



ANNUAL REPORT

2019 - 2020



An Agency within the Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk

Forest Service Agency Annual Report and Accounts

**for the year ended
31 March 2020**

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on

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*Annual Report
for the year 1 April 2019 – 31 March 2020*

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Binevenagh Forest, County Londonderry

Performance Report

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Chief Executive's perspective on performance



I am pleased to present the Forest Service Annual Report and Accounts for the year ended 31 March 2020. This report sets out the Agency's financial performance, what has been achieved and its delivery of public goods and services during the past year.

The Agency's 2019/2020 Business Plan set a challenging work programme for Forest Service including eight key targets and twenty six supporting targets, of which we successfully achieved six and twenty respectively.

We sustainably managed a natural capital asset of 75,000 hectares of public forests and green space for the supply of timber, environmental protection and to support the health and wellbeing of people visiting forests for recreation and tourism. I am pleased that we successfully demonstrated to independent professional auditors that our management standards met the UK Woodland Assurance Standards (UKWAS). Both our Forest Stewardship Council® (FSC®) (Licence code: FSC-C084232) and Programme for the Endorsement of the Forest Certification (PEFC) (Licence code: PEFC/16-40-1924) were validated. This enabled us to achieve our income target through the supply of over 0.4 million cubic metres of timber for industrial use, and underpinned further economic activity by the wood processing sector, estimated at £60M-£80M.

In partnership with our local Councils and other NGOs, we created new forest recreation facilities and substantially improved others at a number of our forests, including at Brantry Wood, Caledon and Gortin Glen, Omagh. The importance of these facilities and access to open space in our forests is increasingly recognised and highly valued for the health and wellbeing of our society. This was particularly evident towards the end of the business year and continues as people respond to Covid-19 risks and restrictions with greater dependency on the accessibility of our forests. Forest caravan and camping sites helped support the tourism industry in meeting the 'staycation' demand. The management standards of our woodlands, the ecosystem services they provide and their societal value, has been externally recognised through Slieve Gullion Forest Park being shortlisted by the Royal Forestry Society for the 'Excellence in Forestry' award.

The uptake of grant support by landowners to plant new woodlands remained modest during the year, with 150ha of new forest being grant-aided under the Rural Development Programme 2014-2020. We launched a fifth phase of the Forest Expansion Scheme in July 2019. Response to this was encouraging and resulted in a further 281 hectares of new woodland being accepted for grant-aid, most of which will be claimed and paid for in the 2020/21 season. Increasing tree planting and forests to contribute to climate change mitigation featured strongly in the priorities of the NI Executive, formed in January 2020. Minister Poots, Department of Agriculture, Environment and Rural Affairs (DAERA) provided new stimulus to woodland creation, in his statement in the Assembly in March, announcing his 'Forests For our Future' programme. The programme aims to plant 18 million trees and create 9,000 hectares of new woodland over the next 10 years and is a foundation initiative of a wider 'Green Growth' strategy.

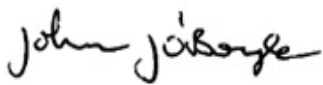
Whilst taking forward a busy legislative programme in preparation for EU Exit, we continued to safeguard the plant health status of Northern Ireland. Over the year we carried out approximately 16,600 inspections and official controls at our ports, on farms, at horticultural and retail premises, in forests and in the wider environment. Following the EU Exit in January 2020, we continued to work, in cooperation with plant health colleagues in the Department for Environment, Food & Rural

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Affairs (Defra) to develop UK plant health policy and Official Controls for implementation from the end of the EU Exit transition period (31 December 2020).

My overall perspective of the past year, is that the activities of Forest Service and public services it provides have seen a much increased interest and recognition of value amongst stakeholders and throughout society. In that context, I am especially grateful for the way that Forest Service, and in particular my staff, have responded to the significant business and personal challenges faced in continuing and enhancing public services. These achievements have been made whilst adapting to EU Exit uncertainties, and the disruptions and anxieties caused by Covid -19, from March 2020, which continue as I write this report.



JOHN JOE O'BOYLE
Chief Executive
13 October 2020

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Non Executives' Overview

The past year has been one of significant challenge for, and activity within, the Forest Service, particularly in the context of EU exit preparations. These have required new legislation to be developed and progressed; detailed plans and procedures drawn up, for example to ensure the continued effectiveness of bio-security measures; and implications for additional staffing and associated funding assessed. In addition, the Forest Service has continued to promote public access to forests through partnership arrangements with local councils. Where possible, it also continues to develop plans to accommodate wind farm project requirements as may be identified within a future public-sector energy strategy. Projects such as these have the potential to contribute to “green energy” and to generate revenue for the Forest Service.

