

# **Forest Enterprise England**

## **Annual Report and Accounts 2018-19**

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## Forest Enterprise England

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**Forest Enterprise England** manages the Nation's Forests in England, providing environmental, social and economic benefits. It is an executive agency of Forestry Commission England.

As part of legislative, structural and governance changes implemented on 1 April 2019, Forestry Commission England became simply the Forestry Commission, and Forest Enterprise England was renamed Forestry England. For consistency, 2018-19 terminology is used throughout this document.

# Performance report

## Overview

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

### Foreword by Ian Gambles, Acting Chief Executive

2018-19 has been a pivotal year for Forest Enterprise England as we began the celebrations of our centenary and made preparations to become Forestry England on 1 April 2019. Laying the groundwork for these important milestones has been a key focus for this year.

Working alongside the wider organisation, our centenary programme celebrates 100 years of forestry and aims to inspire discussion around how the Nation's Forests can be fit for the future.

We launched our programme in October when we unveiled a remarkable sculpture in the heart of Dalby forest in Yorkshire. The cast of a Nissen Hut, by Turner Prize winning artist Rachel Whiteread, is a reminder of our beginnings and the hard work that went into creating the vast and productive forest estate that we know today.

We have made great progress in becoming a more independent organisation. We have placed even more focus on our core purpose and refined our work to better meet our five objectives (see page 4), to grow the Nation's Forests for people, nature and the economy.

With the full devolution of forestry in Scotland and the resulting closure of our shared corporate services, we have built up our own services to meet the needs of our business. We have now experienced a year of the new ways of working, and the opportunity to invest in more modern

systems and processes has begun to make a significant difference.

The Nation's Forests continue to be important places for people with over 230 million visits made this year. We work hard at ensuring all our visitors have a great experience and part of this includes making investments to ensure our offer remains competitive and accessible.

At Wendover we have completely redeveloped the site with a new café, car park and recreational facilities which will better cater for the increasing popularity of the site. We have secured funding and made plans to redevelop our facilities at Delamere next year.

We continue to grow our estate and create new woodlands, particularly around urban areas so we can connect more people to the Nation's Forests. We have purchased 47 hectares of land at Sence Valley in the National Forest, Leicestershire, and we are also looking to increase our woodland cover in Greater Manchester as part of the Northern Forest initiative.

On the nature front, we carried out a successful limited reintroduction of Eurasian Beaver in the Forest of Dean. Not only has this been a great opportunity to reintroduce a species which were once widespread throughout England, but the potential for the beavers to naturally reduce the risk of flooding for communities further downstream means this project could make a real difference to people's lives.

On 1 April 2019 we became Forestry England. While we remain part of the Forestry Commission family, our new name and refreshed brand better describes who we are and what we do. In turn we are in a good position to attract partners, visitors and supporters.

Our work in 2018-19 to prepare for this transition has involved everyone right across the organisation and as we look forward to 2019-20 and celebrate our centenary, I am confident that we are ready for the next exciting chapter in our history.

## **Purpose and activities of the organisation**

### **Who we are**

#### **About us**

At the heart of what we do we are the custodians of the Nation's Forests; their entrusted keepers, guardians and managers.

Forest Enterprise England is the organisation responsible for managing the Nation's Forests. We aspire that the Nation's Forests are at the forefront of contemporary worldwide forestry management, demonstrating sustainable, integrated land management. Increasingly we work with others, nationally and locally, in looking after the forests for the good of everyone – today and for the future. We think long term and are open to innovation and change, achieving internationally recognised standards for our land and business management.

In our work we embrace both a public service and business ethos and aim to maintain and enhance the overall financial viability of the estate. Our task is to realise the potential of each of the Nation's Forests for sustainable business opportunities, wildlife and nature conservation, and the enjoyment and well-being of local people and visitors. The heart of our organisation is our staff; committed, responsive, talented and professional people, on whom all of our success depends.

## **The Nation's Forests**

The Nation's Forests are the largest single resource of woodlands and forests in England. Their size and distribution mean that they are able to provide a unique range of benefits to a great many people across the country.

Spread from Northumberland to Cornwall, Shropshire to Norfolk, we manage 1,500 woodland and forest areas that make up the Nation's Forests. Around half of England's softwood production arises from the estate. This softwood production supports hundreds of small businesses and several large sawmills that rely on a guaranteed supply of timber to attract capital investment. The broadleaved production from the forests and woodlands is also now growing in importance with an ever increasing number of enterprises making use of the material and rekindling the contribution of native woodland to economic activity.

Over 230 million visits per year to the Nation's Forests support over 70 substantial business partners on the estate, delivering most of our Forest Centre services, bike hire and other outdoor activities.

Alongside all this economic and recreational activity, some 45% of the Nation's Forests contributes to England's most precious National Park landscapes and Areas of Outstanding Natural Beauty. Additionally, 68,000 hectares are designated Sites of Special Scientific Interest in recognition of their value for nature, virtually all of which is in sound or recovering ecological condition and accessible to the public.

### **What we do**

We work to connect everyone with the Nation's Forests by creating and caring for our forests for people to enjoy, wildlife to flourish and business to grow.

## What we want to achieve

We aim to secure and grow the economic, social and natural capital value of the Nation's Forests for the people of England.

We achieve this by delivering against five objectives, which we work towards in parallel.

### *Superb forests*

The Nation's Forests are places of opportunity.

Our contemporary, integrated approach; bringing forest, land and leisure management together means the Nation's Forests are productive and increasingly resilient now and for the future.

The Nation's Forests inspire an expanding range of business opportunities and quality experiences for new and loyal customers and partners to enjoy.

### *Increasing natural capital value*

The Nation's Forests belong to future generations.

They are places where wildlife thrives; they provide sustainable materials; they are accessible, inspirational and are an exceptional support to people's mental and physical wellbeing.

Natural capital principles provide a mechanism for expressing the complex but very real benefits that the Nation's Forests offer now and into the future.

By working to these principles, optimising the natural capital value for the forest asset, the legacy of benefits will be increased and carried forward for future generations.

### *High quality investment and sustainable finances*

The Nation's Forests enable economic activity.

As a financially sustainable organisation, able to stand on its own two feet, Forest Enterprise England is open to investment opportunities which expand the range and extend the reach of the benefits the Nation's Forests provide to people.

High quality investment and skilful commercial management ensure that these opportunities are sustainable and continue to offer benefits for future generations.

### *Telling our story*

The Nation's Forests are for everyone.

By listening, learning about and sharing the significance of the Nation's Forests more people will connect with and benefit from them in increasingly diverse ways.

A growing understanding and valuing of the Nation's Forests and our work by everyone, extends the reach of influential benefits that they provide for the people of England.

### *Being an outstanding organisation*

The Nation's Forests are managed by an effective organisation.

We inspire confidence in our management of the Nation's Forests, acting with professionalism and integrity.

Our highly motivated and skilled staff and volunteers are well led and supported to deliver our objectives.

## Financing

Forest Enterprise England operates a mixed business model, deriving income from trading activities and from government funding via Forestry Commission England. The majority of Forest Enterprise England's income is from the sale of timber, leisure and tourism services and maximising the broader commercial potential of the land it manages through rental and mineral income, licences and permissions. It also receives income from a range of public, private and charitable sources through partnerships to support specific developments or programmes.

Funding provided by Forestry Commission England contributes to the costs of non-market activities such as biodiversity conservation and managing public access, and pays for allocated overhead costs. In 2018-19 this funding amounted to £17.2 million.

## Performance analysis

### Delivery of our objectives in 2018-19

#### Superb forests

The Nation's Forests continue to provide the backdrop for millions of unique outdoor experiences right across the country, in rural and urban locations.

We manage thousands of hectares of community woodland to provide accessible green space around towns and cities across England.

During the year we have recruited a Project Officer to boost our community forestry capacity, and continued discussions with partners regarding new opportunities in the Greater Manchester area. We have started a review of our existing community forest sites in the north-west with a view to expanding the area of woodland cover. This work is complementary to the Northern Forest initiative identified in the 25 Year Environment Plan.

We have refreshed our strategic approach to the creation of all kinds of new woodland. We completed the purchase of land in the National Forest which will contribute to meeting this objective, as well as contributing to delivery targets contained in the 25 Year Environment Plan. Across England we expect to deliver around 300 hectares of new woodland creation by the end of 2020. We do not expect to be able to accelerate this rate of new woodland planting unless new resources become available for land acquisition.

Over 230 million visits were made to the Nation's Forests this year. We continue to invest in the facilities enjoyed by people

right across the estate supported in particular by targeted investment at our main forest centres.

The redevelopment of Wendover Forest Centre has been completed, providing a brand new cafe and recreational facilities in an updated and improved setting.

Planning permissions and consents have been obtained for the upcoming redevelopment of Delamere Forest Centre and, with our partners Forest Holidays, a neighbouring cabin site. At Sherwood, a new camping site has gained planning approval for development with our partners Camping in the Forest.

We obtained our first planning consent for a hydro power scheme at Whinlatter that will provide renewable energy and enable the businesses in the Nation's Forests to operate in a more sustainable manner.

Hybrid and electric vehicles are now increasingly being used by staff and customers and work is ongoing to identify the need for charging apparatus and to ensure that it will be met.

Negotiations for new telecommunications masts continue across the estate with the aim of improving the range and quality of coverage for our staff, partners and customers.

Forest Enterprise England has delivered to market its published sales plan target volume despite weather constraints. Timber customers had a busy year with high demand, partly due to exchange rates driving a preference for home-grown timber. Harvesting costs were held at or below previous levels giving a high net income level.

#### Increasing natural capital

A wide range of species conservation projects continue to support wildlife to thrive in the Nation's Forests, notably directed at rarer butterflies and several larger mammals such as water voles, beavers and pine martens.

A consultation exercise on the possible reintroduction of white-tailed sea eagles to the south coast of England has been undertaken in partnership with the Roy Dennis Wildlife Foundation.

The Nation's Forests have always provided a wealth of diverse habitats and ecosystems where wildlife can flourish. Forest Enterprise England continually looks for ways in which we can improve the quality of these habitats and where possible, with the help of well researched scientific evidence, look to reinforce existing animal populations and reintroduce missing species once native to England's woodlands.

An important example of this work in 2018-19 was the limited reintroduction of Eurasian Beaver (*Castor fiber*) into Greathough Brook in the Forest of Dean. Beavers were once widespread throughout the English countryside but were hunted to extinction for fur, meat and body oils in the 16<sup>th</sup> century. Although this trial introduction will only release a relatively small number of animals into an enclosed area of woodland, the research benefits are significant both for the surrounding ecosystem and the community living nearby.

Eurasian beaver hold the potential to not just transform the local habitat, but also create beneficial impacts in reducing the risk of flooding for downstream communities.

The extensive and diverse range of heritage assets on the estate are highly valued and cared for, so that the 954 designated heritage assets and the thousands of undesignated features (more of which we are finding all the time) are in the best condition for future generations to learn from and enjoy.

Scheduled Monuments are the only category of heritage assets on the estate that are assessed for their condition by Historic England. Currently, around 4% of our assets are deemed to be at high risk, well below the target of 10%.

Research has been undertaken on various heritage assets by university, community and special interest groups.

Volunteer groups are active in monitoring the condition of assets in some locations and carrying out some site management work.

Of the 67,921 hectares of Sites of Special Scientific Interest (SSSI) under Forest Enterprise England stewardship, 98.6% remains in favourable or unfavourable recovering condition. As of March 2019, 37% were recorded as in favourable condition. Natural England is considering changing the way in which condition assessments happen and this may impact our ability to capture changes in condition in future years.

Areas of priority habitats such as native woodland and open habitats which are not subject to a statutory nature conservation designation, continue to be managed to advance their condition towards favourable status.

We continue to pursue our policy of restoration across the 39,337 hectares of Plantations on Ancient Woodland sites (PAWs) within the Nation's Forests via the commercial harvesting of planted components at economic maturity, through carefully planned thinning programmes and where required, enhancement planting with native trees.

Our management of open habitats, around 22,000 hectares of which is not designated as SSSI, continues to ensure these important areas maintain and improve in condition for the specific wildlife benefits it provides.

The expansion of open habitats on our estate continues in line with the Open Habitats Policy and approved Forest Plans.

### **High quality investments and sustainable finance**

We continue to invest in the Nation's Forests and operational infrastructure that underpins our objectives. Our capital



investments in 2018-19 totalled £8.9 million, the majority of which is generated through our trading activities. Investments ranged from visitor experience enhancements to infrastructure improvements and expansion of our forest resilience capabilities.

Visitors will benefit from investments such as at Wendover Forest Centre, where the café and visitor centre area has been redeveloped.

At Mallards Pike, working with our café tenant, we have enabled a new café unit.

The underlying infrastructure which supports our business has been improved in the form of automatic number plate recognition systems and IT network upgrades.

In July 2018 the Forestry Minister, Thérèse Coffey MP, officially opened the new glasshouse at Delamere nursery. This glasshouse greatly expands and improves the range and quality of trees we can provide to our forests to support regeneration and diversification of forests for the future.

