including scope 3 emissions);
- a key focus on waste management; and
- promoting 'responsible digital citizens'.

The workstreams for these focus areas require 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.

Forestry England TCFD statement: Phase 3

Compliance statement

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

Forestry England considers the changing climate to be a principal risk in turn affecting operational risks including those associated with tree health, timber demand and supply, built infrastructure and extreme weather events.

We are investing to develop our understanding of climate related risks through risk assessment, modelling and planning. Our Forest Resilience and Action Plan and our Asset Renewal Programme are examples of progress we are making to enhance the resilience of assets in our care.

Forestry England's compliance with the TCFD disclosures is as follows:

1. Governance disclosures: compliant - see TCFD statement below and accountability report;
2. Strategy disclosures: partial compliance; not being compliant with disclosure b) on the impact of climate-related risks and opportunities on the organisation's businesses operations, strategy and financial planning.
3. Risk disclosures: compliant; and
4. Metrics and targets: partial compliance.

Work is ongoing to achieve full compliance across all areas of TCFD. We are also considering whether a single umbrella principal risk will add value to the climate change discussions and decision-making for the organisation in addition to considering climate impact on the principal and operational risks.

Disclosures

TCFD pillar Governance:	Recommended Disclosure
Forestry England is compliant with the recommended disclosures in the Governance pillar.	a) describe the board's oversight of climate-related issues b) describe management's role in assessing and managing climate related issues
a) The Forestry England Board	
Mitigating and managing the impact of a changing climate is a principal theme of Forestry England's strategy, Growing the future: 2021-26 approved by the Board in May 2021. The strategy identifies key actions that have been taken as reported in the Performance report,	

through our forestry and nature work and commitment to becoming a net zero organisation. The Board has had oversight of delivering these actions through the business planning process and the regular quarterly reporting of progress against the objectives and section over its duration.

The Board has owned and driven the aims in the next strategy, Growing the future to 2031 that was developed during 2025-26 and launched in June 2026, where future-proofing our forests and business against a changing climate and its associated risks is a principal objective.

Climate-related risks and opportunities as they impact operational risks are identified in the corporate risk register that the Board receives for scrutiny and challenge at each meeting. The Board is supported by the assurance provided by the FC ARAC, provided through a report at each meeting from the Forestry England ARAC representative supplementing the written report of the ARAC chair.

b) Management's role

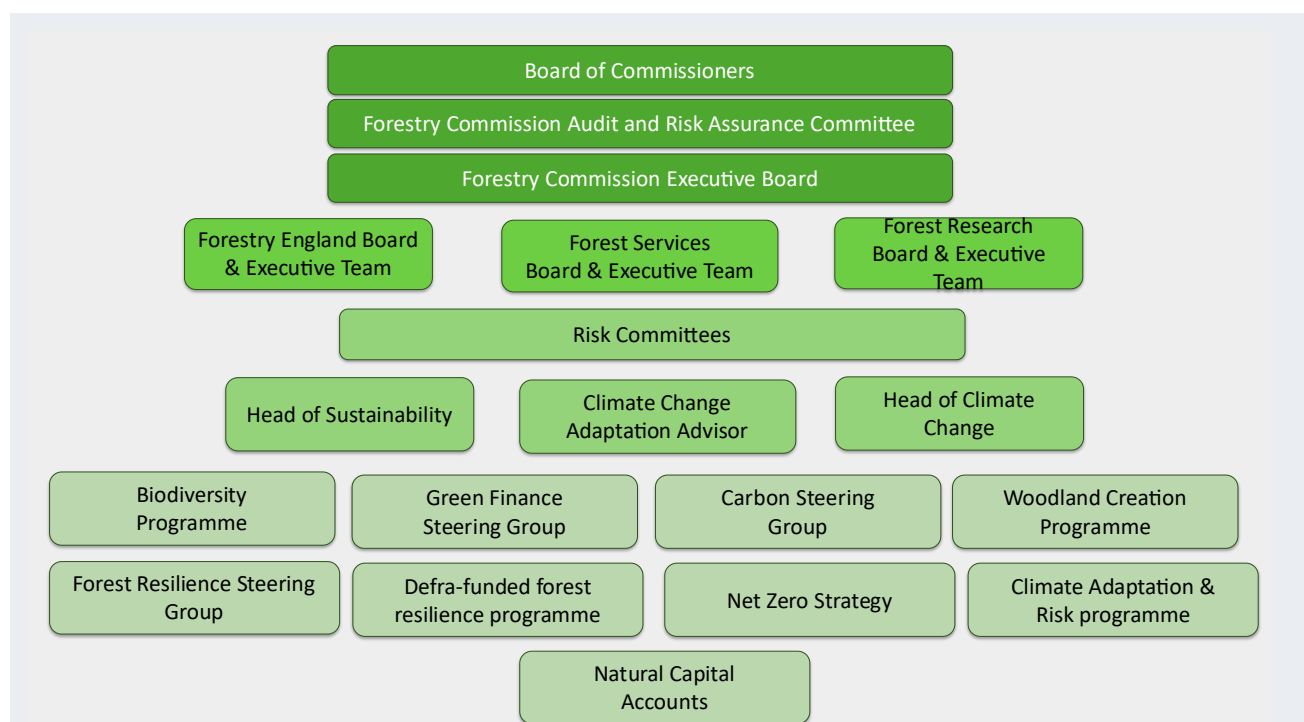
The Forestry England Executive Team plans for the delivery and monitoring of all strategic targets, actions, risks and opportunities which includes those that mitigate and manage the impact of a changing climate.

The Executive Team regularly reviews the risk and opportunities register and considers the recommendations of the cross-organisational Risk Management Group. The Director of Estates is the senior responsible officer for climate-related risks and disclosures.

The Executive Team has commissioned a project to develop the overall organisational climate risk assessment and framework, as it recognises that this is needed to provide a holistic and cumulative view of the climate risk work taking place across the organisation.

To strengthen our delivery on sustainability issues, the Director of Estates leads our work in this area, with responsibility at Executive level and reporting to the Board, supported by the Head of Sustainability.

The governance of climate matters is:



See Board discussions page 58

TCFD pillar: Strategy

Recommended disclosures

- a) Risk, opportunities and time horizons: Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- b) Impact: Describe the impact of climate-related risks and opportunities on the organisation's businesses operations, strategy and financial planning
- c) Scenario analysis: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Within Forestry England and the wider Forestry Commission there is a significant amount of research, analysis and planning taking place to manage the risks and adapt our forests to a changing climate. These can be found at [Climate change: impacts and adaptation in England's woodlands](#) and [Climate change adaptation - Forest Research](#).

Forestry England has its strategies for the nation's forests; primarily [Forest Resilience Strategy and action plan.pdf](#). This sets out our three forest resilience principles - assess, diversify, restore - which provide the framework for practical action to enhance climate change adaptation and overall forest resilience. It is accompanied by an ambitious action plan. Our Forest Resilience Steering Group set the direction and monitor delivery against our action plan. We also directly fund forest resilience research through a bespoke Service Level Agreement with Forest Research, totalling £1 million over six years.

This is complemented by a forest resilience programme, supported by Defra funding, which is fast-tracking our forest resilience work in a range of landscapes. There are four focus areas for this programme: species and genetic diversification; mammal management; exemplar forest landscapes; and skills, knowledge and capacity.

The other strategic approaches are underdevelopment; e.g. for the built estate, which will be key for delivering our Net Zero strategy: [Our clean future](#).

However, to meet the requirements of these disclosures a project has been launched by Forestry England Executive Team to put the various outputs into an overarching framework for the nation's forests and include areas of the estate that have not had the same level of attention, for example, strategic and operational infrastructure, impact on recreation activities, and developing further our work for nature's recovery.

The impact and scenario sections for the whole estate will then be completed.

Short term

Climate risk is considered through its impact on our principal risks. These risks are categorised and managed as operational risks within the corporate risk register, and the assessment levels reflect their impact on service delivery, with the potential effects of a changing climate also considered. See Risk Section pages 68 - 69 for further details of these risks, including:

- i. Economic situation, including timber supply and demand;
- ii. Operational: infrastructure;
- iii. Plant Health; and
- iv. Natural disaster, including extreme weather.

Medium term

Additional work is required for the whole estate picture in addition to the risks and actions set out for our forests in the Forest resilience action plan.

Long term

In 2023, Forestry England, in partnership with Cambridge University, published a horizon scan of issues that are going to transform woodland management in the next 50 years. The exercise was conducted with a group of 50 international experts. The resulting report reported on the top 15 issues identified. These included the identification of risks, issues and opportunities impacted to a greater or lesser extent by a changing climate. The top issue was the risk of catastrophic ecosystem collapse, referring to the extreme and long-lasting change caused by multiple interrelated threats like wind, fire, pest, and pathogens. Growing the future to 2031 includes the organisation's response to many of the issues raised by the report. [horizon scan of issues affecting UK forest management within 50 years | Forestry: An International Journal of Forest Research | Oxford Academic](#)

Scenario analysis

We are working closely with Forest Research to develop climate change and mitigation scenarios for the nation's forests. The modelling explores the impact on future timber supply of alternative forest management restocking options under baseline, 2°C and 4°C warming scenarios. Initial results suggest that climate change will reduce future standing and extracted

volumes, though with significant regional variation. This is being used to estimate the economic impacts of alternative climate change and management pathways. Work is still preliminary but already providing useful strategic insights.

TCFD pillar: Risk Management

Recommended disclosures:

- a) describe the organisation's processes for identifying and assessing climate-related risks
- b) describe the organisation's processes for managing climate-related risks
- c) describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We are compliant with the risk requirements but are on a journey of continual improvement and evolution.

- a) As an operational delivery organisation, risks are managed as close as possible to the activities from which they arise. Most risks are therefore owned and managed within individual functions, while risks with organisation-wide impacts or implications for the delivery of strategic objectives are escalated and managed through the corporate risk register.

Climate risks are identified and managed at a functional level through business unit and project risk registers. Related risks, opportunities and mitigation actions are built into operational plans and monitored regularly. Examples include the Forest Resilience Strategy and Action Plan, Strategic Asset Plans, the Built Estate Strategy plus Health & Safety and Estates risk registers.

At a corporate level, risks are identified and escalated by the cross-functional Risk Management Group (RMG) which reports to the Executive Team. The RMG identifies emerging risks, recommends additions to the corporate risk register and assesses where climate change increases the impact of existing corporate risks.

A review is currently underway to determine whether climate change is adequately covered through its impact on principal corporate risks, or whether it should be recorded as a separate overarching risk for the organisation and the nation's forests.

- b) Climate-related risks are managed throughout the organisation.

Climate change risks are integrated into our wider risk management process by identifying where climate change may increase or worsen an existing corporate risk. This is considered as part of risk assessments and addressed through the relevant mitigation actions for each risk.

At a corporate level, climate-related risks are identified, monitored and reviewed by the cross-functional Risk Management Group, which makes recommendations to the Executive Team for decision-making. Oversight, challenge and assurance are then provided by ARAC and the Forestry England Board.

An example of a corporate risk is our response to natural disasters and increasing extreme weather, exacerbated by a changing climate. A project is currently underway to improve and strengthen our incident and emergency response.

At a functional level, risks are owned by functional leads and managed through:

- i) **Functional plans.** For example, our published *Forest Resilience Strategy and Action Plan* and internal plans such as our Asset Management Plan. These plans identify, assess and manage risks to our forests and infrastructure, including those arising from climate change and extreme weather events.
- ii) **Operational management arrangements,** including policies, procedures and guidance. For example, the risk of not responding effectively to increasing extreme weather events and natural disasters is managed through the Forestry Commission incident management system and business continuity plans.
- iii) **Forest Plans.** These plans are prepared for forests and woodlands managed by Forestry England. They set a long-term vision of around 50 years, while providing more detailed management plans for the next 10 years. They include actions to improve forest resilience and address climate-related risks, such as extreme weather, wildfires, pests and diseases. These plans are managed by forest planners and foresters across the country.

For further information see Risk Management pages 66-67

TCFD pillar: Metrics and Targets	Recommended disclosures:
	a) the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process b) Emissions Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets
a) See sustainability report pages 35-45 See performance report for targets and metrics pages 9-29 See Natural Capital accounts: Natural Capital Accounts 2024 - 2025 b) See Sustainability report for Scope 1, 2, 3 emissions c) We are not yet compliant with this section and work is underway to identify relevant targets and related climate data sources.	



Mike Seddon
Accounting Officer, Forestry England
23 October 2026

Accountability report



Corporate governance

Directors' report

Forestry England is an executive agency of the Forestry Commission, a non-ministerial government department that sits in the Defra Group. The Office for National Statistics also categorises Forestry England as a non-financial public corporation.

The principal leadership roles in Forestry England are:

- Sir William Worsley: Chair of the Forestry Commission and Chair of the Forestry England Board between 10 February 2020 and 9 February 2026;
- Baroness Young of Old Scone: Chair of the Forestry Commission and Chair of the Forestry England Board appointed 10 February 2026; and
- Mike Seddon: Chief Executive, Forestry England, appointed 18 July 2019.

There were five full Board meetings in 2025-26, and one additional meeting.

The members of the Forestry England Board from April 2025 to March 2026 are shown in the table below.

Note: Edward Barker, Director, Strategy, Governance & Climate, Department for Environment, Food and Rural Affairs is not a member of the Board but receives all board papers, attending Board meetings on an invite basis. Edward left his role in Defra August 2026.

The Forestry Commission operates an internal Board placement scheme open to all members of staff, whereby a member of staff is appointed to a Board for a twelve-month term on a non-voting basis. The Forestry England Board had a member of staff placed with the Board in March 2025 who attended all Board meetings to February 2026. A new appointment was made in February 2026, with the new placement attending the March 2026 meeting.