Non-Executive Members (NEMs) have input into these and other areas of Forest Service’s activity through discussions with key executives at Forest Service Management Board meetings and regular scrutiny of progress and risks at each Forest Service Audit Risk and Assurance Committee (ARAC) meeting.

The Forest Service Management Board met six times in 2019-20; its agenda included performance and risk management; commercial capability, business and human resource planning. In relation to the latter, Forest Service has, in conjunction with NICS HR, undertaken a major review of its workforce planning model. This has resulted in the development of plans and strategies to address ongoing staff turnover and mitigate against the impact of an ageing workforce which could potentially result in significant workforce gaps within the next 3 to 5 years.

The Forest Service ARAC, under the chairmanship of Brandon McMaster, met on four occasions in 2019-20 and continued to support the Accounting Officer and Forest Service Management Board in their responsibilities for issues of risk, control and governance. The Forest Service ARAC welcomed the unqualified audit opinion of the 2018-19 accounts and the satisfactory audit opinion presented by Internal Audit in their 2018- 19 Annual Opinion and Report. Kevin Hegarty, Non-Executive member and former ARAC Chair, has decided to stand down. On behalf of ARAC and the Forest Service Management Board, I would like to thank him for his significant input and contribution over his six-year tenure.

Brandon McMaster
13 October 2020

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Purpose and Activities

History and Statutory Background

Forest Service is an Executive Agency of the Department of Agriculture, Environment and Rural Affairs (DAERA). It is subject to the overall direction of the Minister. It promotes afforestation and sustainable forestry, and is responsible for plant health matters.

The Chief Executive is responsible to the Minister of Agriculture, Environment and Rural Affairs for the Agency's operations and performance. The Minister determines the policy framework within which the Agency operates, the level of resources made available each year and the scope of Agency activities. The Minister also approves the annual business plan, sets key performance targets, and monitors the Agency's performance.

Forest Service has been an Agency since 1 April 1998. The Agency's Framework Document sets out the context within which it operates. This includes its role, business objectives, performance measures, relationship with the Department and its accountability to the Minister. Following a review by the Office of National Statistics, Forest Service received an administrative classification of a Public Non-financial Corporation as of 1 April 2020.

While a Minister was not appointed to the Department until January 2020, the Agency business plan and budget was endorsed by the Departmental Board as consistent with existing policy and performance monitored throughout the year by the Forest Service Management Board.

Functions

The purpose of Forest Service is set out at section 1 of the Agency Framework Document.

Forest Service fulfils DAERA's legal obligations in the areas of forestry, plant and bee health, plant reproductive materials and horticulture marketing standards.

The key tasks required to deliver established Ministerial policies are:

- 1) To promote forest expansion through grant aid under the Rural Development Programme;
- 2) To promote the arrangements for partnership working on forestry lands by formalising agreements to supply timber, provide access and enhance biodiversity;
- 3) To provide a regulatory framework as part of the UK Plant Health Service and processes to encourage compliance with forestry, plant and bee health legislation, aid scheme rules and seed potato certification and forest reproductive material certification schemes;
- 4) Monitor compliance and enforce legislation through inspection programmes, and protect the productive capacity of agriculture and forestry lands by monitoring for the presence of organisms harmful to plants;
- 5) To manage the Department's forests so as to:
 - Supply timber, regenerate and protect forests;
 - Promote public access by maintaining and improving facilities and visitor services, through partnership arrangements;
 - Verify sustainable management performance through a process of independent audit against the UK Woodland Assurance Standard; and

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- Accommodate the development of existing and emerging PfG outcomes that may require the release of land from forestry for renewable energy generation and environmental improvement projects.

Vision and Aims for 2019-20

Forest Service shared the vision and strategic outcomes of the Department of Agriculture, Environment and Rural Affairs [DAERA] during 2019/20 as follows:

Vision

“Sustainability at the heart of a living, working, active landscape valued by everyone.”