## **Telling our story**

2019 is the centenary year for the Forestry Commission. This is a unique opportunity to reflect on the successes of the past and look forwards to the opportunities of the future. Our centenary programme of events launched in October 2018 with the unveiling of the Nissen Hut sculpture in Dalby Forest. This sculpture, created by Turner prize winning artist Rachel Whiteread provides a tangible connection to the inauguration of the Forestry Commission following the First World War.

As we progress through 2019 and beyond, other events and activities will take place. These will include opportunities for volunteering and a major bioblitz 'The Big Forest Find'. We are also working with partners to support a Resilience Garden at the 2019 Chelsea Flower Show. All of this will help to connect more people with the Nation's Forests and gain a wider

understanding of these amazing places and the work we do.

During 2018-19, we have delivered products and campaigns aimed to connect more people with the Nation's Forests. In addition a new website was launched which will provide a platform to engage with new and existing audiences more easily.

Running throughout the year, Julia Donaldson's 'The Highway Rat' has been our children's trail, featuring at 22 sites. It has encompassed additional themed activities, including a forest feast and children's fencing activities, accredited by British Fencing.

Through the Active Forests programme we have delivered running, walking and cycling campaigns. We featured in six editions of Country Walking magazine, attracting a significant increase to the walking webpages. We introduced 16 consistently branded waymarked running trails and are preparing for the launch of a new running series.

During the summer we launched a children's cycling campaign to promote and encourage children to learn to ride bikes. This included a partnership with Soreen and the Telegraph.

This year saw us partner with the Roald Dahl story company for the first time, working on James and the Giant Peach, their 'hero' book of the year. This has involved developing a teacher's pack and our first licensed product.

In conjunction with the Royal Geographical Society, we have launched the inaugural Earth Photo photographic competition and exhibition. This launched in London in the summer and toured to Bedgebury, Grizedale and the Forest of Dean.

The team supported an Arts Council funded theatre event in the forest in partnership with Burn the Curtain. It combined live interactive theatre Hunting of the Snark and Snarkhunter, a self-led app.

As we moved into the new year, we launched a Zog children's activity trail at 25 sites, as part of our focus on preschool audiences.

Volunteering continues to be a success story for Forest Enterprise England. In 2018-19, across England we have recorded 209,099 hours of quality volunteering which equates to £2.2 million of benefit to Forest Enterprise England.

In 2018 we issued 4,471 permissions for formal public-led activities over the past year, which has led to at least 440,462 people enjoying our forests all across England. These include adventurous activities such as caving and archery, sporting events such as orienteering and running, scientific surveys supporting knowledge of wildlife and activities for youth groups such as Scouts, Guides and the Duke of Edinburgh Award Scheme.

As part of our drive to improve the understanding of our forests and the work we do, we have enabled more than 106,000 children and young people to benefit from our learning programs this year. Over half of these programmes were delivered by our 100 learning providers and the 50 schools who regularly use their local wood. More than 97% of evaluation questionnaires indicated that learners had understood our messages.

Our learning offer for other visitors has also continued to grow, while conveying our messages in innovative ways, including career talks, an open day to discover more about forestry at Cannock Chase and the Malawi project at Bedgebury involving local schools.

### **Being an outstanding organisation**

Our highly motivated and skilled staff and volunteers are at the heart of everything we do. We want to ensure a work environment that improves occupational health, reduces accidents and is one where colleagues are encouraged and supported to consider their own health and well-being, as well as the well-being of others.

We now have 100 Mental Health First Aiders within the staff group and we are using Mind's Workplace Wellness Index to help us identify how we can improve how we better support mental health.

Through our membership of the Forest Industry Safety Accord (FISA) and associated working groups we continue to work alongside industry partners towards the goal of improving health and safety in forestry. Internally we have developed and introduced a new approach to manual handling training and new tool-box talks; the latter following a spate of accidents or near misses on timber standing sales sites involving electricity.

2018-19 saw us complete the initial roll-out of the Forest Enterprise Leadership Model which aims to strengthen leadership behaviours regardless of job role. Overall some 650 staff have attended a workshop about the Leadership Model and have been encouraged to enact the principles within their day-to-day work.

At the start of the year we successfully introduced new finance and HR IT systems. These modern systems are designed specifically for the needs of Forest Enterprise England and their introduction is a significant milestone prior to Scotland leaving the Forestry Commission in April 2019. Every member of staff now has access to IT and we continue to make substantial investment to improve IT connectivity across our network of offices.

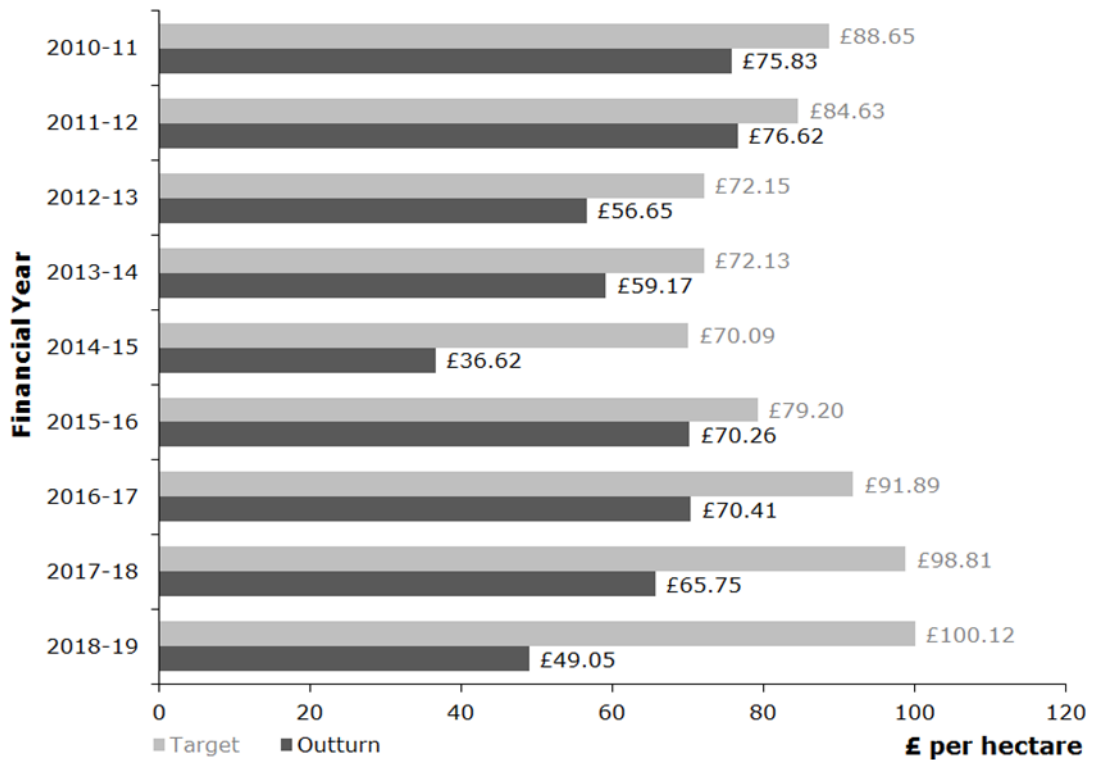
Alongside the introduction of new IT systems we have redesigned our financial chart of accounts and have initiated a review of our employment offer under the banner 'Offer 2020'. Further information on this review is available on page 33.

### Key performance indicators

The key performance indicators for Forest Enterprise England include the two headline indicators set out in Forestry Commission England’s Corporate Plan 2018-19, for which reports are shown below. Reports on these headline indicators are published quarterly in our Headline Performance

Updates, and reports on our other indicators are published annually in the Forestry Commission’s Corporate Plan Performance Indicators Report. They are produced to meet the standards of the Code of Practice for Statistics (Office for Statistics Regulation and UK Statistics Authority, 2018), and the year-end outturns have been assured by the Government Internal Audit Agency.

### KPI 1: cost of managing the Nation’s Forests

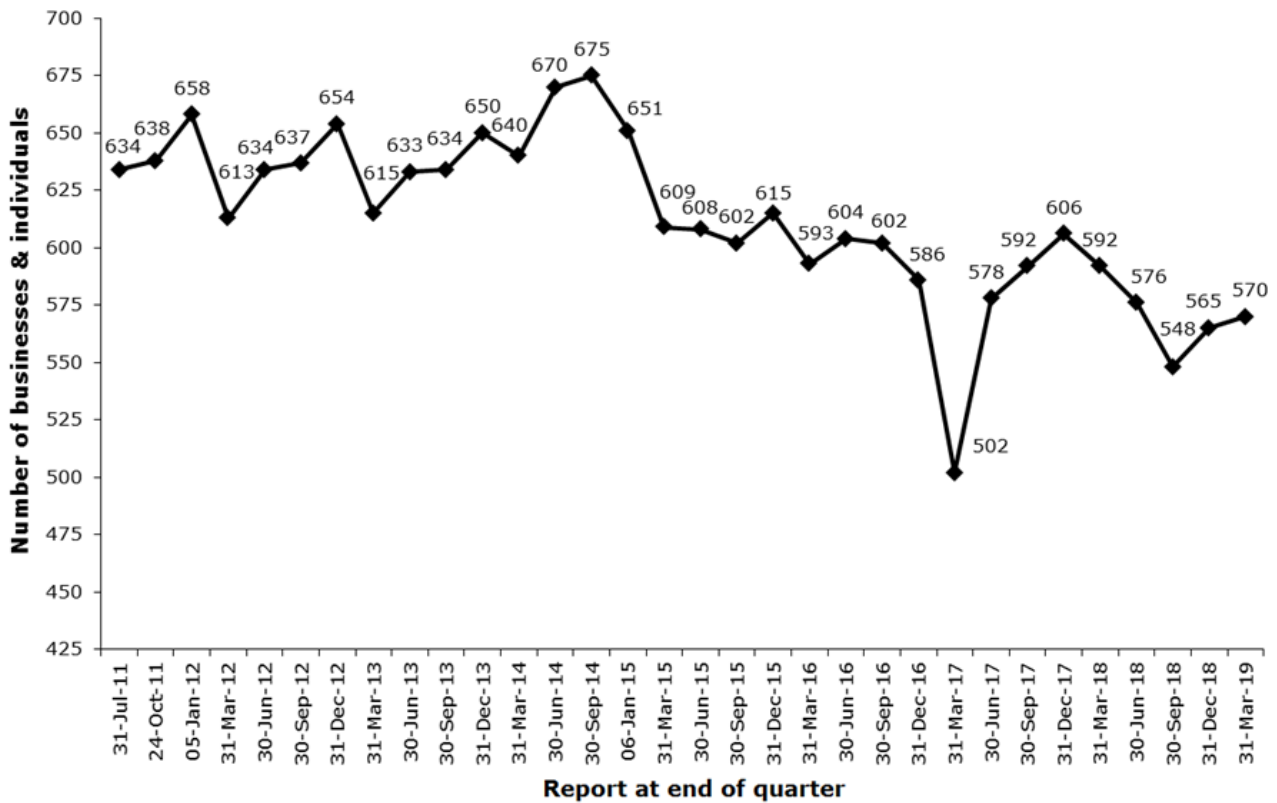


The outturn for 2018-19 is £49.05 per hectare, against a target of £100.12 per hectare.

The difference between the outturn and the target is £51.07 per hectare. This is due to income being higher than target which has the impact of reducing the net cost by

£45.29 per hectare, and costs being lower which has reduced the net cost by £5.78 per hectare. The main driver for the income increase is the strong rise in timber prices over the last half of the year.

**KPI 2: number of businesses operating in the Nation’s Forests**



The position at 31 March 2019 is that there are 570 businesses and individuals operating in the Nation’s Forests.

from, as well as expand their offering in the Nation’s Forests.

Although this is about 4% less than the position at March 2018 the net change mainly reflects a reduction in the number of low turnover operations with minimal impact on jobs and the rural economy. By contrast through 2018-19 the number of substantive commercial contracts increased, and in the most recent quarter there has been a net increase of five businesses operating in the Nation’s Forests. This is mainly a result of new café and bike hire franchises and mineral extraction agreements.

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

Information shows there are many businesses that remain keen to operate

## Issues and risks

### Structural reform

We have embarked on a significant programme of structural change in light of the continuing process of devolution. The departure of Scotland from the Commission in April 2019, following the passage of the Forestry and Land (Scotland) Bill, results in the Forestry Commission's work being primarily undertaken in England. Forest Enterprise England became Forestry England on 1 April 2019 operating within new governance and management arrangements. Forest Research will continue to operate across the UK and plans have been made with the Scottish and Welsh governments on the delivery of other cross-border functions from April 2019.

The structural change has led to significant additional costs arising for a period in accordance with agreed devolution protocols; together with a risk to business continuity arising from the decommissioning of central corporate services and the establishment of new arrangements in both Forestry Commission England and Forest Research.

A formal programme is in place and work is progressing well.

### Non-forestry development projects

Forest Enterprise England's long-term financial plan is in part dependent on releasing the commercial potential from non-forestry developments in the Nation's Forests. We have endeavoured to maintain a range of development prospects during a period of major uncertainty, but their further progression will need careful management and consultation.

### Business continuity and cyber security

There continues to be a risk to business continuity from the further devolution of central corporate services and the establishment of new arrangements. There are also business continuity risks arising from the increased level of national and

international cyber-attacks. These risks are being addressed by keeping our systems up to date and applying software patches promptly, and the disaster recovery portfolio of work is progressing well.