Forestry England Board

April 2025 to March 2026



Sir William Worsley

Chair
Non-executive
Commissioner
Part year to
9 Feb 2026
Board Meetings 5/5



Baroness Barbara Young

Chair
Non-executive
Commissioner
Part year from
10 Feb 2026
Board Meetings 1/1



Neil Sachdev

Non-executive
Commissioner
Full year
Board Meetings 4/6
(incl. 1 in part)



Jennie Price

Non-executive
Commissioner
Part year to
1 May 2025
Board Meetings 0/0



Kate Cheetham

Non-executive
Commissioner
Part year from
1 May 2025
Board Meetings 5/6
(incl. 1 in part)



Peter Latham

Non-executive
Commissioner
Part year to
30 Sept 2025
Board Meetings 2/2



Gurch Randhawa

Non-executive
member
Full year
Board Meetings 6/6



Chris Simpson

Non-executive
member
ARAC member
Part year to
31 Oct 2025
Board Meetings 4/4



Chris Wood

Non-executive
member
ARAC member
Part year from
1 Nov 2025
Board Meetings 4/4



Richard Stanford

Chief Executive and
Accounting Officer,
Forestry Commission
Executive
Commissioner
ARAC attendance
Full year
Board Meetings 5/6



Mike Seddon

Chief Executive and
Accounting Officer,
Forestry England
Executive member
ARAC attendance
Full year
Board Meetings 6/6



Tristram Hilborn

Chief Operating
Officer, Forestry
England
Executive member
Full year
Board Meetings 6/6



Amanda Grist

Chief Financial
Officer, Forestry
England
Executive member
ARAC attendance
Full year
Board Meetings 6/6



Bethany Cambridge

Head of Woodland
Creation, Forestry
England
Board placement 2025
Non-voting Board
member
Part year to
28 Feb 2026
Board Meetings 5/5



Naomi Mervin

Head of Economics,
Evidence and
Analysis, Strategy
and Transformation,
Forest Services
Board placement 2026
Non-voting Board
member
Part year from
1 March 2026
Board Meetings 1/1

Significant interests held by board members

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

Related party transactions are separately disclosed within note 19. There have been no potential or actual conflicts of interest reported this year.

Personal data-related incidents

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

We monitor and assess our information risks to identify and address any weaknesses and ensure improvement of our systems.

Supplier payment policy

Forestry England complies with the government's Better Payment Practice Code. Unless otherwise stated in the contract or by special arrangement with individual suppliers, we aim to pay within ten days from receiving the goods and services or the presentation of a valid invoice, whichever is the later. In 2025-26, 90.78% (2024-25: 95.0%) of invoices were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contract.

£286 of interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998 (2024-25: Nil).

Auditors

These accounts are audited by the Comptroller and Auditor General. The audit fee for 2025-26 is £151,960 (2024-25: £145,000). No fees were charged for other services (2024-25: nil).

Statement of Accounting Officer's responsibility

Under Section 6(4) of the Government Resources and Accounts Act 2000, HM Treasury issues annual accounts directions, since 2024/25 Forestry England has been included in the annual HM Treasury direction. The accounts are prepared on an accruals basis and must give a true and fair view 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.

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

Forestry England's Accounting Officer is responsible to the Forestry Commission's Accounting Officer for money allocated to Forestry England from the Forestry Commission for that part of the department's accounts relating to the Agency's activities and the associated assets, liabilities and cash flows and is responsible and accountable to Parliament for spending public money and stewardship of public assets.

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

- observe the accounting direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies consistently;
- make reasonable judgements and estimates;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts;
- prepare the Forestry England accounts as a going concern; and
- confirm that the annual report and accounts is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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



Mike Seddon
23 October 2026
Accounting Officer
Forestry England

Governance statement

Introduction and scope of responsibility

Mike Seddon has been appointed by the Forestry Commission's Accounting Officer and Chief Executive. He is responsible for maintaining a sound system of governance, risk management and internal control across Forestry England. This statement describes how these responsibilities have been discharged and in accordance with the principles set out in Managing Public Money and relevant HM Treasury guidance.

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

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

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which Forestry England, as part of the Forestry Commission, is directed, controlled and led. It enables the Forestry Commissioners and the Forestry England Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to delivering appropriate, cost-effective outcomes which comply with the law and with policy.

The 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 Forestry England's and the Forestry Commission's policies, aims and objectives. The process then evaluates 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 throughout 2025-26 up to the date the annual report and accounts were produced and accords with HM Treasury guidance.

The Forestry Commission governance context

The Forestry Commission is empowered by The Forestry Act 1967 (as amended) and the Forestry Act 1979 which set out the principal legislative framework in which the Forestry Commission operates. It is a non-ministerial government department that reports to Parliament through Defra ministers and has a Royal Charter, dated 25 March 1920. It is headed by a Board of Commissioners.

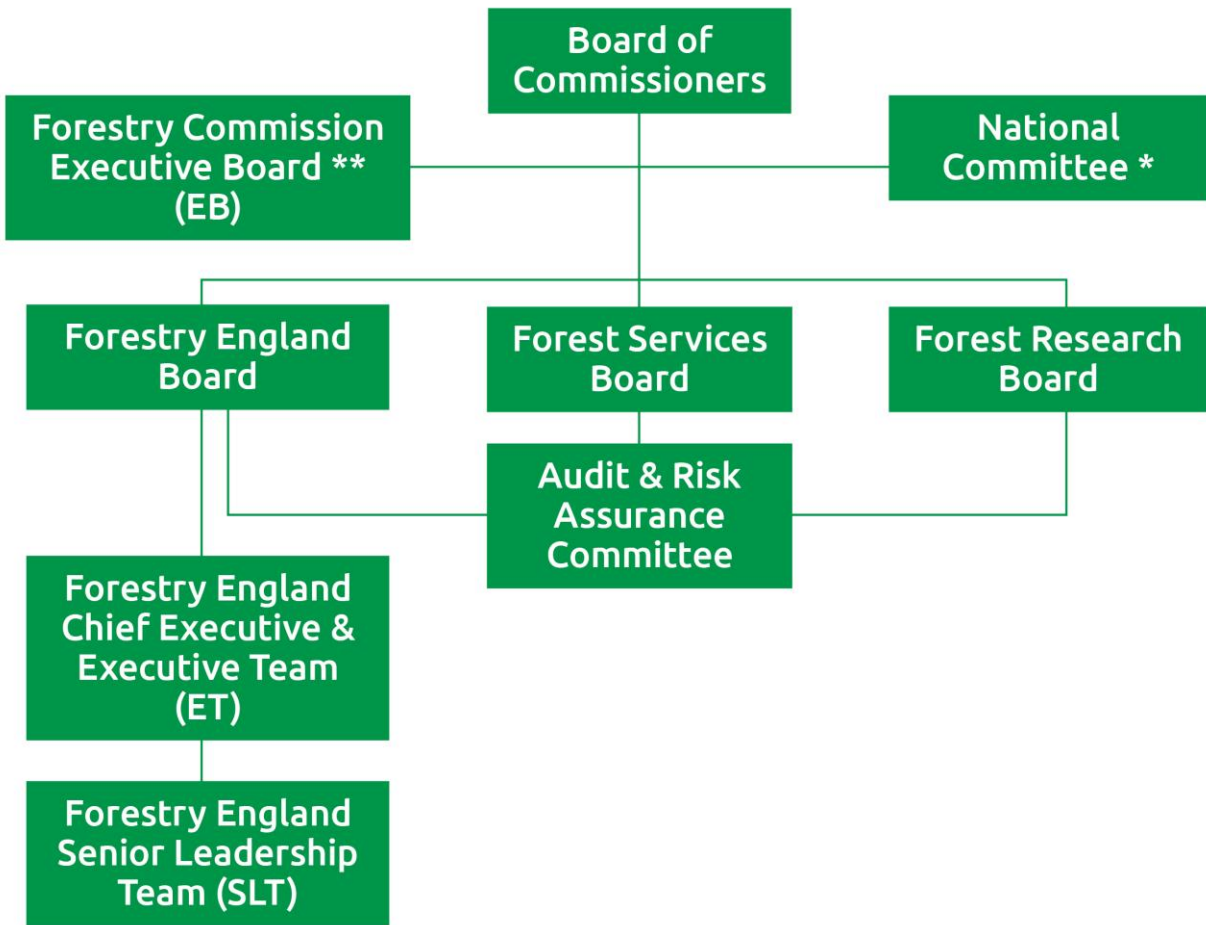
The Forestry Commissioners are established by statute and derive their powers primarily from the Forestry Acts, but also from other legislation including:

- Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999;
- Plant Health Act 1967: the Commissioners are the competent authority for the protection of forest trees and timber from attack by pests and diseases; and

- Countryside Act 1968: gives the Commissioners additional powers, including to provide recreational facilities and to plant and manage trees in the interests of amenity.

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

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



* 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 England governance framework

Forestry England is classified as a public non-financial corporation by the ONS, as it produces good and services for sale. It is classified as a market body - a body that derives more than 50% of its production cost from the sale of goods or services at economically significant prices. It has also been administratively classified by the cabinet office as an Executive Agency. It is controlled by central government with substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent department². As such it is a public body that acts as an arm of the Forestry Commission but has freedoms to enable commercial activity. It has separate management with independence to manage the nation's forests operating within its framework document, the powers and duties delegated by the Forestry Commissioners and under the current legislative and funding arrangements.

The Forestry England Board has been appointed by the Forestry Commissioners to enable it, as 'the appropriate forestry authority' in England, to discharge their duties and exercise their powers set out in the Forestry Act 1967 and other relevant legislation, including the Countryside Act 1968 in respect of the nation's forests.

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

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

The Forestry England Board shares one committee with Forest Services and Forest Research: the Forestry Commission Combined Audit Risk and Assurance Committee (ARAC) which advises the Board of Commissioners, the Forestry England, Forest Services and Forest Research Boards plus the Accounting Officers for the Forestry Commission, Forestry England and Forest Research.

The Forestry England Board

The Forestry England Board has set out our strategy, Growing the future: 2021-26, which addresses three current major issues for the nation: health and wellbeing; nature decline; and the changing climate. Major focus areas for the Board in the year have been developing the new strategy for 2026 - 2031 and the uncertain funding position with the need to put Forestry England on a more secure long-term financial footing.

The board discussed a wide range of issues, as listed below.

Standing items

- Chief Executive report
- Finance report
- Health and safety report
- Safeguarding report
- Performance report

² [Public Expenditure Statistical Analysis \(PESA\) 2011 complete document including Annexes.pdf](#)

- Risk report
- ARAC report

Items for board approval

- Business plan
- Investment plan
- Annual report and accounts
- Growing the future annual report; progress on delivering for people, for wildlife, for the climate
- Development of Growing the future 2026 - 2031
- The Planning and Infrastructure Bill 2025: development, governance, risks and opportunities applicable to the nation's forests
- Forestry England Forest Resilience Strategy
- Corporate horizon scanning
- Sustainable timber production
- The supporter journey
- Landscape recovery schemes

The board visited Wareham Forest, South District, and Thetford Forest and High Lodge, East District to see the organisation's work and meet with staff, volunteers, partners and stakeholders. The visits covered maintaining and improving protected habitats, forest resilience, staff welfare, wildlife management, commercial recreation opportunities, volunteering and district impacts on the front line of the Securing the future programme. The visit to East District included a hosted visit to Thompson's sawmill for discussion and insight into the timber sector, the current challenges, risks and opportunities it faces and Forestry England's role within it. The Board were pleased to welcome Mary Creagh MP, Minister for Nature, to the Board dinner and meeting for discussions on the strategic direction of Forestry England.

Climate disclosures

Managing and mitigating the impacts of a changing climate is a principal theme of the Growing the future: 2021-26 strategy. The strategy identified key actions to be taken over its duration as reported in the performance report, through our forestry and nature work and committing to become a net zero organisation. The Board has oversight of delivering these actions through the business planning process, with performance, risk and opportunity reporting at Board and executive team levels at each meeting. The executive team and Board regularly review the corporate risk, issue and opportunity register, including considering the impact of a changing climate on our corporate risks. The governance of climate matters is included in the TCFD disclosures.

Performance of Forestry England's Board

The performance of the Forestry England Board and its governance arrangements formed part of the external review of Board effectiveness carried out by KPMG and commissioned by the Forestry Commission.

Audit and Risk Assurance Committee (ARAC)

All Forestry Commission entities are covered by a single Audit and Risk Assurance Committee (ARAC) which advises and provides assurance to the Board of Commissioners, the Forestry

England, Forest Services and Forest Research boards and the Accounting Officers for the Forestry Commission, Forestry England and Forest Research.