To achieve this vision, Forest Service:

- works collaboratively within the DAERA family and with others to set the direction for, and foster the conditions to achieve the following strategic outcomes:

Strategic Outcomes (SO1 to SO4)

- **SO1** - Sustainable agri-food, fisheries, forestry and industrial sectors;
- **SO2** - A clean, healthy environment, benefitting people, nature and the economy;
- **SO3** - A thriving rural economy, contributing to prosperity and wellbeing; and
- **SO4** - further develop our capability and improve our systems to ensure:

‘we are a well led, high performing organisation focused on outcomes’ through:

- Strong leadership and decision making across the Agency;
- An engaged, motivated, flexible and highly skilled workforce;
- Valuing individuals and diversity;
- Strong and effective communication and cooperation with the Department; and
- Innovative, accessible and responsive systems and processes for customers and delivery partners.

Business Priorities for 2019-20

Within the context of implementing our strategic aims, we agreed to restate a number of established business priorities for the 2019-20 business year. These included:

- Increased horizon scanning and risk assessment capability to improve preparedness;
- Effective controls for novel plant pest and disease outbreaks locally and plan for responsiveness including on a trans-boundary basis;
- Improved agricultural and forestry economy;
- Healthier people, plants and environments;

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- Increased forest cover;
- Profitable and sustainable forestry and land management; and
- Improved policy making.

The 2019-20 Business Plan set out the actions, key and supporting targets, or milestones to address these priorities.

Key risks to the delivery of objectives

A Risk Register has been prepared on the basis of an assessment of the key risks impacting on the Agency's achievement of Strategic Outcomes and Key Performance targets and comprises the following:

- An evaluation of the Key Risks in terms of 'Likelihood' of occurrence and 'Impact' in the event of occurrence;
- An overall rating of the risk as a product of 'impact' and 'likelihood'
- A list of the controls in place to manage the risks identified;
- An evaluation of the adequacy of the control to manage the risk and the Agency's ability to absorb any gap in control, or the additional action required to improve control and the criticality of the additional action; and
- Designation of the officer responsible for managing and reporting on the actions identified to improve control.

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Key Risks Summary

In the context of the targets as set out in the 2019/20 Business Plan the following key risks were held on the register to 31 March 2020:

1. Inadequate reserve of growing trees to sustain a Northern Ireland wood using industry, failure to provide public access to forests and failure to promote sustainable forestry.
2. Failure to obtain income and/or increasing cost base.
3. Failure to provide duty of care to Forest Service staff, contractors and visitors to our forests.
4. Reputational harm from failure to develop and deliver services that meet public expectation.
5. Failure in governance, accountability or information security.
6. Inadequate development of knowledge base and capacity to deliver forestry programme and effective plant health official controls.
7. Plant Disease Outbreak – Failure to predict and prevent the introduction and establishment of organisms harmful to plant health and of significance to industry and the environment & maintaining Plant Health Biosecurity under post EU Exit transition arrangements.

Performance Summary

A summary of progress against Key Strategic Targets and Objectives is shown below. Analysis and review of outturn is provided in the next section:

Outcome, Key or Supporting target or milestone.	Outturn 2019/20
<p><u>DAERA Strategic Outcome:</u></p> <p>A thriving rural economy, contributing to prosperity and wellbeing.</p> <p>A well led, high performing organisation focused on outcomes.</p> <p><u>Forest Service Outcome:</u></p> <ul style="list-style-type: none"> • Lower Net Cost of the Forestry Programme. 	
<p><u>Key Target</u> Achieve an income of at least £10.8 million from all sources by 31 March 2020.</p>	<p>Target Achieved Actual Income £12.68 million.</p>
<p><u>Supporting Target</u> Secure sales of timber to achieve an income of at least £9.5 million.</p>	<p>Target Achieved Timber Income £10.83 million.</p>
<p><u>Supporting Target</u> Develop advanced felling contingency plans to maintain current levels of timber supply to industry in the event of short term shortages through EU Exit transition by 31 March 2020.</p>	<p>Target Achieved</p>

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DAERA Strategic Outcomes:

Sustainable agri-food, fisheries, forestry and industrial sectors.

A clean, healthy environment, benefitting people, nature and the economy.

Forest Service Outcomes:

- Stronger partnership working with industry and delivery partners.
- Wind farm sites considered in forests within a public sector energy strategy.
- Access to a sustainable supply of high value timber.
- Forests contribute to enjoyment of long, healthy, active lives.
- First registration of title to forestry lands.