### EU exit

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the EU. Until the United Kingdom leaves the EU all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The Government has negotiated with the Union on the terms of its withdrawal, and future relationship with, the Union. The terms on which the UK leaves the EU will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

### Data protection

The General Data Protection Regulation (GDPR) is directly applicable and automatically became part of UK law in May 2018. The Data Protection Bill was introduced on 13 September 2018. The Bill is intended to create a new data protection framework fit for the digital age, which incorporates the provisions of the EU's GDPR into domestic law. This places a number of new obligations on Forest Enterprise England, over and above the current Data Protection Act. Failure to comply can result in legal action by the Information Commissioner with substantial fines and reputational damage.

### Pests and diseases

Pests and diseases represent a significant risk to forests throughout Europe, including the Nation's Forests. Biosecurity procedures and controls are used to mitigate this threat.

## Operating performance

### Long-term trends

IAS 41 requires that changes in fair value, less costs to sell, of biological assets during a period are reported in net profit or loss.

The operating performance should be considered in the context of the impact of these valuation movements (non-distributable gains or losses) on timber holdings and felling. Removing the impact of IAS 41, the basis of calculating the operating surplus is adjusted as follows.

### Long-term trends

	2018-19	2017-18	2016-17
	£m	£m	£m
Operating (deficit)/surplus	(2.6)	113.0	(16.0)
Add back impact of valuations:			
(Gain) on biological assets	(42.6)	(155.4)	(23.8)
Value of felled timber	32.8	25.7	21.9
Operating (deficit) excluding valuation movements	(12.4)	(16.7)	(17.9)
Funding	17.2	19.5	28.0
Interest and gains on sale of properties	4.4	0.5	-
Surplus after funding	9.2	3.3	10.1

The 'operating deficit excluding valuation movement' is used by the Forestry Commission in the net cost per hectare target measure, a key performance indicator for Forest Enterprise England (see page 9). Net cost performance for 2018-19 was:

	Actual	Target	Variance
Net cost before funding	£12.4m	£25.4m	£13.0m favourable

The key performance indicator reflects the sum of externally generated income less total cost.

As well as the cost incurred in generating income from sources such as timber, recreational activities and minerals, total cost includes the cost of provision to and on behalf of the public. Examples of this are managing and maintaining access, open habitats, ancient woodlands, community woodlands, learning, volunteering and community engagement.

As reported in 2017-18, to accommodate the costs of services provided from Forestry Commission England to Forest Enterprise England the target net cost was raised from £25.0 million in 2017-18 to £25.4 million in 2018-19.

Relative to the previous year our external income was higher at £89.8 million (2017-18: £76.3 million) while total cost was, as planned, also higher at £102.3 million (2017-18: £93.0 million).

Income less total costs gives a net cost of £12.4 million (2017-18: £16.7 million).

The difference between the actual net cost and plan delivery is £13.0 million favourable. The improvement against the plan was driven by strong sales and rising prices for timber, with some programme slippage by the year end. The resources for the planned works will be carried forward, as the programmes still need to be delivered in the first quarter of 2019-20.

The principal financial risk and uncertainty facing Forest Enterprise England is the long-term market price and demand for forestry products.

Our long-term business planning indicates a reduction in the current level of timber production volume in the future. This is due to no new commercial forests being planted in the last 40 years and an increased focus on delivering environmental and social benefits through the Nation's Forests. Forest Enterprise England business plans seek to mitigate the financial consequences of the reduction in timber volume through developing our recreation offer, and releasing the commercial potential of other non-forestry developments.

### Capital investments

Capital additions totalled £8.9 million in 2018-19. A number of these investments are described on page 6.

During the year two plots of land were disposed of, totalling 230 hectares. One disposal was of 10 hectares of woodland adjacent to a housing development of 3,500 houses, which enabled significant housing provision to be made in accordance with national planning policy. The other disposal was to enable mitigation of the adverse environmental impacts of widening the A11. The proceeds of both sales will be reinvested in forest and woodland management, in converting a further 2,400 hectares of leasehold land to freehold, and in an acquisition programme to ensure the lost hectares are replaced and the estate expanded.

## Sustainability

### Introduction

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

### Summary of performance

#### Climate Change Adaptation

Forest Enterprise England produced an Energy and Infrastructure Strategy in 2018.

The vision for the strategy is to be carbon neutral by 2033, ensuring that sustainability is considered through all aspects of the Nation's Forests and the business.

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

Our assessment of climate risk approach to climate change adaptation, including our activities in the Nation's Forests and our interactions with the wider forestry sector are set out in detail in our Adaptation Reporting Power Report first published in 2013, and reviewed in 2016-17 with a programme of new and continuing work now in place, including:

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

### Rural Proofing

Forest Enterprise England's activities take place predominantly in rural, or semi-rural environments, but the organisation does not formulate government policy. There is therefore no specific internal governance, decision making or assurance process on rural proofing.

We seek to ensure that the impact of our activities balance social, economic and environmental needs. Our commitment to sustainable forest management, as certified under United Kingdom Woodland Assurance Standard (UKWAS), requires us to demonstrate how the results of

engagement with local communities and social impacts have been incorporated into management planning and operations. UKWAS also requires that woodlands be integrated into local economies and that communities within or adjacent to the woodlands have equitable opportunities for employment and to provide supplies and services.

### Sustainable Development

Sustainable forest management is achieved through conformance to the UKFS and is independently certified by accredited UKWAS certification assessors under the Forestry Stewardship Council's (FSC) internationally recognised criteria for sustainable forest management.

Since 2015-16 we have delivered an annual Natural Capital Account (NCA) to help us to measure whether the value of the natural capital (the Nation's Forests) in our care is increasing or decreasing. This method of accounting for our natural environment is in its infancy, but allows us to measure, identify and if necessary address, changes in the elements of natural capital that fall within the account at present. At 31 March 2018 the total value of our net natural capital assets was reported as £22,989 million. Our NCA goes to the Strategy Board for approval and is published on our website.

The environmental impacts of our forest management activities are managed through our Environmental Management System (EMS) which is designed to deliver our environmental policy, with performance improvement targets for reducing fossil fuel-based energy and reducing waste and our use of water. Our EMS is designed to meet the requirements of BS EN ISO 14001 2015, to which we are endeavouring to gain certification. The EMS is independently assessed for certification by accredited 14001 assessors.

Principal on-going initiatives are:

- writing planning, policy and guidance documents for all areas of the business, incorporating sustainability to all relevant areas
- creation of the energy and infrastructure strategy with a five year initial plan
- work on an energy audit of the estate, identifying higher usage sites targeting investment to these areas to address and reduce consumption
- continuing to work with Carbon Smart to provide energy and waste reporting services
- rolling out electric vehicles through the fleet where possible
- transition of all energy contracts from Forestry Commission Central Services to England

Performance measure		2015-16	2016-17	2017-18	2018-19
Business travel	Total miles	6,105,016	6,209,178	7,448,867	7,580,130
	tonnes CO <sub>2</sub> e↑	1,560	1,477	1,749	2,432
	Expenditure (£000)	3,126	2,925	3,358	1,129
Electricity, gas and other heating fuels	Consumption (KwH)	5,110,859	9,754,575	4,270,939	5,664,447
	Expenditure (£000)	369	469	353	473
	tonnes CO <sub>2</sub> e↑	1,093	1,582	1,658	1,450
	% Renewable	51	60	21	19
Total energy (Scopes	tonnes CO <sub>2</sub> e↑	2,653	3,059	1,751	3,883



Performance measure		2015-16	2016-17	2017-18	2018-19
1, 2 and 3) estate and travel	Expenditure (£000)	3,494	3,394	3,712	1,602
F-Gas – CO <sub>2</sub> (e) Δ	(Kg)	21.2	26	10.75	11
Fugitive emissions F-Gases (GWP)	CO <sub>2</sub> e↑ (T)(GWP)	72	80	42	30
Estate and office waste	Amount (Tonnes/m <sup>3</sup> )	2,566	1,819	2,326	3,703
	Expenditure (£000)	161	158	353	384
Estate and office water	Quantity (m <sup>3</sup> )	49,407	171,141	74,974	80,742
	Expenditure (£000)	49	77	84	32

### Greenhouse gas emissions

Forest Enterprise England's built estate is actively managed to optimise occupancy and minimise CO<sub>2</sub> emissions from fossil fuel energy use. This includes installing wood fuel boiler technologies and other green technology.

CO<sub>2</sub> emissions from business travel are reduced where possible through ongoing support for flexible working arrangements, the provision of audio-conferencing facilities including the recent integration of Skype for Business to reduce the need to travel. Low emission vehicles are sought wherever possible (larger four wheel drive vehicles are needed for aspects of the business) and electric vehicles are being integrated during phased replacement of the existing fleet where possible.

A fugitive emission figure from equipment that contains harmful refrigerant gases (HFCs/CFCs) was included in the report to Defra at their request to provide a 2012 baseline figure (Scope One emissions). Emissions from the maintenance of cold stores, fridges as well as the maintenance of air-conditioning units in vehicles and buildings are reported. The phase-out of different gases over the next ten years which started with R22 gas will mean that the gases used in this equipment will have to be changed as the different types of refrigerant gas are no longer allowed under international agreements. Forest Enterprise

England uses R404 gas in many appliances and an assessment will be made to determine actions over the coming year.

### Waste

Significant reductions in operational waste going to landfill have already been achieved across most of the estate and all locations have recycling in place. A number of material storage facilities have been modernised over the past three years to meet legal waste storage and segregation requirements.

Forest Enterprise England's office waste has a good recycling rate of approximately 62%.

Fly-tipping continues to be a challenge and significant dumping occurred in 2018-19.

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

### Use of resources (water and timber)

Our water use baseline was established with Defra in 2012-13. Most paid-for mains water use is being monitored through manually read meters and invoice

payments. Local initiatives, such as rainwater harvesting and micro-irrigation at nurseries, are being explored and water efficient appliances are installed during refurbishment works or as existing appliances fail. Nurseries are looking at their long-term water needs in the same way as other similar plant suppliers; ensuring capacity for dealing with possible drought conditions is managed.

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

### **Sustainable procurement including food**

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

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

### **Sustainable construction**

We employ sustainable building elements as far as possible in all our refurbishments and new build projects. The estate energy audit is identifying energy inefficient sites which investment is being targeted to either through refurbishment or replacement. Renewable technologies are being integrated into new developments and retrofitted where possible on existing

buildings. The introduction of electric vehicle charging and self-generation is currently being explored.

Ian Gambles  
12 June 2019  
Agency Accounting Officer  
Forest Enterprise England

# Parliamentary accountability report

## Corporate governance report

This corporate governance report describes Forest Enterprise England's governance structures and how they support achievement of our objectives. It comprises the directors' report, the statement of Accounting Officer's responsibilities and the governance statement. This meets accountability requirements to Parliament as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410 and amended by HM Treasury's Financial Reporting Manual.

## Directors' report

Forest Enterprise England is an executive agency of the Forestry Commission. The Chair of Forestry Commission England is Sir Harry Studholme. Ian Gambles is Director England, the senior executive within Forestry Commission England. The Chief Executive and Agency Accounting Officer of Forest Enterprise England was Simon Hodgson until 13 January 2019. From 14 January 2019 Ian Gambles fulfils the role of Acting Chief Executive and Agency Accounting Officer until a new appointment is made to the post of Chief Executive of Forest Enterprise England.

During 2018-19, Forest Enterprise England was managed by the Forest Enterprise England Strategy Board, which consists of executive and non-executive members. The Strategy Board was established to agree the strategic direction of Forest Enterprise England, within the policy framework set by ministers and the National Committee for England, under the overall direction of the England Executive Board. The Chief Executive and executive team manage the day-to-day operations and performance of Forest Enterprise England.

During 2018-19, membership of the Strategy Board was:

- the Chief Executive, as chair
- supported by his heads of service
- three non-executive members

Further details regarding Strategy Board membership throughout the year can be found in the Remuneration Report.

## Significant interests held by board members

A register of interests of all Forest Enterprise England Strategy Board members is maintained by the Forestry Commission and published in the transparency data section of the gov.uk website. Related party transactions are separately disclosed within note 19.

## Personal data related incidents

There were no protected personal data related incidents reported for Forest Enterprise England in 2018-19 (2017-18: 1). We will continue to monitor and assess our information risks to identify and address any weaknesses and ensure continued improvement of our systems. Further information on the handling of information risk is contained in the Governance Statement.

## Supplier payment policy

Forest Enterprise England complies with the government's Better Payment Practice Code. Unless otherwise stated in the contract or by special arrangement with individual suppliers, we aim to pay within ten days from the receipt of goods and services or the presentation of a valid invoice, whichever is the later. In 2018-19 97.4% (2017-18: 98.2%) of invoices were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contract.

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

## Auditors

These accounts are audited by the Comptroller and Auditor General. The audit fee was £94,600 plus VAT (2017-18: £98,000 plus VAT). No fees were charged for other services (2017-18: nil).

## Statement of Accounting Officer's responsibilities

Director, Forestry Commission England as the Additional Accounting Officer for Forestry Commission England has designated the Chief Executive as the Agency Accounting Officer for Forest Enterprise England. Forest Enterprise England's framework document sets out the responsibilities of the Agency Accounting Officer.