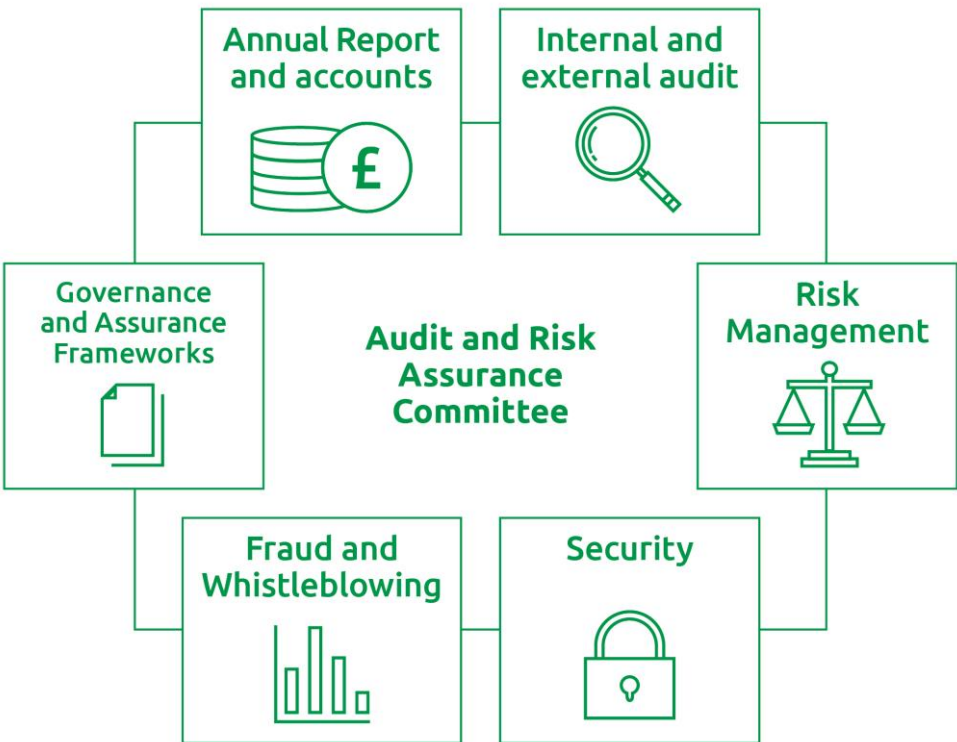
Through its work, the ARAC provides independent assurance to the Forestry Commission Board, Forestry England Board and the other sub-boards on those key activities that support the achievement of the Forestry Commissions’ objectives and those of the three organisations. Each of the Forestry Commission organisations (Forestry Commission, Forestry England, Forest Services and Forest Research) operate a corporate risk register which is reviewed by their executive teams / boards and is overseen annually by the ARAC. Assurance is also provided through the findings from work conducted by the Government Internal Audit Agency (GIAA). The ARAC operates according to 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 at www.gov.uk/government/groups/forestry-commission-england-plus-audit-and-risk-assurance-committee-the-arac 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 2025-26

The activities of the ARAC in 2025-26 are summarised in the infographic below.



Specific activities and matters considered in 2025-26 included:

- deep dives on cyber security, health & safety and near misses, data protection, Environmental, Social and Governance (ESG) reporting and the FC's emerging strategy for using AI and the associated risks;
- the definition and reporting of "major incidents" within the FC;
- an external report by the Civil Service Commission (CSC) into recruiting practices across Government agencies that concluded that improvements to FC practice are necessary;
- alignment with Cabinet Office Functional Standards; and
- the ongoing plan to complete actions arising from the Departmental Security Health Check.

Membership of the ARAC is made up of two Commissioners and two non-executives, one of whom must have recent relevant financial experience, drawn from across the three Boards.

In attendance at the ARAC are:

- Internal auditors from the Government Internal Audit Agency;
- external auditors from the National Audit Office;
- the Accounting Officers; and
- Chief Financial Officers / Finance Directors
- senior function leaders as appropriate from across the Forestry Commission.

Right of attendance is extended to the Director, Strategy, Governance and Climate, Defra.

During 2025-26, the ARAC met five times. The four quarterly meetings (June, September, December and March) were supplemented by one additional meeting, to consider issues regarding the ARAs of all three entities.

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

Internal assurances

Internal assurance and control processes provide assurance to the Forestry England Chief Executive, Board and senior management team. A wide range of business systems, processes and business-critical models are used and subjected to review, including for the timber, recreation and corporate parts of the business. They provide the data underpinning effective governance, especially for financial control, forecasting and managing risk.

Internal Management assurances

• Operational Support Visits

Regular operational support visits provide assurance on our activities, demonstrating compliance against current internal policies and procedures and providing assurance to Forest District leadership, national operations senior leaders and the Executive Team. The visits also provide an important opportunity to identify potential challenges and patterns or trends across different areas and encourage consistency across districts and provide additional support or assistance as required. The support visits complement formal audits commissioned from the Government Internal Audit Agency. This year, operational support visits were conducted in North and West districts. The visits this year considered contract management processes and broader adherence to national guidance, including PPGs and associated guidance documents.

Key delivery areas covered included wildlife management, recreation, forest management, forestry & timber sales and ecology.

- **Civil engineering internal management audits**

- Internal Audit - West Audit has been completed with management actions currently being developed for distribution. North Audit is now in process. Further audits for all other districts are planned for 26/27.
- Internal Quarry Audit - Internal Review Action Plan has been implemented and used as part of the feedback to the GIAA Quarry Audit which has also been implemented. The Quarry Asset Management Plan has been completed with the associated procurement framework
- GIAA Audit Reservoirs - Management plan objectives including the Asset management Strategy and Reservoir Asset Management Plan are complete, with other objectives including the development of training modules and associated documentation carrying on through 26/27.

Information rights compliance

We have robust processes to manage our responses to Freedom of Information, Environment Information Regulation and GDPR data subject rights requests. Of the 178 requests received, 170 (95.5%) were responded to within the statutory timeframe.

Complaints

Forestry England is committed to delivering excellent customer service. What our customers say gives us valuable insights to improve our customer experience. Our approach to responding to complaints is to address them as quickly as possible by those best placed to resolve the issue. According to our Complaint Policy, we have a three-stage complaints process, where stages 1 and 2 are managed by the districts. If a complaint remains unresolved, a formal escalation to stage 3 is available and is overseen by the Chief Executive and the National Team in collaboration with the relevant district. Complaints are received by both national and district offices and have historically been managed separately. To strengthen oversight and organisational learning, Forestry England will introduce a new complaints management system in 2026, providing a consistent approach to recording complaints and improving reporting and insight across the organisation. In 2025-26, Forestry England's national office received 155 complaints, of which 15 were escalated to the final stage 3 of the complaints process.

Key drivers include people caring for their forests and green spaces, the continued challenges members face with car parking charges and payment methods plus discussions on land and site management around access, facilities and bins.

Forestry England's complaint procedure is publicly available on the Forestry England website: [Making a complaint | Forestry England](#)

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. The policy, procedures and guidance have been updated and reissued to staff this year.

There have been no Forestry England whistleblowing cases this year.

Health and safety

Assurance reports are regularly presented to the Board, incorporating key performance indicators alongside additional management information on significant risks, emerging trends and areas of focus. Work is underway to develop a comprehensive suite of leading indicators to complement existing performance measures and provide greater insight into the effectiveness of initiatives aimed at strengthening behaviours and attitudes towards health, safety and wellbeing.

The *Look Out & Look After* programme continues to evolve and deliver tangible outcomes. Over the last 4 years, 14 capital projects were completed to improve staff welfare facilities, alongside a further 18 locally funded refurbishment projects across the estate. These investments demonstrate Forestry England's commitment to creating safe, healthy and supportive working environments, contributing to employee wellbeing, engagement and resilience.

Safeguarding

Safeguarding across the Forestry Commission continues to progress positively, with increasing organisational maturity and a strengthening culture of awareness and accountability. The overarching aim remains that all staff and volunteers feel confident to recognise and act on safeguarding concerns, supported by clear systems, guidance, and leadership.

During this reporting period, the primary focus has been on strengthening organisational capability, particularly through:

- development of a more targeted and proportionate training offer, including for senior leaders
- review and improvement of policy, procedure, and guidance
- continued engagement across all parts of the organisation

Governance arrangements are now more established and effective, including the development of a safeguarding risk register. All Forestry England safeguarding cases, their handling and lessons learnt are reported to the Forestry England Board at each meeting. The Forestry Commission Safeguarding Working Group, with representation from Forestry England, Forest Services and Forest Research, is operating as a strategic forum to guide direction and priorities. This is complemented by the Safeguarding Network, which brings together safeguarding leads and champions across the organisation.

A total of 28 safeguarding incidents were recorded for Forestry England during the reporting period, compared to 26 in 2024-2025. This increase is considered to reflect improved awareness and confidence in recognising and reporting safeguarding concerns, rather than a deterioration in underlying risk.

Training compliance remains strong. Mandatory safeguarding e-learning and Level 2 training continue to achieve high uptake across staff and volunteers, supported by regular monitoring of completion rates; these currently stand at 94%. Senior Leader Safeguarding Training has been further embedded, with three additional sessions delivered during winter 2025-2026.

Fraud and error

The Forestry Commission maintains a Counter Fraud, Bribery and Corruption Strategy, supported by a policy and fraud response plan. These arrangements provide a strong framework for the prevention, detection and management of fraud and error. Instances identified during 2025-26 were limited in scale, were not material to the financial statements and were appropriately managed in line with established procedures, including investigation and recovery activity.

Functional Standards

Forestry England with the Forestry Commission applies the Government Functional Standards mandated for central government bodies. These standards provide a consistent framework for effective governance, risk management, assurance and the achievement of value for money. Responsibility for overseeing compliance with functional standards sits with the Executive Team, supported by senior functional leads. Reports on this are also provided to the Audit & Risk Assurance Committee.

Compliance is assessed through a combination of self-assessments, assessments submitted for review by the relevant government function and GIAA internal audit reports. The combined FC ARAC has assessed its compliance with the Government Functional Standards across Forestry England, Forest Services and Forest Research. Overall, the organisation meets all or most of the mandatory elements for most functional standards, with well-established governance and assurance arrangements in place. Where opportunities for further improvement have been identified, these are being addressed through agreed action plans and continuous improvement activity.

The Forestry England Board have further considered the application of the non-mandatory elements of the Functional Standards for their impact on agility and efficiency in a public corporation. The Board has determined, on a comply or explain basis, that discretion to deviate from the non-mandatory elements sits with the functional leads in Forestry England. In 2025-26, this discretion was used and reported to the Board by the Commercial Services function.

Formal warnings

Forest Services have issued an advisory letter to Forestry England regarding felling of 2.23 hectares of trees without approval from Forest Services. The felling took place in 2025, and the advisory letter was received July 2026. Forest Services Practice Delivery Note 01 sets out the position concerning the regulation of Forestry England by Forest Services. The felling was reported to Forest Services by Forestry England staff promptly on identifying the issue. Forest Services recognise that this arose from a genuine mistake within a complex operational context involving multiple constraints and time-sensitive works associated with a Statutory Plant Health notice. Forestry England has taken proactive steps to review the incident, learn lessons and

remind teams of the requirements of Practice Delivery Note 01. Forest Services has acknowledged Forestry England's openness in reporting and addressing the matter.

Review of governance effectiveness

The Forestry England Accounting Officer is responsible for the effectiveness of the governance framework and has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework. This is informed by the work of internal audit, assurance from executive managers, management audits, the risk management and control framework and external auditors in their management letter and other reports.

Annual financial assurance statements are produced by senior executive managers across Forestry England on applying financial controls, recording all transactions and any reported incidents of fraud. No significant issues were identified.

Government internal audit agency

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 and Forest Research throughout 2025-26. These are summarised in an Annual Opinion and Performance Reports which continue to provide an overall 'moderate'³ 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 ARAC approves the annual audit plan and reviews the audit reports and actions. Forestry England, within the wider Forestry Commission, actively engages with internal audit for learning and improvement throughout the organisation. Processes are in place for implementing and tracking management actions that arise from audit recommendations.

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.

Chair of ARAC audit statement

The ARAC has concluded that its activities in 2025-26, including its regular challenge of executives and auditors, are sufficient to provide assurance to the Accounting Officer and Board that there were effective arrangements in place to provide assurance on risk management, governance and internal control.

Board effectiveness

This year the Forestry Commission boards have undertaken an externally facilitated board effectiveness review in line with the government good code of practice. The review included all

³ GIAA definition of moderate - Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

boards and committees, including the Board of Commissioners, Executive Board, and the Forestry England, Forest Services and Forest Research Boards, as well as the Audit and Risk Assurance Committee. The review concluded that governance arrangements are generally effective, with a positive and constructive Board culture, but identified opportunities to further strengthen effectiveness. The Forestry Commission is working through an action plan against the recommendations to improve the effectiveness of its boards.

Code of Good practice compliance

Forestry England applies the principles of HM Treasury's Code of Good Practice for Corporate Governance as appropriate for a public corporation and an executive agency of the Forestry Commission which encourage the adoption of practices set out, where relevant and practical.

Risk management

The Forestry Commission's risk management policy demonstrates its full commitment to effective risk management, adopting best practice in the identification, evaluation and control of risks. It recognises risk management as an essential function in ensuring the organisation achieves its aims and objectives which provides a clear framework for informed and proportionate decision-making. Our risk management policy and processes are designed to comply with HM Treasury's Orange Book principles, ensuring a structured and consistent approach to assessing and managing risk across the organisation. In the coming year, we will further strengthen this framework through the introduction and completion of the Corporate Governance and Assurance Document (CGAD), which will enhance transparency, reinforce assurance arrangements and provide a more integrated view of risk, controls and governance.

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

Forestry England takes a bottom up, top-down approach and vice versa to its risk and opportunity management. Risk is managed at the level that can best take action to prevent, mitigate and control it, or maximise opportunity. Forestry England districts and specialist business units maintain and manage their own risk registers. If a risk is identified that may need more senior management, it is assessed by the cross-functional risk management group (RMG) who make recommendations to the Executive Team. The Executive Team determine the acceptance and management of the risk, advising the ARAC and the Forestry England Board through the corporate risk register for scrutiny, challenge and assurance.

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

Risk appetite

The Board has set Forestry England's risk appetite for this reporting year as: cautious to open, moving toward the open end of the scale.