<p><u>Key Target</u> Develop the case for expanding forests in the context of post EU Exit Agricultural and Environmental Policy development by 31 March 2020.</p>	<p><u>Target Achieved</u> The Minister announced a new Programme of Afforestation in the Assembly including the formation of an Afforestation Forum to develop plans for woodland creation on suitable public land.</p>
<p><u>Supporting Target</u> Open the fifth phase of the Forest Expansion Scheme supplying a range of ecosystem services in July 2019.</p>	<p><u>Target Achieved</u></p>
<p><u>Supporting Target</u> Support at least 130ha of new woodland through the Forest Expansion Scheme.</p>	<p><u>Target Achieved</u> 150 ha of new woodland supported through the Forest Expansion Scheme.</p>
<p><u>Supporting Target</u> Support at least 20ha of new woodland through planting agricultural land acquired by the Department.</p>	<p><u>Target Achieved</u> 51.8 ha planted.</p>
<p><u>Key Target</u> Achieve at least 200ha of new woodland by 31 March 2020.</p>	<p><u>Target Achieved</u> 202.1 ha total new woodland planted.</p>
<p><u>Supporting Target</u> Establish an afforestation forum of senior officials and policy makers to gather perspectives and opinions on how planting rates can be increased.</p>	<p><u>Target Achieved</u></p>

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<p>Supporting Target Promote good forest management and societal value of woodland through presenting forest ecosystem services provided by a Forest Service woodland in a nationally recognised award scheme.</p>	<p>Target Achieved Slieve Gullion Forest Park has been shortlisted in the Royal Forestry Society 'Excellence in Forestry' awards.</p>
<p>Supporting Target Open new forest recreational facilities in at least three forests in partnership with Local Councils by 31 March 2020.</p>	<p>Target Achieved New facilities completed in partnership with local councils at Garvagh forest, Gortin Glen Forest Park and Knockmany forest.</p>
<p>Supporting Target Review relevant existing data sources and publish an updated woodland register before 31 March 2020.</p>	<p>Target Achieved</p>
<p>Supporting Target Publish a forest visitor survey final report by 31 March 2020.</p>	<p>Target Not Achieved A report has been received and will be agreed for publication at a more appropriate time when visitor access restrictions due to COVID-19 are eased.</p>
<p>Key Target Supply at least 400,000m³ of sustainable timber to industry by 31 March 2020.</p>	<p>Target Achieved Sale lot schedules issued for 410,948m³.</p>
<p>Supporting Target Produce at least 10% of timber supply from forest thinning operations by 31 March 2020.</p>	<p>Target Achieved 57,220m³ produced from thinning operations equating to 13.9% of timber supply.</p>
<p>Supporting Target Supply 200,000m³ of sustainable timber to industry by 30 Sept 2019.</p>	<p>Target Achieved Sales lot schedules issued for 213,140m³.</p>
<p>Supporting Target Update our GIS legal summaries in relation to 7,000 ha of first registered land and prepare a further 3,000ha for first registration by 31 March 2020.</p>	<p>Target Achieved GIS legal summaries updated for 10,152 ha and 3,119 ha prepared for first registration at the end of March 2020.</p>

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DAERA Strategic Outcomes:

A clean, healthy environment, benefitting people, nature and the economy.

FS Outcomes:

- Stronger partnership working with industry and delivery partners.

Key Target

Develop a draft NI Plant Health policy and strategy to safeguard plant health post EU Exit transition by 31 March 2020.

Target Not Achieved

Significant progress was made in developing a draft policy document for safeguarding plant health in NI, however uncertainties surrounding EU Exit 'deal/no deal' as well as EU Exit Transition scenarios, resulted in ongoing policy considerations extending beyond the business year.

Supporting Target

Consult with stakeholders on NI plant health legislation amendments required to deliver protection and risk management within the UK Plant health framework.

Target Achieved

The Plant Health (Official Controls and Miscellaneous Provisions) Regulations (Northern Ireland) 2019 came into effect through negative resolution on 14 December 2019.

Supporting Target

Amend the Plant Health Order (Northern Ireland) 2018 to update the Statutory Instrument amendments.

Target Not Achieved

The Plant Health (Official Controls and Miscellaneous Provisions) Regulations (Northern Ireland) 2019 required to be revoked and remade to incorporate further EU Implementing Decisions and National Measures which could not be processed before 31 March 2020 and is carried forward in the 20/21 business year.

Supporting Target

Consolidate the Wood & Bark Orders into the Plant Health Order (Northern Ireland) 2018.

Target Achieved

The Wood and Bark Order was consolidated in the SRSF package of legislation laid in the Assembly on 14 December 2019.