The Agency Accounting Officer is accountable to Parliament through the Additional Accounting Officer for Forestry Commission England and is responsible to the National Committee for England for the management of Forest Enterprise England. He has a right of direct access to the Forestry Commissioners and to the relevant minister.

The Agency Accounting Officer for Forest Enterprise England has responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively in accordance with Managing Public Money.

Discharging this overall responsibility requires putting in place appropriate arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes ensuring a sound system of control is maintained through the year and that arrangements are in place for the management of risk.

The Agency Accounting Officer is responsible for and confirms that the annual report and accounts as a whole are fair, balanced and understandable.

So far as he is aware, there is no relevant audit information of which our external auditors are unaware, and he has taken all the necessary steps required to be made aware of any relevant audit information and to establish that our external auditors are aware of that information.

## Governance statement

### Introduction and scope of responsibility

Simon Hodgson was appointed as Agency Accounting Officer for Forest Enterprise England by Ian Gambles, Additional Accounting Officer for Forestry Commission England/Central Services. From Simon Hodgson's departure on 13 January 2019 to the end of the 2018-19 financial year, Ian Gambles acted for Forest Enterprise England in addition to his role as Additional Accounting Officer for Forestry Commission England/Central Services.

The Agency Accounting Officer's financial responsibilities mirror those of the Additional Accounting Officer. He has responsibility for ensuring that Forest Enterprise England's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively in accordance with Managing Public Money.

This Statement confirms that Forest Enterprise England fully complies with the Corporate Governance Code where relevant and applicable to Forest Enterprise England.

### The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which Forest Enterprise England is directed, controlled and led. It enables Forest Enterprise England to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective outcomes which are also compliant with the law and with policy.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The

system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Forest Enterprise England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Forest Enterprise England for the year ended 31 March 2019, and accords with HM Treasury and Forestry Commission guidance.

It is to be noted that the governance framework and arrangements outlined in this report will be changing from 1 April 2019 following the devolution of the exercise of the duties and functions in the Forestry Acts in Scotland to the Scottish Government. The new governance framework will be detailed in the 2019-20 Annual Report and Accounts of Forestry England.

### **The governance framework**

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

The Forestry Commission is a non-ministerial government department and has a Royal Charter, dated 25 March 1920. It is headed by a Board of

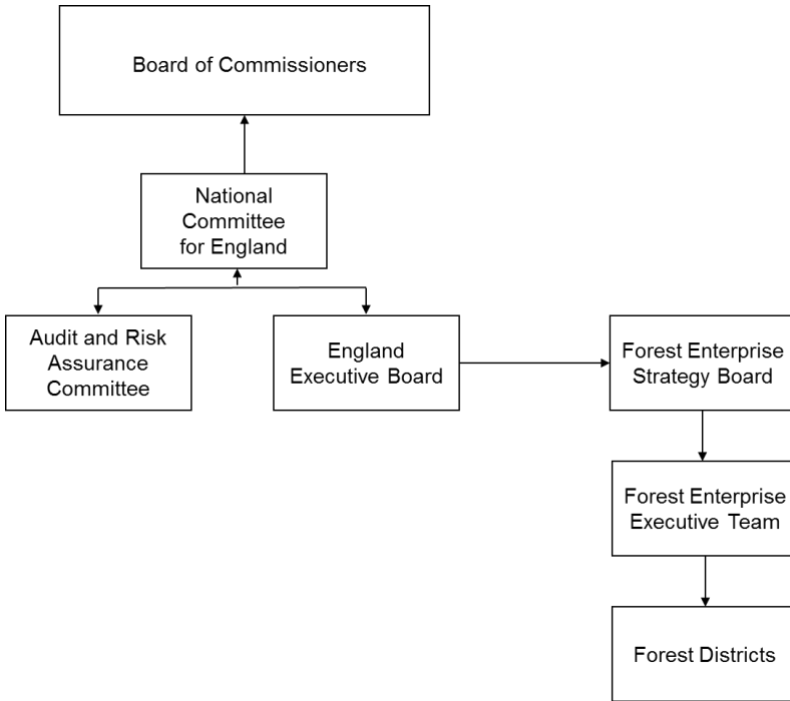
Commissioners. Forestry is devolved and Commissioners are accountable separately to the Secretary of State for Environment, Food and Rural Affairs and Scottish ministers. From April 2013, the duties and functions in the Forestry Acts have been exercised in Wales by the Welsh government and Natural Resources Wales. Defra are responsible for forestry policy in England.

Under section 2(3) of the Forestry Act 1967, the Commissioners have delegated their responsibilities to the National Committees in each country. National Committees are comprised of non-executive and executive members and they oversee the work of each country, making decisions about country forestry strategies and policies.

### **Governance arrangements**

Forest Enterprise England's Strategy Board has links through shared membership of other Forestry Commission governance committees. The Chief Executive Forest Enterprise England is a member of the England National Committee and Executive Board, and attends the Audit and Risk Committee. The non-executive directors are members of the England National Committee and the Audit and Risk Committee. This ensures a breadth of knowledge and understanding of the organisation and forestry issues which enhances the effectiveness of all the committees.

An overlap in the membership of the boards enhances cohesion. The governance structure is outlined below and shows the interactions between the groups.



During the year the Forest Enterprise England Strategy Board discussed a wide range of issues with the focus on achieving five objectives. Topics discussed include:

- health and safety
- governance and management arrangements
- strategic plans
- organisational transitions
- management information
- staff surveys
- business investment programmes
- business performance reports

At each meeting, the board also discussed the chair’s report, and finance and risk management reports. They also reviewed reports on forestry and land management, recreation and estates.

The Strategy Board membership and attendance for the 2018-19 financial year is set out below.

<b>Member</b>	<b>Attendance out of maximum possible meetings</b>
Simon Hodgson	3 out of 3
Ian Gambles	1 out of 1
Mike Seddon	4 out of 4
David Hodson	4 out of 4
PK Khaira-Creswell	3 out of 4

**Member**

**Attendance out of maximum possible meetings**

Jo Ridgway	3 out of 4
Mari Sibley	3 out of 3
Josephine Lavelle	4 out of 4
Mark Street	1 out of 1
Mark Pountain	3 out of 4
Sir Harry Studholme	4 out of 4
Julia Grant	4 out of 4

**Audit and Risk Assurance Committee**

The England Plus Audit and Risk Assurance Committee (ARAC) has been established by the National Committee for England to support it in its responsibilities for the effective management of risk, control and governance. Forest Enterprise England maintains its own risk register which is overseen by the ARAC.

Through its work, the ARAC provides independent assurance to the Board of Commissioners and the National Committee on those activities which support the achievement of Forest Enterprise England’s objectives. Assurance is also provided through review of the annual accounts and the findings from work carried out by internal and external audit. The ARAC operates in accordance with the

principles contained in the Treasury's Audit and Risk Assurance Committee Handbook.

The committee met in May, June and November 2018, and March 2019 and discussed a wide range of issues including:

- risk management
- Annual Report and Accounts 2017-18
- Government Internal Audit Agency (GIAA) assignment programme
- Forest Holidays
- external and internal audit strategy and reports
- EU exit preparation
- HMRC compliance audits
- the Governance Statement 2018-19
- review of committee's structure and effectiveness

Further information on the England Audit and Risk Assurance Committee, including membership and attendance, is available on [www.gov.uk](http://www.gov.uk).

## Performance

Forestry Commission internal audit have previously reviewed the National Committee for England and accompanying Management Board structure in England and have given full assurance on the set-up and functioning of these main elements of the corporate governance framework. The GIAA have continued to monitor the work of the National Committee during the year through review of meeting agendas, papers and minutes and are content with the approach taken.

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

Internal audit carried out a review of the effectiveness of the Board of Commissioners and the National Committee in 2015. The Forestry Commission's Executive and Management Boards were reviewed in 2016. A review of the revised board structure post full devolution will be conducted by the GIAA once the new structure has had sufficient time to embed.

## Review of effectiveness

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

Annual Assurance Statements are provided by the executive managers across Forest Enterprise England and have been advised on the implications of the result of the review of effectiveness by the various boards and the ARAC.

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

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

Forest Enterprise England has continued to apply the principles of HM Treasury's Code of Good Practice for Corporate Governance in the context of its own circumstances as an agency of the Forestry Commission, which encourages the adoption of practices set out, where relevant and practical.

The ARAC reviews its own effectiveness in line with best practice as set out in HM Treasury's Audit Committee Handbook. Work to date has not identified any control weaknesses and has supported findings from financial control visits and the work of internal and external auditors.

## Whistleblowing

Forest Enterprise England is committed to ensuring a high standard of conduct in all that it does, and has a duty to identify and remedy any area of malpractice. This is achieved by encouraging a culture of openness, where employees feel confident to raise concerns about potential wrongdoing.

A whistleblowing awareness campaign was carried out, in line with Defra's approach. The organisation has a dedicated whistleblowing officer, to whom a number of approaches have been made of which two have been carried forward to investigation stage in 2018-19. All others were treated through management handling and other more appropriate routes.

Whistleblowing procedures awareness is a continuous process and further campaigns will be run.

## Risk management

The Forest Enterprise England Strategy Board ensures the risk management policy is implemented and that they strategically review risks. Each risk identified in the risk register has a corresponding Senior Risk Owner who is a management board level officer with the authority to take action. The England Executive Board and the National Committee for England receive regular updates on important risks.

Under the Risk Management Policy we are fully committed to effective risk management, adopting best practice in the identification, evaluation and control of risks, to:

- integrate and embed risk management into the culture of Forest Enterprise England
- eliminate or reduce risks to an acceptable level
- anticipate and respond to changing social, environmental and legislative requirements
- prevent injury and damage and reduce the cost of risk

- raise awareness of the need for risk management
- ensure that business continuity plans are in place and are effective

## Significant governance and risk issues

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

Forest Enterprise England has identified the following principal areas of risk in achieving its aims and objectives:

*Economic* – this relates to those financial events which would affect management of the public and private forest estate and its impact on the wider economy. This includes opportunities or possible adverse effects relating to timber markets and exchange rates.

*Reputational* – this relates to exposure to events which might undermine the level of confidence, held by organisations and the general public, in government ministers and the Forestry Commission and Forest Enterprise England and the consequences on effective delivery and relationships that might result from a loss of confidence.

*Environmental* – this relates to the exposure of the Nation's Forests to climatic and ecological events. This includes implications for the targets of maintaining and enhancing the biodiversity, cultural value and landscape character of the estate, making a positive contribution to the environment, effective protection of the environment and prudent use of natural resources.

*Social* – this relates to the implications for the targets of contributing to the quality of life for a wide range of people by creating opportunities to enjoy trees, woods and forests and helping communities to benefit from woods and forests whilst recognising the needs of everyone.

By adopting its Risk Management Policy, Forest Enterprise England recognises risk management as an important function in



helping to ensure it achieves its aims and objectives.

Other governance and risk issues are as follows:

- Organisational restructure and transition

Forest Enterprise England is going through a period of restructure with the Forestry Commission becoming an England-only organisation; this has included transitioning corporate services to England from the shared service arrangements in Scotland and preparing for the establishment of Forestry England from 1 April 2019. These new, modernised corporate support systems are being introduced across the Commission. The work being done will make a significant contribution to Forestry England being an outstanding organisation. However there are risks involved as significant delivery challenges during the period of transition could threaten the short term effective functioning of the organisation.

To address these risks, robust programme management and oversight has been put in place to provide assurance and oversight. A change management programme has been in place since April 2016 and regularly reviewed. The implementation and rollout phase have been largely successful, with Information Services the final infrastructure project to roll out, and largely completed by the transfer date.

- Non-forestry development projects

Forest Enterprise England's long-term financial plan is in part dependent on releasing the commercial potential from non-forestry developments in the Nation's Forests. This includes a range of opportunities such as renewable energy, mineral extraction, camping and cabins, and built commercial development. For these opportunities to come to fruition, Forest Enterprise England will need to have the assurance that they will be acceptable to government, and to be able to sustain the confidence of the Forestry Commission, business partners and stakeholders.

Forest Enterprise England has endeavoured to maintain a range of development prospects during a period of major uncertainty, but their further progression will need careful management and consultation.

An agreed strategy for non-forestry development is being developed with appropriate resources allocated to deliver these programmes in discussion with ministers.

- Information risk management

We continue to make steady progress in identifying and addressing information risks. Our approach continues to take account of the fact that our information holdings, including personal data, are relatively small, but increasing. A new information strategy will be developed in 2019-20.

A formal project was established to ensure that Forest Enterprise England met its obligations with the introduction of General Data Protection Regulations (GDPR) and the Data Protection Act (2018) from 25 May 2018.

We have also recognised that knowledge and information management is a complex and changing area and are investing in additional resources to further help our understanding of the value of information and reinforce an improved information security culture across the organisation.