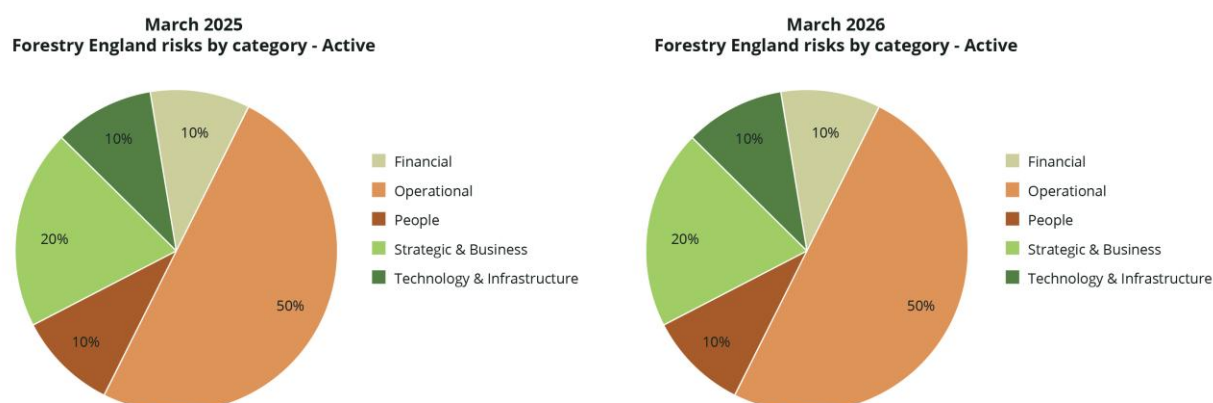
Managing climate-related risks

The risks and impacts of a changing climate are ever-present through all areas of work in the nation's forests, from forest resilience to our strategic assets and infrastructure and our visitor offer. Our approach to climate-related risks this year has been to consider and embed the impact of climate change in our assessment and mitigation of our corporate risks. This is in line with how climate-related risks, issues, opportunities and mitigating actions are considered and embedded through new and existing processes as well as project and programme development. Our Taskforce for Climate Disclosures provides more detail on our plans for managing climate related risks and further embedding this in our culture.

Significant and principal active risks

Our assessment of categories of active risks is illustrated in the following chart. Our active risks are those where we are actively mitigating the risk to bring down the risk level to tolerance levels.

Assessment of active risk by category 2025 and 2026



Active Risk Profile

The overall active risk profile remained unchanged during 2025-26, with no movement in the number of risks across the established risk categories. However, there have been notable changes in individual risks and the progress made in mitigating them.

Financial risk remains a significant area of focus, although the organisation's cash position has improved during the year because of additional ring-fenced funding from Defra. Economic pressures continue to affect operating costs and customer payment behaviour, particularly within the timber market. Performance against financial objectives continues to be closely monitored through regular review processes, while delivery of the final year of the *Securing the future* programme remains important to achieving longer-term financial resilience.

Within the **operational risks**, **built estate compliance** has emerged as the most significant risk. While recruitment and resourcing have improved, additional compliance issues identified through enhanced oversight and asset management activity have increased the scale of work required. Forestry England continues to mitigate these risks through asset condition surveys,

prioritised investment programmes, strengthened governance arrangements and improved property management planning. Risks associated with ageing dams and reservoirs also remain a key focus, with ongoing inspection, monitoring and targeted maintenance programmes in place.

Plant health continues to represent a significant operational risk. Existing and emerging pests and diseases, coupled with the impacts of climate change, have the potential to affect forest resilience, operational delivery and timber production. Monitoring, surveillance and management interventions remain central to Forestry England's mitigation approach.

People-related risks remain unchanged. Competition for specialist skills continues to present challenges in attracting and retaining experienced staff in areas such as civil engineering, land management and information technology. Progress has been made through improvements to recruitment processes, including the introduction of the Forestry England Recruitment Network (FERN), alongside work to strengthen workforce resilience, succession planning and knowledge transfer.

The strategic and business risks associated with **Green Finance and delivery of the carbon net zero strategy** remain stable. During the year, a Green Finance group was established to support the development of a national strategy, while further progress has been made in delivering net zero objectives through staff engagement, investment planning and the integration of carbon considerations into business decision-making processes.

Technology and infrastructure risk has continued to evolve in response to emerging technologies, particularly artificial intelligence. Forestry England has made good progress in developing a formal Technology Governance Framework to strengthen oversight, manage potential risks and support the safe and effective adoption of new technologies across the organisation.

Managed Risk Categories

Managed risks are those corporate risks where mitigation measures have reduced exposure to within agreed risk tolerance levels. These risks are subject to ongoing monitoring and review to ensure controls remain effective. Where risk exposure increases, or additional management action is required, risks are escalated and managed through the active risk framework. Our two principle managed risks are:

Health and safety: serious injury and loss of life

The nature of forestry and land management means there is always a risk of a major accident or dangerous incident that could result in serious injury or death. Our corporate approach has been strengthened through the Forestry England Look Out and Look After (LOLA) programme. This has had a significant impact across the organisation through improving a safety-first culture and increasing reporting with a focus on timely incident investigations with lessons learned. Local health and safety committees have been reinvigorated with increased effectiveness.

Cyber security: There is a high likelihood of a cyber security incident occurring, with a wide range of threats, risks, attackers and motivations. Potential targets range from individuals to networks, devices and systems with impacts possibly leading to financial loss, data loss, operational disruption and reputational damage, or a combination of any or all. To mitigate

these to a manageable risk, we are increasing cyber awareness by developing a holistic security awareness programme, identifying key systems and reviewing and enhancing policies and processes. These initiatives demonstrate our commitment to fostering a secure environment while supporting informed and responsible online behaviours.

Wider circumstances and future challenges

The main challenges for Forestry England during 2026-27 and beyond are:

- the economic environment for commercial activity and income generation;
- delivering the significant increase in ring-fenced programmes, alongside our core business presents both opportunity and risks;
- recruiting and retaining high-quality expert and specialist staff within public sector pay restrictions and in challenging external recruitment markets;
- continuing to improve Forestry England's overall financial resilience and overall levels of public impact;
- securing a multi-year funding solution with Defra that supports the delivery of long-term public benefit commitments including open access;
- continued response to events caused by the changing climate, including tree health outbreaks and extreme weather events, with the impact this has on our ability to deliver resilient future forests, public events and ability to adapt our operational plans and work programmes;
- progressing the development of wind energy on the nation's forests following the grant of new powers; and
- growing and deepening our supporter base and deepening the trust in the general public's relationship with Forestry England with the nation's forests, particularly through increased innovation in commercial activity.

Remuneration and staff report

The Remuneration and Staff Report sets out Forestry England's remuneration policy for directors, explains how that policy has been implemented and provides details of the amounts awarded to directors. It also includes information on remuneration and staffing that Parliament and other stakeholders consider important for accountability, in accordance with Chapter 6 of the Companies Act 2006, SI 2013 No. 1981 and 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 based on 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 officials 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: www.civilservicecommission.org.uk

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

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

Name	Date Contract Ended	Current Contract End Date	Unexpired term (months*)
Sir William Worsley	09/02/2026		-
Baroness Young of Old Scone		09/02/2030	47
Jennie Price		31/03/2027	12
Peter Latham	30/09/2025		-
Gurch Randhawa		31/03/2027	12
Chris Simpson	31/10/2025		-
Neil Sachdev		30/11/2027	20
Chris Wood		30/09/2028	30
Kate Cheetham		31/03/2028	24

* Months remaining from 31 March 2026

Remuneration policy

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

As part of this process, the points below are taken into consideration.

- Guidelines circulated by the Cabinet Office implementing government decisions on the recommendations of the Senior Salaries Review Body (SSRB). The SSRB is responsible for monitoring the operation of the Senior Civil Service pay system and for making recommendations to the Government on the shape of the system, including the salary values for the minimum and maximum of each of the senior pay bands, the range of percentage increases to base salary and range of bonuses. Further information on the work of the SSRB can be found at [Senior Salaries Review Body - GOV.UK](https://www.gov.uk/government/organisations/senior-salaries-review-body).
- Reporting officers' recommendations on the relative performance of each of their senior staff, whether a bonus should be paid, and if so, whether low or high. The Senior Pay Committee considers the recommendations, determines the allocation of senior staff to tranches and decides the percentage increase to salary and any bonus to be awarded.

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

Remuneration (salary including allowances, bonuses and pensions)

(subject to audit)

The following sections provide details of the remuneration and pension interests of the members of the Forestry England Board for 2025-26.

		Salary	Bonus payments	Pension Benefits	Total
		£000	£000	£000	£000
Mike Seddon	2025-26	110-115	-	41	155-160
Chief Executive	2024-25	105-110	-	80*	185-190
Tristram Hilborn	2025-26	85-90	-	31	120-125
Chief Operating Officer	2024-25	85-90	-	49	135-140
Amanda Grist	2025-26	90-95	-	35	125-130
Chief Financial Officer	2024-25	85-90	0-5	34	120-125

* Updated value for 2024-25 is £78,000, as per Capita report

Richard Stanford's remuneration and pension interests are disclosed in the Forestry Commission Annual Report and Accounts, page 45.

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

Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by Forestry England and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Benefits in kind are given in the form of the private use of a car and home to permanent place of work expenses.

Bonuses

Bonuses are based on performance levels attained and are awarded as part of the appraisal process. Bonuses relate to the performance in the year prior in which they become payable to the individual. The bonuses reported in 2025-26 relate to performance in 2024-25, and bonuses received in 2024-25 relating to performance in 2023-24.

Pension benefits

(subject to audit)

	Accrued pension at pension age at 31 March 2026 and related lump sum £000	Real increase (decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2026 £000	CETV at 31 March 2025* £000	Real increase (decrease) in CETV £000
Mike Seddon	55 - 60 plus a lump sum of 140- 145	2.5 - 5 plus a lump sum of 0	1,394	1,285	29
Tristram Hilborn	30 - 35 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 0	571	521	17
Amanda Grist	5 - 10	0 - 2.5	108	77	22

* Opening Balances for pension disclosures for some members are not consistent with the closing balances reported in the prior year. This is due to the availability in 2025-26 of more up to date data relevant to the calculation of the prior year benefits.

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.

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, are in **alpha**.

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

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

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

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

2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy⁴ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2025 and 31 March 2026, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position, i.e., PCSPS benefits for that period.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any

⁴ www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of non-executives

(subject to audit)

The non-executive members of the Forestry England Board received the following remuneration for their services during the period ended 31 March 2026.

	2025-26		2024-25	
	Fees	Expenses	Fees	Expenses
	£000	£000	£000	£000
Sir William Worsley ¹	45	2	60	1
Baroness Young of Old Scone ²	8	-	-	-
Julia Grant ³	-	-	7	1
Jennie Price	12	2	12	1
Peter Latham ⁴	6	1	12	2
Gurch Randhawa	8	1	8	1
Chris Simpson ⁵	8	2	8	1
Neil Sachdev ⁶	12	-	4	-
Chris Wood ⁷	4	1	-	-
Kate Cheetham ⁸	12	-	-	-

1. Non-executive Forestry Commissioner until 9 February 2026, full year equivalent £49k.
2. Non-executive Forestry Commissioner from 10 February 2026, full year equivalent £41k
3. Non-executive Forestry Commissioner until 31 October 2024, 2024-25 full year equivalent £12k
4. Non-executive Forestry Commissioner until 30 September 2025, full year equivalent £12k
5. Non-executive Director until 31 October 2025, full year equivalent £12k
6. Non-executive Forestry Commissioner from 1 December 2024, 2024-25 full year equivalent £12k

7. Non-executive Director from 1 October 2025, full year equivalent £12k
8. Non-executive Forestry Commissioner from 1 April 2025

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

Fair pay disclosure

(subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. The banded remuneration of the highest paid director of Forestry England in the financial year 2025-26 was £110,000-£115,000 (2024-25: £105,000-£110,000).

In 2025-26, no (2024-25: nil) employees, including agency staff, received remuneration in excess of the highest-paid director. The remuneration of the lowest paid employees is £23,000 (2024-25: £23,000).

The 2025-26 figures include agency staff costs, net of average agency fees, following a change in Fair Pay Disclosure reporting requirements issued by HM Treasury; such costs are not included in the 2024-25 comparative amounts. Accordingly, the figures for the two financial years are not directly comparable due to this change in the basis of reporting.

The percentage change from 2024-25 in the salary of the highest paid director is 3.25% (2024-25: 5.00%). The average percentage change from 2024-25 in respect of the employees as a whole is 4.51% (2024-25: 5.69%)*. The percentage reduction from 2024-25 in performance pay and bonuses of the highest paid director is nil (2024-25: -100%).

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. 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 Forestry England in the financial year 2025-26 was £110,000-£115,000 (2024-25: £105,000-£110,000).

		2025-26	2024-25
25 th Percentile	Salary	£ 26,959	£ 26,123
	Pay and Benefits	£ 26,959	£ 26,123
	Pay Ratio	4.17	4.12
Median	Salary	£ 33,854	£ 32,089
	Pay and Benefits	£ 33,854	£ 32,089
	Pay Ratio	3.32	3.35
75 th Percentile	Salary	£ 40,388	£ 38,388
	Pay and Benefits	£ 40,388	£ 38,388
	Pay Ratio	2.79	2.80

*The calculation of this percentage excludes any agency or temporary staff.

Average number of persons employed

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

	2025-26			2024-25
	Permanently employed staff	Others	Total	Total
Directly employed	1,153	76	1,229	1,197
Other	-	51	51	49
Total	1,153	127	1,280	1,246

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

	2025-26					2024-25
	Directors and senior civil servants on the Forestry England Board	Other directors	Other permanently employed staff	Others	Total	Total
Male	2	6	641	71	720	697
Female	1	3	500	56	560	549
Total	3	9	1,141	127	1,280	1,246

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

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

Staff costs

(subject to audit)

			2025-26	2024-25
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Salaries	40,547	2,544	43,091	39,935
Social security costs	5,446	288	5,734	4,128
Other pension costs	11,483	725	12,208	11,343
Agency/temporary staff	-	3,861	3,861	2,238
Total	57,476	7,418	64,894	57,644

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

For 2025-26, employers' contributions of £12.2 million were payable to the PCSPS (2024-25: £11.3 million) at 28.97% of pensionable pay for all 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 2025-26 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 £108,000 (2024-25: £121,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% of pensionable earnings (2024-25: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2024-25: £nil). Contributions prepaid at that date were £nil.