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<p>Key Target Develop and implement a NI biosecurity action plan to support implementation of official controls by 31 March 2020.</p>	<p>Target Not Achieved Significant progress was made in developing a draft Bio security action plan, however uncertainties surrounding EU Exit 'deal/no deal' as well as EU Exit Transition scenarios, resulted in ongoing policy considerations extending beyond the business year.</p>
<p>Supporting Target Develop and implement a communications plan to increase industry awareness and inform management of the 5 most serious plant health risks by 31 March 2020.</p>	<p>Target Achieved The top 5 most harmful organisms were identified and published on the DAERA website.</p>
<p>Supporting Target Inform key stakeholders (e.g. importers and exporters) of relevant guidance for compliance with plants and plant products' regulatory requirements by 31 August 2019.</p>	<p>Target Not Achieved The import and export requirements (under a 'Day 1 No Deal' scenario) were not published by the target date of 31 August 2019 but they were publicly available before the confirmed EU Exit date of 31 January 2020.</p>
<p>Supporting Target Publish plant health control plans for 5 specific pests identified as most serious risk on the NI Plant Health Risk Register by 31 March 2020.</p>	<p>Target Not Achieved The pest specific plans were identified, however were not published by the target date.</p>

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DAERA Strategic Outcomes:

Sustainable agri-food, fisheries, forestry and industrial sectors.

A clean, healthy environment, benefitting people, nature and the economy.

A thriving rural economy, contributing to prosperity and wellbeing.

A well led, high performing organisation focused on outcomes.

Forest Service Outcomes:

- Shared understanding of operating agreements over forestry lands.
- Management of Forest Service forests certified by FSC® and PEFC¹.
- Accreditation with continuing professional development.
- Improved knowledge of forest condition and forestry opportunity.

<p><u>Key Target</u> Hold independent certification that the Forest Service management system meets the requirements of a well-managed forest.</p>	<p>Target Achieved FSC® and PEFC certification maintained.</p>
<p><u>Supporting Target</u> Complete a procurement exercise before Feb 2020 to ensure that a full re-assessment audit takes place in sufficient time to allow certification to extend seamlessly after May 2020.</p>	<p>Target Achieved</p>
<p><u>Supporting Target</u> Implement findings from the 2019 certification audits by 31 March 2020.</p>	<p>Target Achieved</p>
<p><u>Supporting Target</u> Review and publish plans for the Down and West Fermanagh forestry planning areas including updating plans on North West, West Tyrone, Armagh and East Tyrone/East Fermanagh planning areas by 31 March 2020.</p>	<p>Target Not Achieved Armagh forestry planning meeting carried over to next business year.</p>
<p><u>Supporting Target</u> Report on the assessment of standing timber and growth status by 31 March 2020.</p>	<p>Target Achieved</p>
<p><u>Key Target</u> Develop and implement a Workforce Planning Strategy for Forest Service for the period 2019 to 2024 in close co-operation with NICS HR, by 31 March 2020.</p>	<p>Target Achieved Strategy agreed and implementation of the strategy commenced.</p>

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Supporting Target To support 15 professionally accredited Plant Health staff to retain membership of the Royal Society of Biology's (RSB's) Plant Health Professional Register, by March 2020.	Target Not Achieved Continuing Professional Development Opportunities supported for 13 Plant Health Professional Members of the RSB register.
Supporting Target Support and promote engagement in, and facilitation of, opportunities for professional development of forestry staff offered by the Institute of Chartered Foresters (ICF), Society of Irish Foresters and the Royal Forestry Society.	Target Achieved
Supporting Target Encourage Administrative staff to pursue professional competences via the NICS core competence framework.	Target Achieved

Resource Accounting and Budgeting

In the absence of an Executive and a sitting Assembly for most of 2019-20, the Northern Ireland Budget Act 2019 was progressed through Westminster, receiving Royal Assent on 31 October 2019. Following the re-establishment of the Northern Ireland Executive in January 2020 the Budget Act (Northern Ireland) 2020 received Royal Assent on 26 March 2020. The authorisations and limits in these Acts provide the authority for the 2019-20 financial year and a vote on account for the early months of the 2020-21 financial year.

Throughout the year the Agency monitored performance against its resource based budget on an accruals basis.

Net Operating Cost – 2019-20

The Statement of Comprehensive Net Expenditure shows the net cost of the Agency's operations on a full resource basis. The net operating surplus for 2019-20 was £9.471m (2018-19: an operating surplus of £10.181m).