### **Wider circumstances and future challenges**

The main challenges for the Forestry Commission as an England-only body and Forest Enterprise England as an agency of Forestry Commission England during 2018-19 and beyond are:

- the successful introduction of the new Forestry Commission operating model from April 2019, including changed governance and accountability structures for Forest Enterprise England and the induction of new non-executive

Forestry England commissioners and structures

- delivering public benefits and natural capital outcomes within a constrained resourcing environment and competing priorities for land use
- securing sufficient funding from Defra to support the delivery of the Forest Enterprise England business and corporate plan targets at a time of significant financial constraint across the department and government in general
- continue developing an appropriate response to the increasing threat of cyber security attacks to the organisation
- the successful introduction of new approaches to the delivery of cross-border activities from April 2019 as agreed with Defra and the Scottish and Welsh Governments, including the trisection of funding for Forest Research to ensure Forest Enterprise England retains access to the best research and technical expertise it requires
- handling the continued biosecurity threat and the potential substantial cost of counter-measures on the estate

Throughout 2019-20 Forest Enterprise England will remain focused on managing these challenges either directly, or in partnership with other parts of the Forestry Commission, the Defra group and wider government, whilst continuing to maintain business continuity across the broad range of its operations and meeting stakeholder expectations.

## Remuneration and staff report – subject to audit

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

### Remuneration report

#### Employment contracts

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

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

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

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

	Date of current contract	Unexpired term (months*)
Sir Harry Studholme	10/02/2017	10
Julia Grant	01/11/2016	7
Mark Pountain	08/11/2017	0

\*months remaining from 31 March 2019.

**Remuneration policy**

The Chief Executive was appointed on a full-time permanent basis through a fair and open external recruitment exercise under the terms of the Civil Service Commissioners’ Recruitment Code. The permanent Chief Executive’s salary and the Operational Director’s salary are determined by the Forestry Commission’s Senior Pay Committee, which comprises the Chairman, Director England, Director Central Services and the Chair of the National Committee for Scotland.

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

- guidelines circulated by the Cabinet Office implementing government decisions on the recommendations of the Senior Salaries Review Body (SSRB). The SSRB is responsible for monitoring the operation of the Senior

Civil Service pay system and for making recommendations to the Government on the shape of the system, including the salary values for the minimum and maximum of each of the senior pay bands, the range of percentage increases to base salary and range of bonuses. Further information on the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com)

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

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

**Remuneration (salary, benefits in kind and pensions)**

(subject to audit)

The following sections provide details of the remuneration and pension interests of the members of the Forest Enterprise England Strategy Board.

		Single total figure of remuneration				
		Salary	Bonus payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
		£000	£000	£	£000	£000
<b>Simon Hodgson</b>	<b>2018-19</b>	65-70 <sup>1</sup>	-	4,000	17	85-90
Chief Executive	2017-18	80-85	-	4,500	12	100-105
<b>Mike Seddon</b>	<b>2018-19</b>	75-80	-	-	24	95-100
Director of Operations	2017-18	70-75	5-10	-	19	100-105
<b>David Hodson</b>	<b>2018-19</b>	60-65	-	-	25	85-90
Head of Finance & Business Support	2017-18	60-65	-	-	25	85-90
<b>PK Khaira-Creswell</b>	<b>2018-19</b>	60-65 <sup>2</sup>	-	-	58	115-120
Head of Corporate Affairs	2017-18	45-50	-	-	22	70-75
<b>Jo Ridgway</b>	<b>2018-19</b>	50-55	-	-	21	75-80
Head of Human Resources	2017-18	60-65 <sup>3</sup>	-	-	24	85-90
<b>Josephine Lavelle</b>	<b>2018-19</b>	50-55 <sup>4</sup>	-	-	70	120-125
Head of Marketing, Brand and Comms	2017-18	-	-	-	-	-
<b>Mari Sibley</b>	<b>2018-19</b>	45-50 <sup>5</sup>	-	-	19	65-70
Head of Estates	2017-18	-	-	-	-	-
<b>Mark Street</b>	<b>2018-19</b>	10-15 <sup>6</sup>	-	600	4	15-20
Head of Estates	2017-18	60-65	-	4,000	18	80-85
<b>Paddy Harrop</b>	<b>2018-19</b>	- <sup>7</sup>	-	-	-	-
Head of Marketing	2017-18	60-65	-	-	16	75-80
<b>Miranda Winram</b>	<b>2018-19</b>	- <sup>8</sup>	-	-	-	-
Head of Strategy and Insight	2017-18	50-55	-	-	39	90-95
<b>Rachael Edwards</b>	<b>2018-19</b>	-	-	-	-	-
Acting Head of Strategy and Insight	2017-18	0-5 <sup>9</sup>	-	-	1	0-5

- Figure quoted is for the period 1 April 2018 to 13 January 2019. The full-year equivalent is 85-90.
- Member had a grade reassessment 1 April 2018.
- Working time reduced to four days per week from 13 November 2017.
- Figure quoted is for the period 21 May 2018 to 31 March 2019. The full-year equivalent is 60-65.
- Figure quoted is for the period 5 July 2018 to 31 March 2019. The full-year equivalent is 60-65.
- Figure quoted is for the period 1 April 2018 to 15 June 2018. The full-year equivalent is 60-65.
- Member left the board on 31 March 2018.
- Member left the board on 31 March 2018.
- Figure quoted is for two days per week for the period 1 April 2017 to 30 April 2017 while covering a period of maternity leave. The full-year equivalent is 45-50.

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

The salary and pension entitlements of Ian Gambles, Acting Chief Executive Officer from 14 January 2019, are borne and disclosed in the Forestry Commission England/Central Services Annual Report and Accounts 2018-19 where he is Director England.

## Salary

'Salary' includes: gross salary; overtime; recruitment and retention allowances and

any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by Forest Enterprise

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 house purchase loans.

### Pension benefits

(subject to audit)

	<b>Accrued pension at pension age at 31 March 2019 and related lump sum</b>	<b>Real increase/ (decrease) in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2019</b>	<b>CETV at 31 March 2018</b>	<b>Real increase/ (decrease) in CETV</b>	<b>Employer contribution to partnership pension account</b>
	£000	£000	£000	£000	£000	to nearest £100
Simon Hodgson	30-35 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	748	702	17	-
Mike Seddon	30-35 plus a lump sum of 70-75	0-2.5 plus a lump sum of 0	580	502	10	-
David Hodson	10-15	0-2.5	178	141	15	-
PK Khaira-Creswell	10-15 plus a lump sum of 25-30	2.5-5 plus a lump sum of 2.5-5	204	142	34	-
Jo Ridgway	0-5	0-2.5	62	41	12	-
Josephine Lavelle	15-20	2.5-5	235	163	42	-
Mari Sibley	10-15	0-2.5	158	135	9	-
Mark Street	15-20 plus a lump sum of 40-45	0-2.5 plus a lump sum of 0	296	292	1	-

### Civil service pensions

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

### Bonuses

Bonuses are based on performance levels attained and are awarded as part of the appraisal process. Bonuses relate to the performance in the year prior to that in which they become payable to the individual. The bonuses reported in 2018-19 relate to performance in 2017-18 and the comparative bonuses reported for 2017-18 relate to performance in 2016-17.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for members show pension earned in PCSPS or **alpha** – as

appropriate. Where the member has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of

pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the

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

**Real increase in CETV**

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

**Remuneration of non-executives**

(subject to audit)

The non-executive members of the Forest Enterprise England Strategy Board received the following remuneration for their services during the period ended 31 March 2019. As these individuals are members of the National Committee for England their remuneration is borne by Forestry Commission England/Central Services and disclosed in the Annual Report and Accounts of Forestry Commission England/Central Services.

	2018-19		2017-18	
	Fees £000	Expenses £000	Fees £000	Expenses £000
Sir Harry Studholme	40	6	40	4
Julia Grant	12	1	12	1
Mark Pountain	5	1	5	1

**Fair pay disclosure**

(subject to audit)

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

The banded remuneration of the highest-paid director of Forest Enterprise England in the financial year 2018-19 was £85,000-£90,000 (2017-18: £85,000-£90,000). This was 3.49 times (2017-18: 3.41) the median remuneration of the workforce, which was £25,044 (2017-18: £25,632).

In 2018-19, no (2017-18: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,000 to £86,000 (2017-18: £17,000 to £85,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Staff report

### Average number of persons employed

(subject to audit)

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

	Permanently employed staff	Others	2018-19 Total	2017-18 Total
	Number	Number	Number	Number
Directly employed	883	68	951	917
Other	-	72	72	66
<b>Total</b>	<b>883</b>	<b>140</b>	<b>1,023</b>	<b>983</b>

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

	Directors and senior civil servants	Permanently employed staff	Others	2018-19 Total	2017-18 Total
	Number	Number	Number	Number	Number
Male	2	560	71	633	625
Female	-	321	69	390	358
<b>Total</b>	<b>2</b>	<b>881</b>	<b>140</b>	<b>1,023</b>	<b>983</b>

Of the two senior civil servants, one is employed at Band 1A, and one at Band 1.



**Staff costs**

(subject to audit)

	Permanently employed staff	Others	2018-19 Total	2017-18 Total
	£000	£000	£000	£000
Salaries	24,263	2,703	26,966	25,829
Social security costs	2,495	224	2,719	2,471
Other pension costs	4,969	370	5,339	5,171
Agency/temporary staff	-	2,300	2,300	1,609
<b>Total</b>	<b>31,727</b>	<b>5,597</b>	<b>37,324</b>	<b>35,080</b>

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 Forest Enterprise England is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2018-19, employers' contributions of £5,300,000 were payable to the PCSPS (2017-18: £5,109,000) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 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 £76,000 (2017-18: £66,000) 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 (2017-18: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable

earnings. In addition, employer contributions of £700, 0.5% of pensionable pay (2017-18: £2,400 0.5%), 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 £6,800. Contributions prepaid at that date were £nil.

**Ill-health retirement**

One person (2017-18: 1) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £13,200 (2017-18: £300).

**Sickness absence data**

Year	Working days lost per staff year
	Number
2018-19	5.1
2017-18	9.3
2016-17	11.1

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

**Accidents**

The following figures set out the reportable incidence in accordance with ‘Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013’ in 2018-19 and the preceding years.

RIDDOR incidents per 100 employees

Year	Number
2018-19	0.59
2017-18	0.10
2016-17	0.85

The RIDDOR incidents during the year were:

- a Wildlife Ranger injured a ligament in his hand when a deer struck him with its hoof
- a manual handling injury resulting in more than seven days off work
- a volunteer fell and suffered a fractured arm and pelvis
- three employees were treated for Lyme disease

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

**Staff policies**

**Leadership development**

Forest Enterprise England has completed the delivery of one-day events to introduce the Forest Enterprise England Leadership

Model to all staff. Throughout 2018 the programme was delivered to middle managers and latterly to those in more junior positions. Each workshop cohort has been delivered by different training providers, all tailoring their offer to a particular staffing group. Feedback has been overwhelmingly positive.

The leadership model is a way of leading and behaving that may help to improve staff engagement, lead to fewer absences, and support improved safety outcomes, alongside delivering the corporate plan. We continue to see positive change from those engaging with the new leadership behaviours. Managers and staff are testing, and reporting favourably upon, the development resources available to them which we will be building on throughout 2019-20. During 2018, the leadership behaviours started to become a feature in staff objectives.

**Training**

The following training and workshops were rolled out in 2018-19:

- pensions awareness workshops launched for colleagues across England
- successful launch of Success Profiles (a modernisation of the recruitment process) and ongoing one-to-one support and events planned
- Leadership Model workshops delivered to 700 middle managers and administrative staff
- continued rollout of mental health awareness and mental health first aid training events
- introduction of the Discovery Insights personality profiling tool with seven events run for teams across the business to date and more planned
- a wide range of technical training events including use of working dogs, chainsaw and other power tool use, driving at work and manual handling
- introduction to the Quarry Regulations 1999 and Approved Code of Practice

### **Diversity, inclusion and wellbeing**

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

Wellbeing and mental health continue to be a high priority. This is reflected by the fact that wellbeing is a key strand of our 2019 centenary celebrations. Across the organisation there are over 100 trained mental health first aiders, providing support and advice to staff where required and we are using Mind's Workplace Wellness Index to help us identify how we can improve how we better support mental health. In autumn 2018, there was the launch of a trial of nine health kiosks to help staff understand their health statistics to enable them to make positive changes.

### **New personnel and payroll system**

As part of the transfer of corporate services from Central Services to England, a new HR system went live on time and within budget in April 2018. The iTrent Employee and Manager Self Service applications and payroll and pensions processing is performing well and is able to provide meaningful management reports.

Further project work is underway to look at the core Performance Management System build and functionality for a new Learning Management System. An implementation plan and team has been established with key milestones and system deliverables established for release within the next 12-18 months.

All workforce policies have been audited under a joint HR project workstream across Forest Enterprise England, Forest Research and Forestry Commission England. Further work is being undertaken to update and modify these policies post-April 2019.

### **Employee consultation and trade union relationship**

Forest Enterprise England continues to have a productive and respectful

relationship with the Forestry Commission trade unions. To encourage employee consultation and communication, a staff council meeting is held each year for the whole Forestry Commission. Regional staff council meetings are held three times a year and a Bristol staff council meeting is held twice a year. Key issues discussed include the devolution of work from Central Services to England, wellbeing, mental health, and health and safety issues.

During 2018-19 the Forestry Commission and the Forestry Commission Trade Union have agreed how they will work in partnership from April 2019 within the newly structured organisation.