Ill-health retirement

No employees (2024-25: nil) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2024-25: £nil).

Sickness absence data

Working days lost per staff year	
Year	Number
2025-26	5.5
2024-25	5.3
2023-24	4.8
2022-23	5.4
2021-22	4.8

Our average working days lost per employee increased slightly from 5.3 days in 2024-25 to 5.5 days in 2025-26, with mental health remaining the most significant cause of absence. In response, we continue to focus on early intervention and wellbeing support through increased promotion of our Employee Assistance Programme (EAP), access to Mental Health First Aiders, Wellbeing Champions and a self-referral physiotherapy service. We also proactively highlight sickness trigger points to managers and encourage timely, supportive wellbeing conversations and return-to-work interviews to help address issues early and support sustained attendance. These measures form part of our ongoing commitment to improving employee wellbeing and reducing sickness absence across the organisation.

Accidents

The following figures set out the reportable incidents in accordance with 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013' in 2025-26 and the preceding years.

RIDDOR incidents per 100 employees	
Year	Number
2025-26	0.83
2024-25	0.62
2023-24	0.61
2022-23	0.44
2021-22	0.58

The RIDDOR incidents for Forestry England during the year were:

- In 2025-26, eight members of staff were treated for Lyme disease, either with symptoms or as a precaution. The number of reported cases has doubled since the previous year.
- One volunteer was also treated for Lyme disease.
- A member of staff fell from their bike whilst undertaking a trail inspection, resulting in a fractured arm.
- A tractor operator incurred an over seven-day injury after stepping down from the machine and pulling a hamstring.

Accountability report

- A member of staff slipped when walking across gravel, causing a strain/sprain and incurring an over seven-day injury.

In addition, a further two reports were made about events involving a member of public.

- A volunteer reversed a mobility scooter without looking behind them and knocked over a member of public, causing a fractured hip.
- A member of public stepped away from a bench they had been sitting on and stepped into an open culvert, incurring a fractured leg.

RIDDOR reports to the HSE about Forestry England staff consisted of three cases of tick bites/Lyme disease treated with antibiotics.

The H&S team continue to support the investigation of all RIDDOR incidents to establish the root cause and any lessons that need to be shared with the wider business.

Training on incident investigation has been strengthened with an online module available to all staff with additional virtual and face-to-face workshops to put skills into practice in a safe space.

Staff turnover percentage

In 2025-26, Forestry England had a staff turnover percentage of 10.05% (2024-25: 12.10%).

Reason for leaving	2025-26	2024-25
Death in service	0.08%	-
Dismissal for gross misconduct	0.15%	-
Dismissal	0.60%	0.39%
End of fixed term contract	0.83%	0.54%
Redundancy	0.08%	-
Resignation	6.42%	9.25%
Retirement	1.89%	1.08%
Others	-	0.85%

People Strategy

Following the conclusion of the Forestry Commission People Strategy in March 2025, activity during 2025-26 focused on embedding people priorities into the Forestry Commission Corporate Plan and strengthening delivery through clearer governance and assurance. This approach ensures that workforce activity is clearly aligned to organisational outcomes, statutory responsibilities and delivery priorities, and reflects a more mature and integrated approach to managing people related change.

A key development was the establishment of the Forestry Commission People Board. The Board provides strategic oversight, assurance and prioritisation of people activity across the organisation, strengthening governance and enabling clearer alignment between people initiatives and Corporate Plan commitments. This has improved transparency, decision making

and control, ensuring that activity is sequenced and resourced appropriately and focused on areas of greatest organisational need.

Leadership development

Leadership development continues to be a core enabler of Corporate Plan delivery, supporting effective decision making, accountability and collaboration across the organisation. The Forestry Commission Professional Manager Programme (PMP) remains a central component of the leadership offer for middle managers, with sustained engagement and strong demand.

In parallel, the Senior Leadership Programme (SLP) continued to build strategic leadership capability at senior levels, supporting leaders to operate effectively across organisational boundaries and to lead change with confidence. An agile approach to design and evaluation has been maintained across leadership programmes, ensuring continuous improvement and a strong focus on application of learning in the workplace.

Collectively, leadership development activity supports delivery confidence and helps mitigate risks associated with inconsistent leadership practice, change delivery and organisational performance.

Training

835 training events have been delivered in the 12 months to the end of March 2026. This is in addition to that delivered by other national functions who organise training independently of technical training recorded in the Forestry England HR system.

57 short courses are accredited to a recognised awarding body and demonstrate that our staff have achieved the necessary level of skills and competence required to meet national occupational standards. It also enhances personal learning and development and the professionalism of each individual. This contributes towards meeting our long-term vision for health and safety culture and performance to ensure that all staff have the training required to undertake all tasks safely.

In addition to short courses, the Technical Training Team manage and deliver the Level 3 Forest Craftsperson apprenticeship under Forestry Commission's Employer Provider status. A full inspection of the provision by Ofsted in July 2024 returned a 'good' grading. Forestry England currently have 8 Forest Craftsperson apprentices. A further nine apprentices are planned to be recruited in the 2026-27 financial year. Currently the achievement rate is 90.0%, the retention Rate is 90.0% and the pass rate is 100%. All figures compare favourably to the national averages which are 65.4%, 66.7% and 98% respectively.

Forestry England are also expecting 12 new apprentices to start in the 2026-27 financial year, on the new Level 4 Forest Works Manager Apprenticeship using Cumbria University as the training provider.

Forestry Commission People Recognition Scheme

The Forestry Commission People Recognition Scheme continued to reinforce organisational values and celebrate the contribution of colleagues across the organisation. The scheme plays an important role in recognising behaviours and achievements that support delivery of the Corporate Plan, collaboration across teams and the effective use of public resources.

The first Forestry Commission Awards were introduced with great success, receiving 219 nominations. The awards event brought together colleagues from across the Forestry Commission, representing a diverse range of roles. The awards provided an opportunity to celebrate excellence, innovation and collaboration across the organisation, strengthening a shared sense of pride and connection.

During the year, work progressed on developing a more consistent, Forestry Commission wide approach to recognition, building on existing practice and engagement across the organisation. This work supports a shared organisational identity and ensures recognition activity is inclusive, transparent and aligned to organisational priorities.

Diversity and Inclusion

Everyone who works for the Forestry Commission is unique. We are committed to creating an inclusive culture where all colleagues feel valued, respected and able to contribute their perspectives and reach their full potential.

For the third consecutive year, our median gender pay gap remains at 0%, meaning the middle female salary is equivalent to the middle male salary. The mean gender pay gap reduced from 2.96% to 1.88%, reflecting continued progress toward greater pay parity.

As at 31 March 2026, women represent 48% of the Forestry Commission workforce, maintaining near parity across the organisation.

In response to the UK Supreme Court judgment in *For Women Scotland v The Scottish Ministers*, we strengthened support for colleagues through targeted internal communications and the development of new staff guidance. This guidance provides clarity on expectations for respectful behaviour, signposts wellbeing support, and includes practical scenarios to help staff respond confidently to customer enquiries. Optional staff drop-in session has also been established to support the consistent application of our Position Statement and Service Charter.

Our diversity and inclusion work continues to be cited as examples of good practice within the Civil Service and beyond. During 2025-26, activity focused on strengthening governance, embedding equality into decision making and sustaining an inclusive culture through visible leadership, **consistent communications and strong staff engagement**.

The Everyone Belongs Board (EBB), now firmly embedded in its third year, continued to provide oversight, assurance and accountability for equality, diversity and inclusion activity.

Key highlights are listed below.

- **Strengthening protections against bullying, harassment and discrimination**, aligned with the Worker Protection Act 2023.
- **Introduction of a refreshed Equality Impact Assessment (EqIA) process**, supported by a new policy (PPG 44), updated guidance and training, and a standardised EqIA form aligned to Defra.
- **Ongoing investment in inclusive capability**, through continued delivery of Creating an inclusive workplace training as an ongoing training opportunity open to all, as well as being a core element of the PMP and SLP programmes, and enhancement of the EDI learning and resources page on Roots with new videos, research and guidance.
- **Strong and sustained staff network activity** played a central role in awareness activity linked to Pride Month, Windrush Day, Armed Forces Day and Disability Pride Month.

- **Targeted action to improve disability inclusion**, including a disability inclusion survey, staff focus groups and a manager confidence survey, ensuring lived experience and management capability directly inform future priorities and action planning.
- **Active contribution to Defra and Civil Service policy development**, with the Diversity and Wellbeing Manager working with Defra Group EDI leads to co create the new Defra Staff Networks Policy, launched in February 2026 with supporting communications, briefings and training for managers and network leads.
- **Diverse talent and leadership development**, with participation in Defra's Aspire ethnic minority development programme and the Catapult social mobility development programme with 7 mentees and 3 mentors taking part from the Forestry Commission.

This sustained and joined up focus on equality, diversity and inclusion has helped maintain and strengthen positive staff perceptions of fairness, respect and inclusion, building on improvements seen in recent Staff Engagement Survey results.

Workplace Wellbeing

Workplace wellbeing remains a core priority for the Forestry Commission. This year, activity focused on strengthening mental health capability, improving access to support and reinforcing wellbeing networks across the organisation. Mental health training for both staff and managers was refreshed and promoted to support earlier, more confident conversations about mental ill health. In total, 78 staff completed the two-day Mental Health First Aid (MHFA) training, a further 100 staff attended MHFA in house training and 277 staff completed one day Stress and Mental Health Awareness training.

We successfully transitioned to new Employee Assistance Programme (EAP) and Occupational Health (OH) providers, improving access to timely clinical and advisory support for staff and managers. The Annual Health Assessments Programme was relaunched, achieving 83% compliance, and the Flu Vaccination Programme was updated and positively received.

Working in partnership with the FC Trade Unions

During the year, significant joint work was undertaken by the Forestry Commission and the Forestry Commission Trade Unions to review and update the recognition agreement. This collaborative work strengthened the framework for collective bargaining and consultation, reinforcing shared principles of openness, trust and constructive engagement, and supporting earlier, better informed discussion of strategic and workforce issues.

The work is contributing to a refreshed and more effective approach to the operation of Staff Councils as the key forums for collective bargaining, underpinned by the updated draft recognition agreement and a jointly agreed code of behaviours. The revised recognition agreement has now been signed.

Expenditure on consultancy

During the year Forestry England incurred £604,000 on consultancy costs (2024-25: £850,000). This was spent on a range of activities, for instance a review of the estate valuation processes, systems development, woodland creation projects and environmental planning. No company or individual received in excess of £46,000 for their consultancy services in the year (2024-25: £92,000 for their consultancy services).

Expenditure on agency and temporary staff

Costs incurred on agency and temporary staff during the year total £3,861,000 (2024-25: £2,238,000).

Reporting of civil service and other compensation schemes - exit packages

(subject to audit)

No members left under voluntary exit or voluntary redundancy terms in the year to 31 March 2026 (2024-25: nil). No compensation payments were made (2024-25: 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 2026 (2024-25: £nil) at a total cost of £38,060 (2024-25: £nil).

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
<£25,000	1	-	-	-	1	-
£25,001-£50,000	1	-	-	-	1	-
£50,001-£100,000	-	-	-	-	-	-
£100,001-£150,000	-	-	-	-	-	-
>£150,001	-	-	-	-	-	-
Total number of exit packages	2	-	-	-	2	-
Total cost £	38,060	-	-	-	38,060	-

Parliamentary Accountability and Audit Report

(subject to audit)

Losses and special payments

(subject to audit)

	Number	2025-26	Number	2024-25
		£000		£000
Losses	31	41	33	163
Special payments	48	212	51	449
Total	79	253	84	612

In 2025-26 there were losses of £41,055 including a £20,238.17 written off receivables balance because of a customer entering liquidation.

In 2025-26, there were special payments of £212,485, including three personal injury claims for £55,000, £27,500 and £21,000. £11,814 was paid in respect of a road traffic accident.

All other losses and special payments in 2025-26 were individually below £10,000 in value.

There were no reportable gifts totalling over £300,000.

Remote contingent liabilities

(subject to audit)

In addition to contingent liabilities reported within the meaning of IAS 37, Forestry England also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

There are no remote contingent public liability claims at 31 March 2026.