The movement between 2018-19 and 2019-20 of £0.71m is mainly due to an increase in Income offset by a reduced revaluation credit to the Statement of Comprehensive Net Expenditure.

The reported decrease in forestry land value in 2019-20 of £33.7m is derived from independent valuations carried out by Land and Property Services [LPS] and informed by data from the Agri Food & Biosciences Institute [AFBI]. Valuations are carried out with regard to International Financial Reporting Standards (IFRS) and International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. The value of timber sales at maturity rose to £11,152 per hectare, a 10.3% increase on 2018-19 and accounted for the higher timber value at 31 March 2020.

A detailed explanation for the movement in the timber valuation is provided at Note 10 to the annual accounts.

Non-Current Assets

Details of the movement of non-current assets are set out in notes 6 to 10 to the accounts.

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PERFORMANCE ANALYSIS

Payment to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the *Confederation of British Industry's Prompt Payers Code* and *British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions*. Unless otherwise stated in the contract, payment is due within 30 days of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. During the year, 96.04% of bills were paid within this Standard (2018-19: 97.9%).

From 1 December 2008, the Agency has operated a policy of seeking to pay for goods and services within 10 days. This is in accordance with the Supporting Businesses: Prompt Payment of Invoices initiative within the Northern Ireland Civil Service. During the year, 92.7% of bills were paid within the 10 day target (2018-19: 92.7%).

The *Late Payment of Commercial Debts (Interest) Act 1998*, which came into effect from 1 October 1998, enables suppliers to charge interest on overdue debts. The Agency made no payments during the year in respect of such claims.

Political and Charitable Donations

The Agency made no political or charitable donations during the year.

Performance Measures

Measurement criteria are set for the Agency's targets so we can monitor progress and validate success. These will generally be refinements of the following general metrics:

Operational

- Plantations established [hectares (ha)]
- Volume of timber produced [cubic metres (m³)]
- Forest visitor surveys
- Area of woodland qualifying for UK Forestry Standard [hectares]
- Plant health partnerships, novel pest risk awareness, official inspections, sampling, surveys and enforcement programme compliance.

Customer Service

- Performance against prescribed standards of service to the public.

Value for money

- Net annual cost of the forestry and plant health programmes
- Maintain income and expenditure within agreed limits.

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PERFORMANCE ANALYSIS

Performance Review

Forest Service identified 8 key tasks for 2019/20 to deliver the policies, described outcomes and specific in-year targets for that business year. The Agency's performance against these tasks is reviewed below:

Forest Expansion

Forest Service continues to support forest expansion through the Rural Development Programme. During the year we made Forestry Grant Scheme payments of £1.56 million to create 150 hectares of new woodland and to maintain existing woodlands. These payments are part funded by the European Commission and were made to 876 landowners. In 2019 Forest Service paid 98% of annual premia claims by the year end. 47 hectares of new woodland consisted of predominantly coniferous woodland (31%), 103 hectares of predominantly broadleaved woodland of which 39 hectares was new native woodland (38%). Forest Service also provided grant assistance for replanting 93 hectares that had been harvested. The replanting grant payment promotes more diverse woodlands with greater resilience and environmental benefits. Successful applications for 281 hectares of new woodland funded through the Forest Expansion Scheme were approved during the year which was an increase of 42% compared to 2018/19. To promote new woodland planting we attended a number of events including the Clogher Valley Agricultural Show and the Balmoral Show. Our Balmoral Show stand promoted the benefits of woodland for everyone and we gave away 3,000 native trees to visitors.

Partnership Working

Partnership working with industry and delivery partners continues as one of our strategic objectives. This has been a very positive approach since the development of our 2009 Recreation and Social Use Strategy and giving legal affect to a public right of pedestrian access to our forests through the 2010 Forestry Act.

Forest Service are pleased that this partnership approach continued to result in the improvement of recreation and tourism facilities within our forests during the business year. Amongst these was finalising the partnership arrangements with Lisburn City and Castlereagh Borough Council for the management of recreation provision at Hillsborough Forest from 1 April 2019. Local Councils value the partnership approach as an important vehicle in delivering their vision to develop first-class, innovative, natural recreational area for visitors and residents while promoting the forest for health and well-being benefits. During the year partnership arrangements with Mid Ulster District Council facilitated community trails projects at Brantry Wood and Caledon. Fermanagh and Omagh District Council also developed long term recreation and tourism facilities at Gortin Glen Forest Park with a new children's outdoor adventure play area.