### **Offer 2020**

The Forestry Commission, including Forest Enterprise England, are undertaking a project called Offer 2020 which will look at the employee offer, including pay, benefits, recognition, learning and development, work-life balance and wellbeing. Focus groups have been held around the country to gather views from staff about the current employee offer and over 250 people have been engaged with. Options to address the issues identified are being developed. The plan is to implement the new employee offer by summer 2020. The union has been kept informed throughout this project.

**Trade union facility time****Relevant union officials**

Number of employees who were relevant union officials 2018-19	Full time equivalent employee number
19	18.08

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1-50%	19
51-99%	-
100%	-

**Percentage of pay bill spent on facility time**

Percentage of total pay bill spent on facility time	0.0042%
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**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours during the year was 101.6%.

**Expenditure on consultancy**

During the year Forest Enterprise England incurred £429,000 consultancy costs. This was spent on a range of activities, for instance conducting a survey of play equipment across the estate, ICT and procurement advice. No company or individual received in excess of £75,000 for their consultancy services in year

(2017-18: £134,000 for tax advice, procurement advice and ICT transition from central services to England).

**Expenditure on agency and temporary staff**

Costs incurred on agency and temporary staff during the year total £2,300,000 (2017-18: £1,609,000).

**Reporting of civil service and other compensation schemes – exit packages**

(subject to audit)

No staff members left under voluntary exit or voluntary redundancy terms in the year to 31 March 2019 (2017-18: nil). Therefore compensation payments totalled £nil (2017-18: £nil).

No staff members left under compulsory redundancy terms in the year to 31 March 2018 (2017-18: nil). Therefore compensation payments totalled £nil (2017-18: £nil).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Forest Enterprise England has agreed early retirements, the additional costs are met by Forest Enterprise 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.

## Other accountability matters

### Losses and special payments

(subject to audit)

		2018-19		2017-18
	Number	£000	Number	£000
Losses	70	165	40	122
Special payments	55	219	182	350
Total	125	384	222	472

Larger claims include a public liability case for £176,000 where the claimant fell into a sump hole next to a forest road whilst running at night and a public liability cycling claim for £41,000 where the claimant slipped while cycling on the boardwalk section of a cycle trail.

### Remote contingent liabilities

(subject to audit)

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

Ian Gambles  
12 June 2019  
Agency Accounting Officer  
Forest Enterprise England

## Independent auditor's report to the House of Commons

### Opinion on financial statements

I certify that I have audited the financial statements of Forest Enterprise England for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Parliamentary Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Forest Enterprise England's affairs as at 31 March 2019 and of the surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

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

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My

responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Forest Enterprise England in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Forest Enterprise England's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### Responsibilities of the Accounting Officer for the financial statements

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Forest Enterprise England's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates

and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Other information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and the Parliamentary Accountability Report, but does not include the parts of the Parliamentary Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Parliamentary Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Parliamentary Accountability Report; and
- the information given in the Performance Report and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

**Gareth Davies**

17 June 2019

**Comptroller and Auditor General**

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

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Parliamentary Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.



# Financial statements

## Statement of comprehensive income

for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Revenue from contracts with customers	3	77,539	66,243
Other operating income	3	12,302	11,122
<b>Total operating income</b>		<b>89,841</b>	<b>77,365</b>
Staff costs	4	(37,324)	(35,080)
Purchase of goods or services	4	(58,006)	(53,054)
Depreciation and impairment charges	4	(5,799)	(5,232)
Provisions expense	4	(577)	(212)
Value of felled timber	5 & 6	(32,797)	(25,701)
Impairment of property, plant and equipment	5	(565)	(450)
<b>Total operating expenditure</b>		<b>(135,068)</b>	<b>(119,729)</b>
<b>Operating (deficit) before gain on revaluation of biological assets</b>		<b>(45,227)</b>	<b>(42,364)</b>
Gain on revaluation of biological assets	6	42,589	155,356
<b>Operating (deficit)/surplus</b>		<b>(2,638)</b>	<b>112,992</b>
Funding from Forestry Commission England		17,168	19,468
Interest on Forest Holidays investment		-	156
Gain on sale of assets		4,355	325
<b>Surplus for the year</b>		<b>18,885</b>	<b>132,941</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of property, plant and equipment	5	104,172	515,172
Net (loss)/gain on revaluation of financial assets	7	(463)	1,468
Net (loss)/gain on revaluation of partnership lease receivables	9	(148)	2,516
<b>Comprehensive surplus for the year</b>		<b>122,446</b>	<b>652,097</b>

The notes on pages 43 to 72 form part of these accounts.

## Statement of financial position

as at 31 March 2019

	Note	31 March 2019 £000	31 March 2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	2,142,889	2,057,959
Biological assets	6	347,124	317,508
Financial assets	7	15,530	15,993
Trade receivables, financial and other assets	9	7,954	8,040
<b>Total non-current assets</b>		<b>2,513,497</b>	<b>2,399,500</b>
<b>Current assets</b>			
Assets held for sale		1,057	1,057
Inventories		2,711	2,262
Trade receivables, financial and other assets	9	23,769	15,578
Cash and cash equivalents	10	28,108	24,251
<b>Total current assets</b>		<b>55,645</b>	<b>43,148</b>
<b>Total assets</b>		<b>2,569,142</b>	<b>2,442,648</b>
<b>Current liabilities</b>			
Trade payables, financial and other liabilities	11	(12,209)	(9,330)
Provisions	13	(231)	(211)
<b>Total current liabilities</b>		<b>(12,440)</b>	<b>(9,541)</b>
<b>Total assets less current liabilities</b>		<b>2,556,702</b>	<b>2,433,107</b>
<b>Non-current liabilities</b>			
Trade payables, financial and other liabilities	11	(18,685)	(17,470)
Provisions	13	(379)	(37)
<b>Total non-current liabilities</b>		<b>(19,064)</b>	<b>(17,507)</b>
<b>Total assets less total liabilities</b>		<b>2,537,638</b>	<b>2,415,600</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		516,069	497,721
Revaluation reserve		2,021,569	1,917,879
<b>Total taxpayers' equity and other reserves</b>		<b>2,537,638</b>	<b>2,415,600</b>

Ian Gambles  
12 June 2019  
Agency Accounting Officer  
Forest Enterprise England

The notes on pages 43 to 72 form part of these accounts.

## Statement of cash flows

for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
<b>Cash flows from operating activities</b>			
Operating (deficit)/surplus for the year		(2,638)	112,992
Adjustment for non-cash transactions	4	6,376	5,444
Value of felled timber	5 & 6	32,797	25,701
Impairment of property, plant and equipment	5	565	450
Gain on revaluation of biological assets	6	(42,589)	(155,356)
Decrease in plant and seed (biological assets)	6	129	139
(Increase)/decrease in inventories		(449)	(86)
(Increase)/decrease in trade and other receivables	9	(5,430)	(1,028)
Less movements in partnership lease receivables	9	(148)	2,516
Increase/(decrease) in trade and other payables	11	3,686	(2,700)
Less finance lease additions	5	(358)	(64)
Use of provisions	13	(213)	(169)
<b>Net cash outflow from operating activities</b>		<b>(8,272)</b>	<b>(12,161)</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(8,523)	(11,445)
Proceeds from disposal of non-financial assets		6,159	2,588
Increase in capital receivables	9	(2,675)	-
Interest on investments		-	880
<b>Net cash outflow from investing activities</b>		<b>(5,039)</b>	<b>(7,977)</b>
<b>Cash flows from financing activities</b>			
Funding from Forestry Commission England		17,168	19,468
<b>Net cash inflow from financing activities</b>		<b>17,168</b>	<b>19,468</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>3,857</b>	<b>(670)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>24,251</b>	<b>24,921</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>28,108</b>	<b>24,251</b>

The notes on pages 43 to 72 form part of these accounts.

## Statement of changes in taxpayers' equity

for the year ended 31 March 2019

	<b>General fund £000</b>	<b>Revaluation reserve £000</b>	<b>Taxpayers' equity £000</b>
<b>Balance at 31 March 2017</b>	361,466	1,402,037	1,763,503
Comprehensive surplus for the year	652,097	-	652,097
Net gain on revaluation of property, plant and equipment	(515,172)	515,172	-
Net gain on revaluation of financial assets	(1,468)	1,468	-
Realised element of revaluation reserve	798	(798)	-
<b>Balance at 31 March 2018</b>	<b>497,721</b>	<b>1,917,879</b>	<b>2,415,600</b>
IFRS 15 carrying amount adjustments	(408)	-	(408)
<b>Balance at 1 April 2018</b>	<b>497,313</b>	<b>1,917,879</b>	<b>2,415,192</b>
Comprehensive surplus for the year	122,446	-	122,446
Net gain on revaluation of property, plant and equipment	(104,172)	104,172	-
Net loss on revaluation of financial assets	463	(463)	-
Realised element of revaluation reserve	19	(19)	-
<b>Balance at 31 March 2019</b>	<b>516,069</b>	<b>2,021,569</b>	<b>2,537,638</b>

The notes on pages 43 to 72 form part of these accounts.

## Notes to the accounts

### Note 1: Statement of accounting policies

These financial statements have been prepared on a going concern basis and in accordance with the accounts direction issued by Forestry Commission England/Central Services and the 2018-19 Financial Reporting Manual (FReM) issued by HM Treasury. The FReM applies International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted for the public sector. Forest Enterprise 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 Forest Enterprise 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.

#### 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

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

### 1.3 Public corporation dividend

Forest Enterprise England pays a dividend to Forestry Commission England/Central Services, reflecting the expected rate of return on funding provided. This is disclosed in the Statement of Comprehensive Income. The dividend rate has been agreed with HM Treasury and is set at zero per cent whilst Forest Enterprise England is loss-making. If Forest Enterprise England makes a surplus before revaluation gains on biological assets, HM Treasury's real rate of 3.5 per cent will apply.

### 1.4 Employee benefits

#### *Pensions*

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded, defined benefit, contributory, public service occupational pension scheme. Forest Enterprise 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, Forest Enterprise England recognises the contributions payable for the year. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *Performance pay*

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

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

#### *Short-term employee benefits*

IAS 19, Employee Benefits, requires us to recognise a liability when an employee has provided service in exchange for benefits to be paid in the future. This includes holiday accrued during the financial year, but not taken by the 31 March. The holiday pay accrual is calculated based on a sample of employees.

### **1.5 Contingent liabilities**

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

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

### **1.6 Property, plant and equipment**

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

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

#### *Nation's Forests*

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

#### *Nation's Forests land*

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

#### *Trees not apportioned to biological assets*

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

*Other land*

Non-forest land is shown at fair value. Professionally qualified staff members employed by Forest Enterprise England undertake a full revaluation of non-forest land at five yearly intervals coinciding with that for the Nation's Forests (31 March 2018). They follow the principles set out in the RICS Red Book and value on the basis of Open Market Value, Existing Use Value, Depreciated Replacement Cost or Discounted Cash Flow as appropriate under the RICS Standards for determining fair value. The work of internal chartered surveyors is reviewed by Savills. A full valuation took place on 31 March 2018.

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

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

the most appropriate valuation method

- Landscaping and planting - custom indices provided by Savills, Chartered Surveyors
- Infrastructure - consists mainly of paths and determined by internal chartered surveyors that the ONS indices applied to car parks, trails and picnic areas above is the most appropriate valuation method.

*Dwellings and other buildings*

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

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

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

*Expenditure on infrastructure*

To maximise the environmental, social and economic benefits of the Nation's Forests, Other Land, Biological Asset Timber and Other Timber, Forest Enterprise England improves and develops access and services by adding to the infrastructure on its sites.

Infrastructure includes new roads, bridges, culverts etc. Costs in respect of infrastructure works are expensed as they occur. Forest Enterprise England takes the view that the professional valuations of its land and timber properly recognise the contribution that infrastructure items make to land values. It also considers that the annual revaluation by indexation reflects improvements made through new infrastructure.

#### *Subsequent expenditure*

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

#### *Non-current assets held for sale*

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

#### *Vehicles, machinery and equipment*

Vehicles, machinery and equipment are shown at fair value less accumulated depreciation. Assets are revalued every five years by professionally qualified staff employed by Forest Enterprise England. In

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

#### *Office, machinery and equipment*

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

#### *Assets under construction*

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

#### *Revaluation reserve*

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

### **1.7 Depreciation**

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



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

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

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

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

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

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

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

### 1.8 Land and buildings leased to customers

Assets leased to external parties under an operating lease are capitalised under the appropriate accounting policy. Operating lease income is accounted for on a straight

line basis with any rental increases recognised during the period to which they relate.

### 1.9 Government grants receivable

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

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

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

### 1.10 Subsidiaries, associates and joint ventures

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

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

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

### 1.11 Biological assets

Trees growing on Nation's Forests Land are apportioned to biological assets or the Nation's Forests. Apportionment is determined by a strategic assessment that identifies the primary ministerial objective that the land is held to meet. Trees growing on areas that are primarily held in

support of the government's objective of making a positive contribution to the economy (generate income) are apportioned to biological assets under IAS 41 (Agriculture). The remaining trees are apportioned to the Nation's Forests and are outwith the scope of IAS 41.

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

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

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

### 1.12 Inventories

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

### 1.13 Revenue recognition

Operating income relates directly to the operating activities of Forest Enterprise England. Income is accounted for in accordance with the five stage model set out in IFRS 15 Revenue from contracts with

customers and is recognised when performance obligations are satisfied.