Government Functional Standards

See page 65 for statement of compliance with the Government Functional Standards



Mike Seddon
Accounting Officer, Forestry England
23 October 2026

Audit Certificate and Report

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 Forestry England for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise Forestry England's

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of Forestry England's affairs as at 31 March 2026 and their deficit 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 2024*. I am independent of Forestry England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other Information

The other information comprises 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 Forestry England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- adequate accounting records have not been kept by Forestry England or returns adequate for my audit have not been received from branches not visited by my staff; or
- 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 Forestry England 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 Forestry England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Forestry England will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, 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) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of Forestry England's accounting policies, key performance indicators and performance incentives.
- inquired of management, Forestry England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Forestry England's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Forestry England's controls relating to Forestry England's compliance with the Forestry Act 1967, Government Resources and Accounts Act 2000 and Managing Public Money;
- inquired of management, Forestry England's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal specialists, including forest estate valuers regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of Forestry England's framework of authority and other legal and regulatory frameworks in which Forestry England operates. I focused on those laws and

regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Forestry England. The key laws and regulations I considered in this context included the Forestry Act 1967, Government Resources and Accounts Act 2000, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance 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;

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

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

Gareth Davies
Comptroller and Auditor General

Date 26 October 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

Statement of comprehensive net expenditure

for the period ended 31 March 2026

	Note	2025-26 £000	2024-25 £000
Revenue from contracts with customers	3	(82,934)	(82,297)
Other operating income	3	(16,214)	(15,591)
Total operating income		(99,148)	(97,888)
Staff costs	4	64,894	57,644
Purchase of goods or services	4	83,716	75,890
Expenses related to leases	4	256	334
Depreciation, amortisation and impairment charges	4	11,655	9,783
Finance lease interest	4	159	142
Provisions expense	4	124	236
Value of felled timber	5 & 6	24,373	25,863
Impairment of property, plant and equipment	5	458	1,703
Total operating expenditure		185,635	171,595
Operating deficit before gain on revaluation of biological assets of biological assets		86,487	73,707
Loss / (Gain) on revaluation of biological assets	6	(17,177)	98,827
Operating deficit / (surplus)		69,310	172,534
Interest on land transaction		(2)	(162)
Share of joint venture loss / (profit) for the year	7	(229)	(111)
Gain on sale of assets		(258)	(301)
Deficit / (surplus) for the year		68,821	171,960
Other comprehensive income			
Net loss / (gain) on revaluation of property, plant and equipment	5	13,172	260,960
Net loss / (gain) on revaluation of campsite lease receivables	9	4,403	148
Comprehensive deficit for the year		86,396	433,068

The notes on pages 98 to 131 form part of these financial statements

Statement of financial position

as at 31 March 2026

	Note	31 March 2026 £000	31 March 2025 £000
Non-current assets			
Property, plant and equipment	5	3,355,031	3,358,885
Intangible assets		629	753
Biological assets	6	605,626	596,418
Investment in Joint Ventures	7	3,123	3,098
Trade receivables, financial and other assets	9	17,451	21,755
Total non-current assets		3,981,860	3,980,909
Current assets			
Assets held for sale		-	420
Inventories		2,469	2,455
Trade receivables, financial and other assets	9	21,779	37,326
Cash and cash equivalents	10	56,775	24,560
Total current assets		81,023	64,761
Total assets		4,062,883	4,045,670
Current liabilities			
Trade payables, financial and other liabilities	11	(21,663)	(18,424)
Finance lease liabilities	12	(620)	(613)
Provisions	14	(182)	(262)
Total current liabilities		(22,465)	(19,299)
Total assets less current liabilities		4,040,418	4,026,371
Non-current liabilities			
Trade payables, financial and other liabilities	11	(25,581)	(26,898)
Finance lease liabilities	12	(5,926)	(6,267)
Provisions	14	(639)	(618)
Total non-current liabilities		(32,146)	(33,783)
Total assets less total liabilities		4,008,272	3,992,588
Taxpayers' equity and other reserves			
General fund		725,021	694,762
Revaluation reserve		3,283,251	3,297,826
Total taxpayers' equity and other reserves		4,008,272	3,992,588

The notes on pages 98 to 131 form part of these financial statements



Mike Seddon
Accounting Officer, Forestry England
23 October 2026

Statement of cash flows

for the period ended 31 March 2026

	Note	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Operating deficit for the year		(69,310)	(172,534)
Adjustment for non-cash transactions			
Depreciation, interest and provisions	4	11,938	10,161
Value of felled timber - PP&E	5	15,847	16,373
Value of felled timber - biological assets	6	8,526	9,490
Value of Campsite Leases		(4,403)	-
Impairment of property, plant and equipment	5	458	1,703
Write off of PP&E	5	22	166
Gain (losses) on revaluation of biological assets	6	(17,177)	98,827
Decrease in plant and seed (biological assets)	6	(557)	343
Decrease/(increase) in inventories		(17)	77
Decrease/(increase) in trade and other receivables	9	19,781	1,965
(Decrease)/increase in trade and other payables	11	1,902	(3,054)
Finance lease additions	5	-	-
Utilisation of provisions	14	(183)	(276)
Net cash outflow from operating activities		(33,173)	(36,759)
Cash flows from investing activities			
Purchases of non-financial assets		(38,054)	(40,882)
Less: PPE capital Creditors		20	-
Proceeds from disposal of non-financial assets		1,772	1,074
Decrease in capital receivables	9	70	295
Proceeds on disposal of investment in financial asset		-	-
Landlord investment in CITF campsite	9	-	-
Return on investment in joint venture		204	204
Interest on land transaction		2	161
Net cash outflow from investing activities		(35,986)	(39,148)
Cash flows from financing activities			
Payment of principal portion of leases liabilities	12	(706)	(648)
Capital funding from Forestry Commission			14,729
Funding from Forestry Commission		102,080	48,498
Net cash inflow from financing activities		101,374	62,579
Net increase/(decrease) in cash and cash equivalents in the period		32,215	(13,328)
Cash and cash equivalents at the beginning of the period	10	24,560	37,888
Cash and cash equivalents at the end of the period	10	56,775	24,560

The notes on pages 98 to 131 form part of these financial statements

Statement of changes in taxpayers' equity

for the period ended 31 March 2026

	General fund £000	Revaluation reserve £000	Taxpayers' Equity £000
Balance at 31 March 2024	802,616	3,559,813	4,362,429
Funding from Forestry Commission	63,227		63,227
Comprehensive surplus for the year	(433,068)	-	(433,068)
Net gain on revaluation of property, plant and equipment	260,960	(260,960)	-
Realised element of revaluation reserve	1,027	(1,027)	-
Balance at 31 March 2025	694,762	3,297,826	3,992,588
Funding from Forestry Commission	102,080		102,080
Comprehensive surplus for the year	(86,396)	-	(86,396)
Net gain on revaluation of property, plant and equipment	13,172	(13,172)	-
Realised element of revaluation reserve	1,403	(1,403)	-
Balance at 31 March 2026	725,021	3,283,251	4,008,272

The notes on pages 98 to 131 form part of these financial statements

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 and Financial Reporting manual (FReM) issued by HM Treasury. The going concern basis is appropriate given Forestry England's statutory responsibilities, exercised on behalf of the Forestry Commissioners under the Forestry Act 1967, to operate and maintain the nation's forests and woodlands. The FReM applies International Financial Reporting Standards (IFRS) as interpreted for the public sector. Forestry England accounting policies have been selected based on a judgement of the most appropriate treatment to the particular circumstances of the entity to ensure a true and fair view. The particular policies selected by Forestry England are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

In addition to a steady forecast income stream, the strength of Forestry England's Statement of Financial Position as at 31 March 2026, along with Taxpayers' Equity of £4 billion and a long-term financial plan showing the route to surplus, provides sound evidence that for the twelve months from approval of the Annual Report and Accounts 2025-26, there are sufficient resources to cover all expected expenditure items.

Forestry England is an executive agency within the Forestry Commission and is included as part of the Forestry Commission funding within the Defra estimates which have already been approved by Parliament. The government Spending Review to determine future funding for government departments including Defra for the period 2026-27 has been agreed.

Based on the above information it is considered appropriate to adopt a going concern basis for preparing 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 Funding

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

1.3 Public corporation dividend

Forestry England pays a dividend to the Forestry Commission, reflecting the expected rate of return on funding provided. This is disclosed in the Statement of Comprehensive Net Expenditure. The dividend rate has been agreed with HM Treasury and is set at zero per cent whilst Forestry England is loss-making. If Forestry England makes a surplus before revaluation of biological assets, HM Treasury's real rate of 3.5 per cent will apply. No dividend has been paid in 2025-26 (2024-25 - Nil).

1.4 Employee benefits

Pensions

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

Performance pay

The 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.

1.5 Contingent liabilities

Forestry England discloses contingent liabilities in accordance with IAS 37. Where applicable, it also discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of 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.

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

1.6 Value of non-financial assets

In accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation - Global Standards ('Red Book Global Standards'), Forestry England measures its non-financial assets at current value in existing use, which is interpreted as existing use value. This is deemed to be

the market value in existing use for non-specialised operational assets and is defined in UK VPGA6 of the RICS Valuation - Global Standard Fair value as the estimated 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.

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

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

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

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

The following table shows an analysis of the valuation bases used in the valuation of non-financial assets recognised in the Statement of Financial Position.

Element	Valuation basis - 31 March 2026	Level in valuation hierarchy	Net Book Value 31 March 2026 (£m)	Net Book Value 31 March 2025 (£m)
Nation's forests (see note 1.7)				
Forest land and trees not apportioned to biological assets	Custom indices based on observable market rates	Level 2	2,653	2,653
Minor crops	Custom indices based on the closest available observable market rates	Level 3	79	88
Other land (see note 1.7 and 1.12)				
Open land and similar land use	Custom indices based on observable market rates	Level 2	260	256
Agricultural land	Savills Vacant Farmland Index and Let Land Index based on observable market rates	Level 2	49	49
Telecoms masts, wayleaves, quarries and other interest in land	Value in existing use based on market rental value and yield	Level 2	28	28

Element	Valuation basis - 31 March 2026	Level in valuation hierarchy	Net Book Value 31 March 2026 (£m)	Net Book Value 31 March 2025 (£m)
Recreation infrastructure	DRC in prior year and applying BCIS indexation uplift	Level 3	41	43
Campsite land	Value in existing use based on market rental value and yield	Level 2	32	36
Dwellings and other buildings (see note 1.7)				
Residential	Value in existing use based on market evidence in prior year and applying House Price Index	Level 2	73	71
Building leases	Value in existing use based on market rental value and yield	Level 2	42	41
Other buildings	DRC in prior year and applying BCIS indexation	Level 3	62	62
Other PP&E (see note 1.7)				
VME	DRC in prior year applying ONS indices	Level 3	21	17
OME	DRC in prior year applying ONS indices	Level 3	5	3
Other Current and Non-current assets (see note 1.12 and 1.13)				
Biological Assets (IAS 41)	Custom indices based on observable market rates	Level 2	605	596
Campsite leases in receivables	Value in existing use based on market rental value and yield	Level 2	18	23

1.7 Property, plant and equipment

Legal ownership of all land and buildings is vested in the Secretary of State together with the legal ownership of the timber and other tangible fixed assets. Where Forestry England is the principal beneficial user of assets owned by the Secretary of State or Forestry Commissioners, these are treated as property, plant and equipment assets of the agency.

Forestry England performs full quinquennial valuations followed by a process of annual indexation in the intervening years except for leisure leases, including Campsites, Forest Holidays and Go Ape sites, that are professionally valued each year.

See also 'Assets Leased to Customers' at 1.8 below, and 'Leases' at 1.15 below.

Nation's forests

The nation's forests comprise freehold and leasehold afforested land (including land improvements) and the value of trees that have not been apportioned to biological assets under IAS 41 (Agriculture). Valuation of the nation's forests is complex and relies on judgements and estimation techniques. Details of these are set out in note 2 'Critical Accounting Estimates and Judgements'.

Nation's forests land

Nation's forests land is shown at estimated current value in existing use, which is interpreted as existing use value as defined by the Red Book Global Standards and excludes the value attributable to any trees growing on that land. External professional valuers undertake a full external professional valuation of the nation's forest land at five-yearly intervals. Following a

public procurement exercise in 2022, Savills, Chartered Surveyors were appointed as Forestry England's valuers performing a full valuation as at 31 March 2023. In accordance with Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards (the 'Red Book'), the nation's forests land is valued at fair value using market value for existing use. The next full valuation will be as at 31 March 2028. In the intervening years between professional valuations, custom indices are used to revalue land values.

Trees not apportioned to biological assets

Trees falling outside of the definition of biological assets are shown at market value in existing use. External professional valuers undertake a full valuation at five-yearly intervals. As detailed above, the valuation is carried out in accordance with RICS Appraisal and Valuation Standards (the 'Red Book') under the existing use valuation models as appropriate. In the intervening years between professional valuations, custom indices are used to restate tree values.

Minor crops and other land

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

Other land (non-forest estate)

Non-forest land is shown at existing use 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 existing use value. If existing use value is not available or not appropriate, market value (MV), depreciated replacement cost (DRC) or discounted cash flow (DCF), is used as appropriate under the RICS Standards.

A full valuation took place as at 31 March 2023. The next full valuation is due to take place as at 31 March 2028.

Campsites leases

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

Dwellings and other buildings

Dwellings and other buildings are shown at existing use value.

Professionally qualified staff employed by Forestry England undertake a full revaluation of dwellings and other buildings at five-yearly intervals coinciding with that for the nation's forests and other land following the principles set out in the RICS Red Book and valuing as appropriate under the RICS standards for determining existing use value. Suitably qualified external valuers review the work of internal professional valuers. A full valuation took place on 31 March 2023, and independent external valuers reviewed the valuations. The next full valuation is due to take place on 31 March 2028.

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.

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 Forestry England and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

Non-current assets held for sale

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

Vehicles, machinery and equipment (VME)

Vehicles, machinery and equipment are shown at existing use 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)

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

Revaluation reserve

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

1.8 Depreciation

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

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

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

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

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

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

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

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

1.9 Assets leased to customers

In accordance with IFRS 16, assets leased to external parties are classified as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially the risks and rewards incidental to ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to

ownership of the underlying asset. The classification of a lease depends on the substance of the transaction rather than the legal form and considers the following factors:

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

1.10 Subsidiaries, joint ventures and available for sale financial assets

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

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

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

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

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

The investments and associated balances are included in note 7 to the financial statements.

1.11 Nation's forests and biological assets

Trees growing on nation's forests land are apportioned to biological assets or the nation's forests. Apportionment is determined by a strategic assessment that identifies the primary ministerial objective that the land is held to meet.