Regulatory approach for Plant and Bee Health, Crop Certification and Marketing standards

Forest Service working with Department colleagues, legal teams, the Department for Environment, Food & Rural Affairs (Defra) and other Devolved Administrations' made "The Plant Health (Official Controls and Miscellaneous Provisions) Regulations (Northern Ireland) 2019" which implemented the EU 'Smarter Rules for Safer Food' (SRSF) package including a new Plant Health Regulation. The regulation was made across the EU taking effect on 14 December 2019 and is the most significant change in EU Plant Health legislation for some 30 years. The package modernises and simplifies plant health official controls through a risk-based approach, to protect industry and our natural environment from existing and novel threats. It supports Northern Ireland's continued

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status as a region with high plant health standards from which businesses trading in plants and plant products can be assured of their reliability and safety.

Forest Service Inspectors conducted over 16,600 official control inspections during the year at our entry ports, on-farms, at horticultural and retail premises that trade in regulated plants and plant products as well as within the wider environment, including forests. We issued 16 Statutory Plant Health Notices due to non-compliance compared to 58 the previous year. This is encouraging as we seek to achieve better compliance with standards, working in partnership with all stakeholders to augment legislative based controls. We published updates to the NI Plant Health Risk Register, delivered workshops on plant and bee health outbreaks, issued pest alert notifications and exhibited the importance of good biosecurity measures to the agricultural and horticulture sectors at Balmoral Show.

Routine plant health surveillance in Great Britain (GB) confirmed a finding of Oak Processionary Moth (OPM) outside the existing London control zone. OPM is a pest that can have serious implications for human health. Forest Service were engaged from the outset as part of the UK Lead Government Department Group and Incident Management Team. During this period Forest Service introduced strengthened control measures in legislation for the importation of oak trees. Targeted surveillance in Northern Ireland included the use of pheromone traps, inspections on imports of oak trees for planting, and wider environment. Fortunately no OPM or symptoms of infestation were found during any of these inspections. We continued to review plant health risks in conjunction with research colleagues at AFBI including an assessment of the health of our Oak trees and response plans for findings of high risk pests.

Recognising the threat from introductions of the invasive Asian Hornet in GB to native Honeybees, Forest Service developed a response plan with colleagues in the Northern Ireland Environment Agency (NIEA), participated in track and trace training and also developed contingency plans for findings of Small Hive Beetle.

Management of the Departments' Forests

Our sustainable forest management practices remained compliant with the UK Woodland Assurance Standard (UKWAS), confirmed through an independent audit accredited by Forest Stewardship Council® (FSC®) (Licence code: FSC-C084232) and the Programme for the Endorsement of Forest Certification schemes (PEFC) (Licence code: PEFC/16-40-1924) in February 2020.

A key outcome of the management and stewardship of state forests planted in the latter decades of the last century is to ensure access to a sustainable supply of high value timber. The key target for 2019/20 was to supply at least 400,000 cubic metres of timber to industry and this was achieved and we sold 410,948 cubic metres of logs.

The following supporting targets were also achieved, all of which will have contributed either directly or indirectly to the achievement of our key target to successfully retain independent certification that our management system meets the requirements of a well-managed forest as assessed against the UK Woodland Assurance Standard:

- Forest Service demonstrated that its forests were managed sustainably through a re-assessment audit carried out by Soil Association in February 2020. This audit confirmed that

Performance Report

P E R F O R M A N C E A N A L Y S I S

our forest management practice remains compliant with the UK Woodland Assurance Standard (UKWAS).

- Addressing certification Corrective Action Requests. Close out plans to address findings from the 2019 surveillance audit were presented at the re-assessment. The audit confirmed that Forest Service management systems were satisfactory for continuation of FSC® and PEFC certification.
- Sourcing more than 10% of timber supply from forest thinning hence improving the long-term resilience of forests on wind firm soils.

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Health and Safety

Forest Service is committed to ensuring the health and safety of all its employees and of others, including contractors, visitors, neighbours and members of the public who use our forests. The Health and Safety Committee, a sub-committee of the Forest Service Management Board met four times during the year to review health and safety performance. Three management systems safety audits were completed by the Health and Safety Officer to provide Agency assurance of operational health and safety management practices.

During the year we delivered LANTRA accredited Emergency First Aid + F (Forestry) training to 161 Forest Service staff and 80 forestry contractors who work on our land. The “+F” module adds specific emphasis for industry hazards such as severe bleed trauma, hypothermia, crush injuries, Lyme disease and emergency planning in remote areas.