The implementation of IFRS 15 for 2018-19 affects the recognition of income through the change in value of Forest Live booking fees received for the following year's programme, as these booking fees are now disclosed as a contract liability. As at 1 April 2018, booking fees for the 2018 programme totalled £408,000; as at 31 March 2019, booking fees for the 2019 programme totalled £396,000 - giving a net impact on income of £12,000.

### 1.14 Leases

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

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

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

### 1.15 Provisions

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

### 1.16 Value added tax (VAT)

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

### 1.17 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segments has been identified as the Forest Enterprise England Management Board. In applying IFRS 8, management has determined that Forest Enterprise England operates as one operating segment.

## 1.18 Foreign currency translation

### *Functional and presentation currency*

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

### *Transactions and balances*

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

## 1.19 Impairment of non-financial assets

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

## 1.20 Financial assets

### *Classification*

Forest Enterprise 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. Forest Enterprise does not trade in derivatives and does not apply hedge accounting.

### *Loans and receivables*

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

### *Available-for-sale financial assets*

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

### *Recognition and measurement*

Financial assets are recognised when Forest Enterprise 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 Forest Enterprise England has transferred substantially all risks and rewards of ownership.

### *Financial assets at fair value through profit or loss*

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

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

### *Loans and receivables*

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that Forest Enterprise England will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the

loss is recognised in the Statement of Comprehensive Income. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

#### *Available-for-sale financial assets*

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

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

Forest Enterprise England assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in

the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

### **1.21 Cash and cash equivalents**

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

### **1.22 Financial liabilities**

#### *Classification*

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

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. Forest Enterprise England does not trade in derivatives and does not apply hedge accounting.

#### *Other financial liabilities*

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

*Recognition and measurement*

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

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

*Financial liabilities at fair value through profit or loss*

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

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

*Other financial liabilities*

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

**1.23 Effective in these financial statements**

All International Financial Reporting Standards (IFRS), interpretations and amendments effective at 31 March 2019 have been adopted in these statements.

**1.24 Effective for future financial years**

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for future reporting periods. Those

with relevance to Forest Enterprise England are outlined below. None have been adopted early.

The following standards have been adopted for the first time in the 2018-19 Annual Report and Accounts.

- IFRS 15 – Revenue from Contracts with Customers. This is effective from 1 January 2018. This standard replaces all existing IFRS guidance on revenue recognition.
- IFRS 9 – Financial Instruments. This is effective from 1 January 2018. This standard brings together all three phases of the financial instruments project: Classification and Measurement; Impairment and Hedge Accounting.

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

- IFRS 16 – Leases. This standard is effective from 1 January 2020. It will supersede all existing IFRS standards on leases. It is likely to result in a uniform accounting treatment for all leases, with the distinction between operating and finance leases removed.
- IFRS 17 – Insurance Contracts. This standard is effective from 1 January 2021. This standard will apply to all types of insurance contract and proposes a building blocks approach based on the expected present value of future cash flows to measuring insurance contract liabilities.

IFRS 16 is expected to have some impact in financial reporting terms, but that impact has been assessed as immaterial. Operating leases commitments for future years total £4.7m. The impact of implementation of IFRS 16 in 2020-21 will therefore be limited to the addition of up to £4.7m as finance lease assets with a related finance lease liability, and is expected to be lower, as some of these operating leases will not be classified as finance leases under IFRS 16.

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

## **Note 2: Critical accounting estimates and judgements**

The preparation of financial statements requires Forest Enterprise England to make estimates.

### **Critical accounting judgements and sources of estimation uncertainty**

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

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

### **Critical judgements in applying the accounting policies**

The following are the critical judgements and estimates that have been made in the process of applying Forest Enterprise 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*

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

Social and environmental areas generate a significant proportion of the agency's annual timber income. However, the planned felling of this timber (and resulting sales income) is to maintain and enhance

the areas' contribution to Social and Environmental objectives. Where land is classed as a specific Social and Environmental category such as 'Special Protection Area', 'Area of Outstanding Natural Beauty' or as a 'National Park' it is deemed appropriate that such woodland fall outwith the scope of IAS 41.

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

Land designations are not subject to frequent change. Management therefore considers that a detailed review of the designations will take place periodically. Accounts from 2014-15 are based on the analysis of the agency's land records as at 31 March 2013. A formal review was due to take place in 2018-19, but has been delayed until 2019-20. A desk-based review was carried out in 2018-19, and indicated that land designations have not changed significantly.

Management recognises that land use and designations may change over time. It shall therefore carry out an annual review to consider whether changes such as major sales or acquisitions of land may materially

affect the analysis and its accounting and valuation estimates. Where material changes have occurred, the analysis shall be updated for that year. Retrospective adjustments shall not be made prior to the current year.

#### *Valuation of the Nation's Forests and biological assets*

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

IAS 41 allows market value to be based on the combined land plus biological assets where an active market exists for the combined asset. A professional valuation of the Nation's Forests took place on 31 March 2018. As the valuation basis (Existing Use Value) would be the same as Fair Value, it is reasonable to assume that this can form the basis of the IFRS valuation, provided that forest and woodland could be componentised between land, biological assets outwith IAS 41, and biological assets under IAS 41.

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

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

Land and Timber still fall within this classification.

On initial recognition and at the end of each reporting period, a biological asset must be measured at fair value less estimated point-of-sale costs. Fair value is linked to the market valuation determined by proceeds from the sales of woodlands as a whole and it has been determined that associated costs would be those relating to marketing and sales expenses. Analysis of sales and marketing costs in prior years show these to vary annually. Management has calculated the cost of sales percentage figure by using the actual sales cost data attributed to woodland sales over the three years to 30 November in the year of disposal. For 2017-18 woodland disposals, the cost of sales percentage was calculated as 4.5 per cent of the Fair Value. Management considers that the incorporation of any ad-hoc actual disposal costs in the cost of sales percentage, post November 2012, would distort the true cost of sales figure for the period when Forest Enterprise England was acquiring and disposing of woodlands.

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

#### *Other land*

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

To achieve greater independence to the other land valuation process during intervening years between formal professional valuations, management reviewed the components of Other Land and obtained external professional input



into the valuations of the components of other land. The other land valuation now includes valuations that are based on indices provided by external Chartered Surveyors. These indices are reviewed by internal Chartered Surveyors to ensure that they are reasonable and consistent with internal valuation knowledge. Accounting policy note 1.6 details the components of other land and together with the source of the valuation.

#### *Dwellings and other buildings*

Other buildings primarily include specialist buildings held for operational activities and for which there are no active external markets. Management considers that Forest Enterprise England's internal professionally qualified staff members are best placed to value these buildings. To ensure compliance with RICS valuation standards, external professional valuers review the work of the internal valuers for consistency and appropriateness. Where

appropriate, management ensures that external professional valuations of dwellings and other buildings are obtained where active markets operate.

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

**Note 3: Income**

	<b>2018-19</b>	<b>2017-18</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue within scope of IFRS 15</b>		
Timber - standing sales	30,842	22,561
Timber - direct production	22,336	20,789
Plant and seed	2,730	2,370
Christmas trees	706	845
Game	619	645
Ticketed events	5,388	6,315
Car parking and admissions	7,732	7,402
Car parking - Discovery passes	1,090	953
Deeds of grant	117	68
Other sales of goods or services	1,086	393
Radio masts and wayleaves	962	750
Permissions	1,426	2,045
Administrative income and recharges	1,120	551
Corporate services charges	1,385	556
	<b>77,539</b>	<b>66,243</b>
<b>Other income</b>		
Retail and leisure rents	4,012	4,388
Residential rents	1,108	1,064
Agricultural rents	322	380
Mineral extraction rents and royalties	655	717
Other rents	1,224	537
Grants and other funding	4,981	4,036
	<b>12,302</b>	<b>11,122</b>
<b>Total</b>	<b>89,841</b>	<b>77,365</b>

**Note 4: Staff and other costs**

	<b>2018-19</b>	<b>2017-18</b>
	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>		
Wages and salaries	26,966	25,829
Social security costs	2,719	2,471
Other pension costs	5,339	5,171
Agency and temporary staff	2,300	1,609
	<b>37,324</b>	<b>35,080</b>
<b>Other costs</b>		
Travel and subsistence	1,577	1,163
Staff transfers	151	242
Computer costs	4,125	1,401
Accommodation and office services	3,562	1,363
Communication	965	239
Training	722	362
Losses and compensation	220	254
Legal expenses	627	617
Auditors' remuneration - audit work	96	101
Shared central services	5,471	5,537
Sustainable forest management	25,630	23,865
Forest estate	2,686	1,952
Recreation and public affairs	11,056	13,844
	<b>56,888</b>	<b>50,940</b>
<b>Rentals under operating leases</b>		
Land and buildings	644	377
Plant and machinery	474	1,737
	<b>1,118</b>	<b>2,114</b>
<b>Non-cash costs</b>		
Depreciation of property, plant and equipment	5,799	5,232
Provisions		
Provided in year	662	251
Provisions not required written back	(85)	(38)
Unwinding of discount	-	(1)
	<b>6,376</b>	<b>5,444</b>
<b>Total</b>	<b>101,706</b>	<b>93,578</b>

Further analysis of staff costs is available in the Staff Report on page 31.

**Note 5: Property, plant and equipment**

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

	<b>Land and buildings £000</b>	<b>VME £000</b>	<b>OME £000</b>	<b>AUC £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 April 2017	1,562,037	15,621	541	4,622	1,582,821
Additions	4,753	1,781	86	4,889	11,509
Reclassifications	6,424	-	270	(6,694)	-
Disposals	(479)	(1,195)	(51)	-	(1,725)
Fellings	(16,066)	-	-	-	(16,066)
Revaluation	504,026	180	16	-	504,222
Impairment	(443)	(7)	-	-	(450)
<b>At 31 March 2018</b>	<b>2,060,252</b>	<b>16,380</b>	<b>862</b>	<b>2,817</b>	<b>2,080,311</b>
<b>Depreciation</b>					
At 1 April 2017	21,619	7,893	101	-	29,613
Charged in year	3,326	1,821	85	-	5,232
Disposals	(375)	(1,157)	(11)	-	(1,543)
Revaluation	(10,994)	42	2	-	(10,950)
<b>At 31 March 2018</b>	<b>13,576</b>	<b>8,599</b>	<b>177</b>	<b>-</b>	<b>22,352</b>
<b>Carrying value</b>					
<b>At 31 March 2018</b>	<b>2,046,676</b>	<b>7,781</b>	<b>685</b>	<b>2,817</b>	<b>2,057,959</b>
At 31 March 2017	1,540,418	7,728	440	4,622	1,553,208
<b>Asset financing</b>					
Owned	1,929,987	6,955	685	2,817	1,940,444
Finance leased	116,689	826	-	-	117,515
<b>Total</b>	<b>2,046,676</b>	<b>7,781</b>	<b>685</b>	<b>2,817</b>	<b>2,057,959</b>

Land and buildings are constituted as follows:

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

	<b>Nation's forests £000</b>	<b>Other land £000</b>	<b>CITF and FH land £000</b>	<b>Dwellings and other buildings £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 April 2017	1,226,357	217,169	9,188	109,323	1,562,037
Additions	4,142	87	-	524	4,753
Reclassifications	-	-	-	6,424	6,424
Disposals	-	-	-	(479)	(479)
Fellings	(16,066)	-	-	-	(16,066)
Write off	-	-	-	-	-
Revaluation	445,616	45,711	4,109	8,590	504,026
Impairment	-	-	-	(443)	(443)
<b>At 31 March 2018</b>	<b>1,660,049</b>	<b>262,967</b>	<b>13,297</b>	<b>123,939</b>	<b>2,060,252</b>
<b>Depreciation</b>					
At 1 April 2017	-	-	-	21,619	21,619
Charged in year	-	-	-	3,326	3,326
Disposals	-	-	-	(375)	(375)
Revaluation	-	-	-	(10,994)	(10,994)
<b>At 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,576</b>	<b>13,576</b>
<b>Carrying value</b>					
<b>At 31 March 2018</b>	<b>1,660,049</b>	<b>262,967</b>	<b>13,297</b>	<b>110,363</b>	<b>2,046,676</b>
At 31 March 2017	1,226,357	217,169	9,188	87,704	1,540,418
<b>Asset financing</b>					
Owned	1,543,360	262,967	13,297	110,363	1,929,987
Finance leased	116,689	-	-	-	116,689
<b>Total</b>	<b>1,660,049</b>	<b>262,967</b>	<b>13,297</b>	<b>110,363</b>	<b>2,046,676</b>

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

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

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

Office machinery and equipment (OME) was restated to current value at 31 March 2019 using an index provided by the Office for National Statistics.