Woodland retained and managed to meet economic objectives will primarily generate benefit to Forestry England from timber sales. Consequently, these areas are regarded as within the scope of IAS 41 (Agriculture) and shown on the Statement of financial position as biological assets. The

remaining trees are apportioned to the nation's forests, are outside the scope of IAS 41 and shown on the Statement of financial position within Property, plant and equipment.

Biological assets are measured at estimated fair value less estimated point-of-sale costs, except where fair value cannot be measured reliably. Independent external valuers undertake a full external professional valuation at five yearly intervals, with the last full valuation carried out as at 31 March 2023. As detailed above, the valuation was carried out in accordance with RICS Appraisal and Valuation Standards (the 'Red Book') under the existing use or fair value models as appropriate. In the intervening years between professional valuations, custom indices are used to restate timber values. The next full valuation is due to take place on 31 March 2028.

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

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

1.12 Inventories

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

1.13 Revenue recognition

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

1.14 Leases

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

At inception of a contract Forestry England assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset Forestry England assesses whether:

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

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

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

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

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

The right-of-use asset is subsequently depreciated using a straight-line method from commencement date to the earlier of the useful life of the asset and the lease term. The value of each underlying asset is revalued annually as though ownership of the asset was vested in Forestry England. The policies and procedures for carrying out revaluations are those set out in 1.7 above. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the unpaid lease payment at the lease commencement date, discounted using the interest rate implicit in the lease, or if this rate cannot be readily determined, by Forestry England's incremental borrowing rate. This is set by HM Treasury at 5.32% for 2025-26 (4.81% - 2024-25).

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

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

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

Peppercorn leases

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

1.15 Provisions

Forestry England provides for present legal and constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury. The increase in the provision due to passage of time is recognised in the Statement of Comprehensive Net Expenditure.

1.16 Value added tax (VAT)

Forestry England is not separately registered for VAT and is included within the overall VAT registration of the Forestry Commission. To comply with the government accounting regulations and normal commercial practice, income and expenditure shown in the Statement of Comprehensive 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.

1.17 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

1.18 Impairment of non-financial assets

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

1.19 Financial assets

Classification

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Recognition and measurement

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

1.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service and other short-term highly liquid investments with original maturities of three months or less.

1.21 Financial liabilities

Classification

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

Other financial liabilities

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

Recognition and measurement

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

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

Financial liabilities at fair value through profit or loss

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

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

Other financial liabilities

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

1.22 Effective in these financial statements

IFRS 17 Insurance Contracts replaces IFRS 4: Insurance Contracts and is 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.

A full assessment of the standard has been undertaken; Forestry England have no contracts that are in scope of IFRS 17.

All International Financial Reporting Standards (IFRS), interpretations and amendments effective at 31 March 2026 have been adopted in these statements.

1.23 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 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

Note 2: Critical accounting estimates and judgements

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

Critical accounting judgements and sources of estimation uncertainty

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

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

Critical judgements in applying the accounting policies

The preparation of these accounts require management to make judgements, estimates and assumptions in respect of a range of activities that affect the application of policies and reported amounts of assets and liabilities, income and expenditure.

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

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

Classification of the nation's forests and biological assets

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

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

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

Land designations are not subject to frequent change. Management therefore considers that a detailed review of the designations should take place every five years. A full review of land designations was carried out in the year ended 31 March 2026, resulting in the following designated Biological Assets areas, as a percentage of each District:

Forest Districts	2025-26 %	2024-25 %
Central	15.9	14.5
East	7.2	7.2
North	52.5	52.6
Yorkshire	-	-
South	8	8.1
West	16.4	16.1
Total nations forest	22.7	22.6

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

Valuation of the nation's forests and biological assets

The valuation of the nation's forests and biological assets involves significant estimation uncertainty. Independent external valuers determine values using market evidence from recent forest sales and specialist forestry valuation indices. Valuations can be affected by factors such as timber values, location, market competition and unique characteristics of individual forests.

A full valuation of the nation's forests was undertaken at 31 March 2023. At 31 March 2026, external valuers provided an updated valuation using appropriate indices together with market and yield assessments.

Average timber values are determined by to key factors including:

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

The independent professional valuation further determines an average solum (land) value per hectare for the nation's forests applicable to each forest district. This is added to the average timber value per hectare to give a total woodland valuation for each forest district. Once the timber and land values were ascertained, the nation's forests were classified into biological assets falling within the scope of IAS 41 and timber and land falling outside the scope of IAS 41. Land and timber falling outside the scope of IAS 41 have been treated in accordance with IAS 16 and are classified as the nation's forests.

The estimated average values per hectare across the Districts for solum, trees and combined woodland are as follows:

Average per hectare (£ per hectare)			
	Total woodland	Solum	Trees
Central	16,267	7,862	8,405
East	15,082	7,050	8,032
North	21,615	4,667	16,948
Yorkshire	17,429	5,410	12,019
South	17,669	7,019	10,650
West	16,823	6,859	9,964
Westonbirt	14,905	6,859	8,046
Total	17,113	6,532	10,581

Given that forest estate valuations are significantly based on comparable market evidence, this minimises the requirement for management estimates and judgements in the valuation of the forest estate. As noted in 1.7 above, minor crops and other land use types are valued using custom indices based on the closest available observable market rates.

On initial recognition and at the end of each reporting period, the biological asset valued using IAS 41 is measured at estimated fair value less estimated point-of-sale costs relating to marketing and sales expenses. Analysis of these costs show that they vary annually. Management calculates the cost of sales percentage over the three years to 30 November in the year of disposal. For 2025-26 woodland disposals, this percentage is calculated as 4.5% (2024-25 4.5%) of the fair value.

The overall woodland valuation is sensitive to indices applied to timber and solum. A ten-percentage point increase in the estimated average timber valuation per hectare would increase the nation's forest valuation by £162.7 million and increase the biological asset valuation by £60.6 million. A ten-percentage point increase in the estimated solum valuations per hectare would impact the nation's forest valuation by £119.7 million.

Note 3: Income

	2025-26	2024-25
	£ 000	£ 000
Revenue within scope of IFRS 15		
Timber - standing sales	32,367	36,170
Timber - direct production	18,949	17,582
Plant and seed	684	753
Christmas trees	175	190
Game	383	306
Ticketed events	1,254	497
Car parking and admissions	15,022	13,254
Car parking - memberships	2,978	2,324
Deeds of grant	72	50
Other sales of goods or services	1,655	2,173
Radio masts and wayleaves	858	751
Permissions	2,350	1,889
Administrative income and recharges	1,549	2,360
Corporate services charges	4,638	3,998
	82,934	82,297
Other income		
Retail and leisure rents	6,779	6,411
Residential rents	1,489	1,384
Agricultural rents	318	297
Mineral extraction rents and royalties	712	758
Other rents	1,063	1,055
Grants and other funding	5,853	5,686
	16,214	15,591
Total	99,148	97,888

Note 4: Staff and other costs

	2025-26 £000	2024-25 £000
Staff costs		
Wages and salaries	43,091	39,935
Social security costs	5,734	4,128
Other pension costs	12,208	11,343
Agency and temporary staff	3,861	2,238
	64,894	57,644
Purchase of goods or services		
Travel and subsistence	1,556	1,629
Staff transfers	96	29
Computer costs	6,205	6,189
Accommodation and office services	5,861	6,050
Communication	1,547	1,473
Training	917	917
Losses and compensation	(14)	453
Legal expenses	937	1,028
Auditors' remuneration - audit work	162	199
Shared central services	1,263	1,490
Sustainable forest management	52,131	44,195
Forest estate	4,910	4,537
Recreation and public affairs	8,145	7,701
	83,716	75,890
Expenses related to leases		
Rental of land and buildings	68	102
Rental of plant and machinery	188	232
	256	334
Non-cash costs		
Depreciation of property, plant and equipment	11,531	9,648
Amortisation of intangible assets	124	135
Finance lease interest on land and buildings	148	135
Finance lease interest on plant and machinery	11	7
Provisions		
Provided in year	251	519
Provisions not required written back	(135)	(290)
Unwinding of discount	8	7
	11,938	10,161
Total	160,804	144,029

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

Note 5: Property, plant and equipment

	Land and buildings £000	VME £000	OME £000	AUC £000	Total £000
Cost or valuation					
At 1 April 2025	3,351,547	32,955	4,650	6,585	3,395,737
Additions	24,703	7,761	61	5,742	38,267
Reclassifications	2,226	189	2,655	(5,070)	-
Disposals	(232)	(6,299)	(497)	-	(7,028)
Fellings	(15,847)	-	-	-	(15,847)
Write off	-	(16)	-	(6)	(22)
Revaluation	(20,620)	2,141	287	-	(18,192)
Impairment	(458)	-	-	-	(458)
At 31 March 2026	3,341,319	36,731	7,156	7,251	3,392,457
Depreciation					
At 1 April 2025	18,992	16,400	1,460	-	36,852
Charged in year	6,803	3,975	753	-	11,531
Reclassifications	-	-	-	-	-
Disposals	(9)	(5,554)	(374)	-	(5,937)
Write off	-	-	-	-	-
Revaluation	(5,557)	501	36	-	(5,020)
At 31 March 2026	20,229	15,322	1,875	-	37,426
Carrying value					
At 31 March 2026	3,321,090	21,409	5,281	7,251	3,355,031
Asset financing					
Owned	3,097,619	20,985	5,281	7,251	3,131,136
Finance leased	223,471	424	-	-	223,895
Total	3,321,090	21,409	5,281	7,251	3,355,031

	Land and buildings £000	VME £000	OME £000	AUC £000	Total £000
Cost or valuation					
At 1 April 2024	3,604,072	28,878	2,490	6,868	3,642,308
Additions	20,979	5,129	41	15,364	41,513
Reclassifications	12,535	559	2,388	(15,481)	1
Disposals	(277)	(2,803)	(330)	-	(3,410)
Fellings	(16,373)	-	-	-	(16,373)
Write off	-	-	-	(166)	(166)
Revaluation	(267,686)	1,192	61	-	(266,433)
Impairment	(1,703)	-	-	-	(1,703)
At 31 March 2025	3,351,547	32,955	4,650	6,585	3,395,737
Depreciation					
At 1 April 2024	19,098	15,032	1,184	-	35,314
Charged in year	5,937	3,184	527	-	9,648
Reclassifications	-	-	-	-	-
Disposals	(81)	(2,287)	(269)	-	(2,637)
Write off	-	-	-	-	-
Revaluation	(5,962)	471	18	-	(5,473)
At 31 March 2025	18,992	16,400	1,460	-	36,852
Carrying value					
At 31 March 2025	3,332,555	16,555	3,190	6,585	3,358,885
At 31 March 2024	3,584,974	13,846	1,306	6,868	3,606,994
Asset financing					
Owned	3,109,042	15,956	3,190	6,585	3,134,773
Finance leased	223,513	599	-	-	224,112
Total	3,332,555	16,555	3,190	6,585	3,358,885

Notes to the accounts

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

	Land and buildings £ 000	VME £ 000	OME £ 000	AUC £ 000	Total £ 000
Cost or valuation					
At 1 April 2025	224,600	2,329	-	-	226,929
Additions	-	213	-	-	213
Disposal	(94)	(1,327)			(1,421)
Revaluation	430				430
Write Off	-	(16)			(16)
Depreciation					
At 1 April 2025	1,087	1,729	-	-	2,816
Charged in year	378	355	-	-	733
Disposal	-	(1,309)	-	-	(1,309)
At 31 March 2026					
Cost or valuation	224,936	1,199	-	-	226,135
Depreciation	(1,465)	(775)	-	-	(2,240)
Net Book Value	223,471	424	-	-	223,895

Land and buildings are constituted as follows:

	Nation's forests £000	Other land £000	Campsite land £000	Dwellings and other buildings £000	Total £000
Cost or valuation					
At 1 April 2025	2,741,587	377,306	36,145	196,509	3,351,547
Additions	23,843	-	-	860	24,703
Reclassifications	(36)	-	-	2,262	2,226
Disposals	(94)	-	-	(138)	(232)
Fellings	(15,847)	-	-	-	(15,847)
Write off	-	-	-	-	-
Revaluation	(17,633)	224	(3,707)	496	(20,620)
Impairment	-	-	-	(458)	(458)
At 31 March 2026	2,731,820	377,530	32,438	199,531	3,341,319
Depreciation					
At 1 April 2025	-	-	-	18,992	18,992
Charged in year	-	-	-	6,803	6,803
Disposals	-	-	-	(9)	(9)
Revaluation	-	-	-	(5,557)	(5,557)
At 31 March 2026	-	-	-	20,229	20,229
Carrying value					
At 31 March 2026	2,731,820	377,530	32,438	179,302	3,321,090
Asset financing					
Owned	2,510,527	377,530	32,438	177,124	3,097,619
Finance leased	221,293	-	-	2,178	223,471
Total	2,731,820	377,530	32,438	179,302	3,321,090

	Nation's forests £000	Other land £000	Campsite land £000	Dwellings and other buildings £000	Total £000
Cost or valuation					
At 1 April 2024	3,007,696	380,446	36,022	179,908	3,604,072
Additions	20,628	1	-	350	20,979
Reclassifications	6,281	(7,185)	-	13,439	12,535
Disposals	-	-	-	(277)	(277)
Fellings	(16,373)	-	-	-	(16,373)
Revaluation	(276,645)	4,044	123	4,792	(267,686)
Impairment	-	-	-	(1,703)	(1,703)
At 31 March 2025	2,741,587	377,306	36,145	196,509	3,351,547
Depreciation					
At 1 April 2024	-	-	-	19,098	19,098
Charged in year	-	-	-	5,937	5,937
Reclassifications	-	-	-	-	-
Disposals	-	-	-	(81)	(81)
Revaluation	-	-	-	(5,962)	(5,962)
At 31 March 2025	-	-	-	18,992	18,992
Carrying value					
At 31 March 2025	2,741,587	377,306	36,145	177,517	3,332,555
Asset financing					
Owned	2,520,593	377,306	36,145	174,998	3,109,042
Finance leased	220,994	-	-	2,519	223,513
Total	2,741,587	377,306	36,145	177,517	3,332,555

Within the carrying value of the Nation's Forest at 31 March 2026, £1,197 million is attributable to land (31 March 2025 - £1,195 million).

Independent external valuers carried out a professional valuation of the nation's forests as at 31 March 2023. At 31 March 2026, the assets were revalued using specialist forestry indices developed and provided by independent external valuers.

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

Note 6: Biological assets

	2025-26 £000	2024-25 £000
At 1 April 2025	596,418	705,078
Fellings	(8,526)	(9,490)
Movements on plant and seed	557	(343)
Gains and (losses) arising from changes in fair value	17,177	(98,827)
At 31 March 2026	605,626	596,418
Carrying value		
Plant and seed	3,666	3,109
Timber	601,960	593,309
Total	605,626	596,418

Timber growing in the nation's forests is categorised as biological assets, or as other timber, depending on the strategic objective the land is held to meet. Other timber is outside the scope of IAS 41 and not included in the disclosures above. Apportionment of biological assets was carried out by Forestry England staff using the judgements and estimates outlined in Note 2.

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

The fair value of biological assets is driven by the open market value of woodlands and forests. These values are determined by a number of factors, all of which are subject to considerable volatility. Forestry England has little control over these factors and consequently cannot materially affect the amounts recognised in the Statement of Comprehensive Net Expenditure as gains or losses on revaluation of biological assets.

	At 31 March 2026 Area in hectares	At 31 March 2025 Area in hectares
North	29,773	30,815
Yorkshire	-	124
Central	3,752	3,272
East	2,241	2,037
West	5,714	5,608
South	2,170	2,241
Total	43,650	44,097

Note 7: Joint ventures

	2025-26 £000	2024-25 £000
At 1 April 2025	3,098	3,191
Reduction in investment	-	-
Return on investment in joint venture	(204)	(204)
Share of (Loss) / Profit Before Tax	229	111
At 31 March 2026	3,123	3,098

The joint venture is Forestry England's participatory interest in Camping in the Forest LLP (CiTF) which has a reporting date of 28 February. The summarised financial information in relation to CiTF is presented below:

	2025-26 £000	2024-25 £000
As at 28 February		
Current Assets	505	582
Non-current assets	3,719	3,841
Current liabilities	(72)	(305)
Net Assets (100%)	4,152	4,118
Forestry England share of net assets (75.2%)	3,123	3,098

Note 8: Financial instruments and risk

Forestry England's cash requirements are met through income generated from recreation and industry activities, together with funding received through the estimates process. As a public sector body, Forestry England's use of financial instruments is limited and therefore its exposure to financial risk is lower than that of many commercial organisations. The principal risks arising from financial instruments, and how they are managed, are set out below.

Credit Risk

Forestry England has a broad range of private and public sector customers and counterparties. Credit risk associated with public sector customers is considered low due to their strong creditworthiness and prompt settlement of balances. Credit risk arising from private sector customers is managed through established credit control policies and procedures designed to minimise exposure. Consequently, Forestry England is not exposed to material credit risk. Expected credit loss provisions are recognised where appropriate.

Liquidity Risk

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

Inflation Risk

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

Interest Rate Risk

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

	31 March 2026			31 March 2025		
	Loans and receivables £000	Available for sale £000	Total £000	Loans and receivables £000	Available for sale £000	Total £000
Financial assets available for sale	-	-	-	-	-	-
Trade and other receivables (excluding prepayments)	28,362	-	28,362	35,014	-	35,014
Cash and cash equivalents	56,775	-	56,775	24,560	-	24,560
Total assets	85,137	-	85,137	59,574	-	59,574
	Liabilities at fair value through profit or loss £000	Other financial liabilities £000	Total £000	Liabilities at fair value through profit or loss £000	Other financial liabilities £000	Total £000
	£000	£000	£000	£000	£000	£000
Finance lease liabilities	-	6,546	6,546	-	6,880	6,880
Trade and other payables (excluding statutory liabilities)	-	46,022	46,022	-	44,008	44,008
Total liabilities	-	52,568	52,568	-	50,888	50,888

Note 9: Trade receivables, financial and other assets

	31 March 2026 £000	31 March 2025 £000
Amounts falling due within one year		
Trade receivables	9,286	11,703
Provision for impairment of trade receivables	(166)	(166)
Trade receivables - net	9,120	11,537
VAT receivable	1,640	505
Other receivables	181	261
House purchase and other loans to employees	29	16
Prepayments and accrued income	9,917	24,087
Campsite leases	892	920
	21,779	37,326
Amounts falling due after more than one year		
House purchase and other loans to employees	7	14
Prepayments and accrued income	58	(20)
Landlord's investment in CITF campsite	-	-
Campsite leases	17,386	21,761
	17,451	21,755
Total current and non-current	39,230	59,081

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

As at 31 March 2026, trade receivables of £375,000 (31 March 2025: £599,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. Trading conditions are difficult for many of our customers and our private sector

Notes to the accounts

overdue accounts have been challenging throughout the year. The credit management team continue to work constructively with customers to keep overdue debt to a minimum.

The movement in the year on campsite lease receivables £4,403,000 represents the net loss on revaluation for the year.

Note 10: Cash and cash equivalents

	31 March 2026 £000	31 March 2025 £000
At 1 April 2025	24,560	37,888
Net change in balances	32,215	(13,328)
At 31 March 2026	56,775	24,560

	31 March 2026 £000	31 March 2025 £000
Held at		
Government Banking Service	56,769	24,554
Commercial banks and in hand	6	6
Total	56,775	24,560

Note 11: Trade payables and other liabilities

	31 March 2026 £000	31 March 2025 £000
Amounts falling due within one year		
Trade payables	6,137	3,809
Other payables	1,195	1,507
Other taxation and social security payables	1,146	942
Accruals	8,557	6,172
Other deferred income	4,499	5,581
Contract liabilities	76	357
Payments received on account	53	56
	21,663	18,424
Amounts falling due after one year		
Other deferred income	25,445	26,760
Payments received on account	136	138
	25,581	26,898
Total current and non-current	47,244	45,322

Deferred income falling due after one year includes donated assets, government and EU grant income, which is released to match depreciation, of £23,351,000 (31 March 2025: £24,638,000).

Further information on contract liabilities is provided in Note 13.

Note 12: Finance Lease Liabilities

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

	31 March 2026 £000	31 March 2025 £000
Land and buildings		
Not later than one year	499	512
Later than one year but not later than five years	1,754	1,881
Later than five years	65,685	66,370
	67,938	68,763
Less interest element	(61,666)	(62,124)
Present value of obligations	6,272	6,639
Plant and machinery		
Not later than one year	131	103
Later than one year but not later than five years	155	150
	286	253
Less interest element	(12)	(12)
Present value of obligations	274	241
Total present value of obligations	6,546	6,880
Amounts falling due within one year	620	613
Amounts falling due after one year	5,926	6,267
	6,546	6,880

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

	31 March 2026 £000	31 March 2025 £000
At 1 April 2025	6,880	6,755
Finance lease additions	213	631
Finance lease interest	159	142
Payment of lease liabilities	(706)	(648)
At 31 March 2026	6,546	6,880

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

	31 March 2026 £000	31 March 2025 £000
Sub-leasing income	10,361	9,905
Finance lease interest	159	147
Expenses related to short-term leases	188	232
Expenses related to low-value asset leases (excluding short-term leases)	68	102

Note 13: Contract Balances

	31 March 2026 £000	31 March 2025 £000
Contract assets	-	-
Contract liabilities	76	357

Contract liabilities predominantly relate to standing sales timber contracts. Some timber standing sales contracts include regular payments, whether or not the timber is felled and removed. Where timber has not been felled, the income received under these contracts is recognised as a contract liability.

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

	Contract liabilities £000
At 1 April 2025	357
Recognised as income during the period	(357)
Recognised as contract liabilities during the period	76
At 31 March 2026	76

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

Note 14: Provisions for liabilities and charges

	Early departures £000	Legal claims £000	Other £000	Total £000
Balance at 31 March 2025	302	301	277	880
Provided in year	18	233	-	251
Provisions not required written back	-	(135)	-	(135)
Provisions utilised in year	(36)	(147)	-	(183)
Unwinding of discount	8	-	-	8
Balance at 31 March 2026	292	252	277	821
Expected timing of discounted cash flows				
Not later than one year	30	152	-	182
Later than one year and not later than five years	83	100	277	460
Later than five years	179	-	-	179
Total	292	252	277	821

	Early departures £000	Legal claims £000	Other £000	Total £000
At 1 April 2024	393	527	-	920
Provided in year	23	219	277	519
Provisions not required written back	(100)	(190)	-	(290)
Provisions utilised in year	(21)	(255)	-	(276)
Unwinding of discount	7	-	-	7
Balance at 31 March 2025	302	301	277	880
Expected timing of discounted cash flows				
Not later than one year	23	239	-	262
Later than one year and not later than five years	82	62	277	421
Later than five years	197	-	-	197
Total	302	301	277	880

Early departure costs

Forestry England meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. Forestry England provides for this in full when the early retirement programme becomes binding on Forestry England by establishing a provision for the estimated payments and discounting the provision at the HM Treasury stipulated rate of 1.7%.

Note 15: Capital commitments

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

	31 March 2026 £000	31 March 2025 £000
Land and buildings	798	580
Other	1,501	3,954
Total	2,299	4,534

Capital commitments at 31 March 2026 include vehicle and mechanical engineering purchases, construction of a hydropower system and installation of ANPR systems in public car parks.

Note 16: Other financial commitments

At 31 March 2026, Forestry England have entered into non-cancellable contracts for the rental of office space and for IT software for which payment will be due over the coming five years. The payments to which Forestry England is committed are analysed by the period during which the commitment expires as follows:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	24,246	13,982
Later than one year but not later than five years	6,614	6,151
Over five years	-	54
Total	30,860	20,187

Note 17: Lease receivables

Operating lease receivables

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

	31 March 2026 £000	31 March 2025 £000
Land and buildings		
Not later than one year	6,708	6,220
Later than one year but not later than five years	20,823	19,904
Later than five years	139,747	135,111
Total	167,278	161,235

Forestry England leases land and buildings under agreements that terminate between April 2026 and March 2127.

Finance lease receivables

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

	31 March 2026 £000	31 March 2025 £000
Buildings		
Not later than one year	892	920
Later than one year but not later than five years	3,569	3,681
Later than five years	51,753	53,378
Total	56,214	57,979
Less interest element	(37,937)	(35,298)
Present value of obligations	18,277	22,681

Note 18: Contingent liabilities disclosed under IAS 37

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

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

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

Notes to the accounts

The Environment Agency have completed a cost benefit analysis and believe that the benefit of remediating the land is circa £4 million. If the costs associated with remediation were likely to exceed this amount, then any remediation could be amended to better reflect the benefits associated with remediation. We understand at this time that the costs associated with the options put forward by Wardell Armstrong would fall within this parameter.

Due to the continued uncertainty regarding the way forward and therefore the associated cost, no provision has been made at this time.

Note 19: Related party transactions

The Forestry Commission is regarded as a related party. During the year, Forestry England received £102,080,000 from Defra through the Forestry Commission (2024-25: £63,227,000), of which £6,000,000 is annual subsidy funding, £3,655,000 was for funding other operating costs and £92,424,000 for funding projects. Of this project funding, £24,028,000 was tree programme funding for land acquisitions and £68,397,000 for other projects. At 31 March 2026, £267,000 (2024-25: £14,000,000) remained outstanding to Forestry England and is reported with receivables due within one year.

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

The following additional activities were carried out with related parties:

2025-26	Ground rent received £000	Income from other services £000	Landlord's investment £000	Purchases from related party £000	Amount owed (to)/by related party £000
Entities sponsored by Defra	-	981	-	277	28
Trebartha Estates	-	-	-	2	-
Network Rail Property Ltd	-	2	-	12	-
The Royal Society for the Protection of Birds	-	2	-	8	-
Total	-	985	-	299	28

2024-25	Ground rent received £000	Income from other services £000	Landlord's investment £000	Purchases from related party £000	Amount owed (to)/by related party £000
Entities sponsored by Defra	-	845	-	197	28
Trebartha Estates	-	-	-	2	-
UK Health Security Agency	-	-	-	6	-
Scouts Association	-	12	-	-	-
Total	-	857	-	205	28

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

Baroness Barbara Young of Old Scone, Chair of the Forestry Commission, Vice President of the Royal Society for the Protection of Birds (RSPB). Transactions between Forestry England and the RSPB have been disclosed.

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

Julia Grant, Commissioner, and Peter Latham, Commissioner, are Trustees of the William Robinson Gravetye Charity. The Forestry Commission is the owner, sole member and Corporate Trustee. No transactions between Forestry England and the William Robinson Gravetye Charity occurred in 2025-26.

Peter Latham is a past director and shareholder of Trebartha Estates Ltd and is a related party to the current Chair of Trebartha Estates Ltd. Transactions between Forestry England and Trebartha Estates Ltd have been disclosed.

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

Neil Sachdev, Commissioner, was a director of Network Rail Property Limited until December 2025. Transactions between Forestry England and Network Rail Property Limited have been disclosed.

Note 20: Events after 31 March 2026

In accordance with the requirements of IAS 10, events after 31 March 2026 are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. The authorised date for issue is the date of the Comptroller and Auditor General's audit report. There are no events after date requiring specific disclosure.

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