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

**Note 6: Biological assets**

	<b>2018-19</b>	<b>2017-18</b>
	<b>£000</b>	<b>£000</b>
At 1 April	317,508	171,926
Fellings	(12,666)	(9,635)
Movements on plant and seed	(130)	(139)
Reclassified as held for sale	-	-
Disposals	(177)	-
Gains and losses arising from changes in fair value	42,589	155,356
<b>At 31 March</b>	<b>347,124</b>	<b>317,508</b>
<b>Carrying value</b>		
Plant and seed	3,798	3,928
Timber	343,326	313,580
<b>Total</b>	<b>347,124</b>	<b>317,508</b>

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

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

	<b>At 31 March 2019</b>	<b>At 31 March 2018</b>
	<b>Area in hectares</b>	<b>Area in hectares</b>
North	33,761	33,883
Yorkshire	581	580
Central	2,719	2,717
East	1,972	1,979
West	5,253	5,275
South	2,289	2,290
<b>Total</b>	<b>46,575</b>	<b>46,724</b>

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

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

**Note 7: Financial assets**

	<b>CITF</b>	<b>Forest</b>	<b>Total</b>
	<b>£000</b>	<b>Holidays</b>	<b>£000</b>
		<b>£000</b>	<b>£000</b>
At 1 April 2018	3,193	12,800	<b>15,993</b>
Revaluation	(313)	(150)	<b>(463)</b>
<b>At 31 March 2019</b>	<b>2,880</b>	<b>12,650</b>	<b>15,530</b>
At 1 April 2017	2,275	12,250	<b>14,525</b>
Revaluation	918	550	<b>1,468</b>
<b>At 31 March 2018</b>	<b>3,193</b>	<b>12,800</b>	<b>15,993</b>

Camping in the Forest LLP (CITF) is a limited liability partnership between the Forestry Commissioners and the Camping and Caravanning Club. The partnership has existed since 2006, and in its current form since 2012.

Forest Holidays Ltd is a limited liability company in which the Forestry Commissioners hold an equity interest representing 13.4% of the total. The majority investor is Phoenix Equity Partners. The arrangement has existed since 2006, with a restructuring in 2012, and refinancing in 2017.

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

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

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

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



**Note 8: Financial instruments****Financial instruments**

	31 March 2019			31 March 2018		
	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	-	15,530	<b>15,530</b>	-	15,993	<b>15,993</b>
Trade and other receivables (excluding prepayments)	28,933	-	<b>28,933</b>	22,191	-	<b>22,191</b>
Cash and cash equivalents	28,108	-	<b>28,108</b>	24,251	-	<b>24,251</b>
<b>Total assets</b>	<b>57,041</b>	<b>15,530</b>	<b>72,571</b>	<b>46,442</b>	<b>15,993</b>	<b>62,435</b>
	Liabilities at fair value through the profit and loss statement £000	Other financial liabilities £000	Total £000	Liabilities at fair value through the profit and loss statement £000	Other financial liabilities £000	Total £000
Finance lease liabilities	-	2,674	<b>2,674</b>	-	2,746	<b>2,746</b>
Trade and other payables (excluding statutory liabilities)	-	22,620	<b>22,620</b>	-	22,323	<b>22,323</b>
<b>Total liabilities</b>	<b>-</b>	<b>25,294</b>	<b>25,294</b>	<b>-</b>	<b>25,069</b>	<b>25,069</b>

**Note 9: Trade receivables, financial and other assets**

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Amounts falling due within one year</b>		
Trade receivables	12,410	7,342
Provision for impairment of trade receivables	(164)	(80)
<b>Trade receivables - net</b>	<b>12,246</b>	<b>7,262</b>
Other receivables	754	942
House purchase and other loans to employees	3	19
Prepayments and accrued income	10,361	6,961
Partnership lease	405	394
	<b>23,769</b>	<b>15,578</b>
<b>Amounts falling due after more than one year</b>		
House purchase and other loans to employees	29	27
Prepayments and accrued income	75	4
Partnership lease	7,850	8,009
	<b>7,954</b>	<b>8,040</b>
<b>Total current and non-current</b>	<b>31,723</b>	<b>23,618</b>

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

As at 31 March 2019, trade receivables of £3,119,000 (2017-18: £1,856,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

**Note 10: Cash and cash equivalents**

	<b>2018-19 £000</b>	<b>2017-18 £000</b>
At 1 April	24,251	24,921
Net change in balances	3,857	(670)
<b>At 31 March</b>	<b>28,108</b>	<b>24,251</b>
	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Held at</b>		
Government Banking Service	28,088	24,219
Commercial banks and in hand	20	32
<b>Total</b>	<b>28,108</b>	<b>24,251</b>

**Note 11: Trade payables and other liabilities**

	<b>31 March 2019 £000</b>	<b>1 April 2018 £000</b>	<b>IFRS 15 Impact £000</b>	<b>31 March 2018 £000</b>
<b>Amounts falling due within one year</b>				
Trade payables	1,853	142	-	142
Other payables	614	53	-	53
VAT payable	341	219	-	219
Other taxation and social security payables	668	155	-	155
Accruals	2,286	2,463	-	2,463
Deferred income	1,220	1,185	(4,261)	5,446
Contract liabilities	4,591	4,669	4,669	-
Finance lease payables	87	317	-	317
Payments received on account	549	535	-	535
	<b>12,209</b>	<b>9,738</b>	<b>408</b>	<b>9,330</b>
<b>Amounts falling due after one year</b>				
Deferred income	16,068	14,989	-	14,989
Payments received on account	30	52	-	52
Finance lease payables	2,587	2,429	-	2,429
	<b>18,685</b>	<b>17,470</b>	<b>-</b>	<b>17,470</b>
<b>Total current and non-current</b>	<b>30,894</b>	<b>27,208</b>	<b>408</b>	<b>26,800</b>

The IFRS 15 net impact arises due to recognition of booking fee income in the year events take place, rather than the year the fees are paid. Further information on contract liabilities is provided in Note 12.

**Note 12: Contract balances**

	<b>31 March 2019 £000</b>	<b>1 April 2018 £000</b>
Contract assets	-	-
Contract liabilities	4,591	4,669

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

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

	<b>Contract liabilities £000</b>
At 1 April 2018	4,669
Recognised as income during the period	(4,669)
Recognised as contract liabilities during the period	4,591
<b>At 31 March 2019</b>	<b><u>4,591</u></b>

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

**Note 13: Provisions for liabilities and charges**

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

	<b>Early departures £000</b>	<b>Legal claims £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 April 2017	95	92	18	205
Provided in year	2	219	30	251
Provisions not required written back	-	(38)	-	(38)
Provisions utilised in year	(30)	(123)	(16)	(169)
Unwinding of discount	(1)	-	-	(1)
<b>Balance at 31 March 2018</b>	<b>66</b>	<b>150</b>	<b>32</b>	<b>248</b>
<b>Expected timing of discounted cash flows</b>				
Not later than one year	29	150	32	211
Later than one year and not later than five years	37	-	-	37
Later than five years	-	-	-	-
<b>Total</b>	<b>66</b>	<b>150</b>	<b>32</b>	<b>248</b>

**Early departure costs**

Forest Enterprise 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. Forest Enterprise England provides for this in full when the early retirement programme becomes binding on Forest Enterprise England by establishing a provision for the estimated payments, and discounting the provision at the HM Treasury stipulated rate of 0.29%.

**Note 14: Capital commitments**

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

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Land and buildings	262	4,071
Other	1,646	558
<b>Total</b>	<b>1,908</b>	<b>4,629</b>

The Land and Building capital commitments at 31 March 2019 relate to development projects at Wendover and Haldon Forest Park; other capital commitments relate to vehicles and machinery.

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

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

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Land</b>		
Not later than one year	3	2
Later than one year but not later than five years	10	8
Later than five years	127	77
	<b>140</b>	<b>87</b>
<b>Buildings</b>		
Not later than one year	385	375
Later than one year but not later than five years	1,314	1,390
Later than five years	2,700	3,007
	<b>4,399</b>	<b>4,772</b>
<b>Plant and machinery</b>		
Not later than one year	122	77
Later than one year but not later than five years	58	37
Later than five years	-	-
	<b>180</b>	<b>114</b>
<b>Total</b>	<b>4,719</b>	<b>4,973</b>

**Finance lease commitments**

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

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Land</b>		
Not later than one year	173	168
Later than one year but not later than five years	631	613
Later than five years	3,902	3,852
	<b>4,706</b>	<b>4,633</b>
Less interest element	(2,273)	(2,204)
<b>Present value of obligations</b>	<b>2,433</b>	<b>2,429</b>
<b>Plant and machinery</b>		
Not later than one year	148	237
Later than one year but not later than five years	104	85
	<b>252</b>	<b>322</b>
Less interest element	(12)	(6)
<b>Present value of obligations</b>	<b>240</b>	<b>316</b>
<b>Total present value of obligations</b>	<b>2,673</b>	<b>2,745</b>

**Note 16: Other financial commitments**

Forest Enterprise England has entered into non-cancellable contracts for artists' fees and stage rental for the 'Forest Live 2019'. We have also entered into non-cancellable contracts for our new finance system and other IT systems for which payment will be due over the coming five years. The payments to which the agency is committed are analysed by the period during which the commitment expires as follows.

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
Not later than one year	2,178	5,887
Later than one year but not later than five years	95	786
<b>Total</b>	<b>2,273</b>	<b>6,673</b>

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

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

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Land and buildings</b>		
Not later than one year	6,097	5,293
Later than one year but not later than five years	12,894	13,652
Later than five years	74,148	76,485
<b>Total</b>	<b>93,139</b>	<b>95,430</b>

Forest Enterprise England leases land and buildings under agreements that terminate between April 2019 and May 2175.

**Finance lease receivables**

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

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Buildings</b>		
Not later than one year	405	394
Later than one year but not later than five years	1,620	1,576
Later than five years	26,318	25,609
<b>Total</b>	<b>28,343</b>	<b>27,579</b>
Less interest element	(20,087)	(19,177)
<b>Present value of obligations</b>	<b>8,256</b>	<b>8,402</b>

**Note 18: Contingent liabilities disclosed under IAS 37**

In 2001 Forest Enterprise England acquired 51 hectares of land at Sefton Meadows from Sefton Council. On 27 August 2009 Forest Enterprise 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 Forest Enterprise England.

Forest Enterprise England is working actively and positively with the Environment Agency and other associated local land owners towards a formal Statement of Remediation.

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



**Note 19: Related party transactions**

Forestry Commission England/Central Services is regarded as a related party. During the year, Forest Enterprise England received annual subsidy funding of £17,168,000 (2017-18: £19,468,000) from Forestry Commission England/Central Services.

Forest Enterprise England has had material transactions with various government departments and other central government bodies, including Forest Enterprise Scotland, HM Revenue & Customs, Natural Resources Wales, Heritage Lottery Fund, Sport England, and the Environment Agency.

The following additional activities were carried out with related parties:

	<b>Ground rent received £000</b>	<b>Income from other services £000</b>	<b>Purchases from related party £000</b>	<b>Amount owed (to)/by related party £000</b>
<b>2018-19</b>				
Entities sponsored by Defra	-	30	223	-
Forest Holidays	727	151	2	2
Camping in the Forest	369	95	-	1
Grown in Britain	-	-	42	-
Forest Industry Safety Accord	-	-	12	-
William Robinson Gravetye Charity	-	13	100	-
The University of Exeter	-	-	33	-
<b>Total</b>	<b>1,096</b>	<b>289</b>	<b>412</b>	<b>3</b>
	<b>Ground rent received £000</b>	<b>Income from other services £000</b>	<b>Purchases from related party £000</b>	<b>Amount owed (to)/by related party £000</b>
<b>2017-18</b>				
Entities sponsored by Defra	-	72	90	39
Forest Holidays	669	254	22	9
Camping in the Forest	356	-	-	-
Grown in Britain	-	-	2	-
Forest Industry Safety Accord	-	-	5	-
<b>Total</b>	<b>1,025</b>	<b>326</b>	<b>119</b>	<b>48</b>

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

Forest Holidays and Camping in the Forest are considered to be related parties for the purpose of these accounts. Simon Hodgson, in his capacity as Chief Executive of Forest Enterprise England, was a director of Camping in the Forest until January 2019. Mike Seddon, Director of Operations of Forest Enterprise England, became a director of Camping in the Forest in February 2019.

Transactions to support Grown in Britain to deliver and develop the partnership of public forests are disclosed as Simon Hodgson, former Chief Executive of Forest Enterprise England, is a director of Grown in Britain. Additional transactions for hosting and updating the hardwood price curve occurred in 2018-19 between Grown in Britain and Forestry Commission England/Central Services totalling £2,000.

Sir Harry Studholme, the non-executive Chair of the Forestry Commission, is Chair of the William Robinson Gravetye Charity, as well as Honorary Professor at the University of Exeter.

George McRobbie, a non-executive director of Forestry Commission England/Central Services, is a director of Tilhill Forestry. Tilhill Forestry has transactions with Forest Enterprise England which are disclosed in the Forestry Commission England/Central Services Annual Report and Accounts 2018-19.

The brother of Sir Harry Studholme, the non-executive Chair of the Forestry Commission, received woodland improvement grants from Forestry Commission England/Central Services, which are disclosed in the Forestry Commission England/Central Services Annual Report and Accounts 2018-19.

### **Note 20: Events after 31 March 2019**

In accordance with the requirements of IAS 10, events after 31 March 2019 are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. The authorised date for issue is the date of the Comptroller and Auditor General's audit certificate.

### **Structural reform**

From April 2019, we have embarked on a significant programme of structural change in light of the continuing process of devolution. Full details are set out in the Performance Report – Structural Reform.

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