The following table sets out the incidence of reportable and non-reportable accidents for all staff and others in the preceding years.

Accident trends over last 5 years

	Accidents Numbers	15/16 (Per 100 employees)	16/17 (Per 100 employees (Aug 16 - 218)	17/18 (Per 100 employees (Mar 18 - 205)	18/19 (Per 100 employees (Mar 19 – 200)	19/20 (Per 100 employees (Mar 19 – 208)
Staff	Reportable	4 (1.7)	0 (0)	3 (1.5)	0 (0)	2 (1.0)
	Non reportable	0 (0)	2 (0.9)	1 (0.5)	3 (1.5)	2 (1.0)
Public	Reportable	1	0	1	3	0
	Non reportable	1	1	0	5	10
	Licenced partner activity	NA	NA	NA	16	10
Contractors (Direct) FS is Works Manager (FWM)	Reportable [FS not works manager]	-	-	-	-	1
	Non reportable [FS not works manager]	-	-	-	-	0
Contractors (Indirect)	Reportable (FS not FWM)	NA	2	0	1	0
	Not reportable (FS not FWM)	NA	0	0	1	1
	Licenced partner activity	-	-	-	1	0
ALL	Near miss/ Unsafe acts	NA	3	3	6 staff 1 contractor 2 visitors	1 staff 1 public

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PERFORMANCE ANALYSIS

Forestry Planning

Scoping consultation documents were published for West Tyrone and East Fermanagh/East Tyrone Forestry Planning Areas. Stakeholders were invited to participate in each consultation via the Department's web pages, press notices sent to local papers, social media, and posters placed in forest car parks and at entrances. In total 66 stakeholder responses were received and analysed to inform the revision of forest plans. An 'easy read' version of the scoping consultation document was launched by the DAERA Permanent Secretary and made available via the Department's web pages encouraging new ways to engage. Consultation responses from the Antrim Forestry Planning Area were analysed and published. Draft forest plans for Antrim and North West Forestry Planning Areas were presented at meetings with Councils, Non-Government Organisations, and Community Groups.

Woodland Register

Work was undertaken on the woodland register and published on the DAERA website. The register is derived from a base map which is compiled using information held by Forest Service on its forests and grant-aided plantations, and other datasets including DAERA's Land Parcel Identification System (LPIS), NIEA datasets on designated areas and Country Parks, the Ancient Woodland Inventory, and data provided by stakeholders in response to a public invitation to participate in the work.

Inventory

A re-measurement of permanent sample plots in Forest Service forests was undertaken to estimate current growth rates and improve the planning of sustainable wood production. The results support indications from the previous re-measurements that overall increment is declining as forests age.

Covid-19

With the onset of the Covid-19 outbreak, Forest Service reacted quickly to update and implement its Business Continuity Plan. This included specific actions to address the health and safety of staff, contractors and the public as well as considering the potential impacts on workforce capacity. The Pandemic Preparedness Checklist within the plan, together with the prioritising of essential services, facilitated effective planning in the early stages of the outbreak. This aided ongoing assessment of potential pressures resulting from social distancing and lockdown measures as they were introduced.

The Forest Service staff were already comparatively 'mobile' with the majority of users having access to laptops, tablets and other IT equipment due to the nature and extent of its field based operations which could also facilitate greater capacity to work from home. Forest Service staff were also early adopters of advancements in communications technology.

EU Exit

Preparations continued in-year for EU exit including planning for Deal / No Deal scenarios up until the UK left the EU on 31 January 2020. At year end Forest Service had 7 FTE employees assigned to EU exit transition work with a combined expenditure of £362K.

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PERFORMANCE ANALYSIS

Sustainability

Sustainability continued to be an underpinning principle of the draft Programme for Government. Forest Service contributes to the DAERA Strategic Outcome of 'Sustainable agri-food, fisheries, forestry and industrial sectors'. Specific work activity in 2019-20 included:

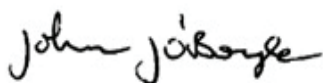
- Working with partners across the UK to maintain our high plant health status through horizon scanning and developing detailed response plans to the most harmful organisms.
- Contributing as Lead NI Executive Department on the Defra led UK Emergency Response Team to widespread findings in GB of Oak Processionary Moth (OPM), an organism harmful to tree and human health.
- Membership of the UK wide Emerald Ash Borer and Xylella Preparedness Boards engaged in planning responses to the threats to our tree and plant health from these harmful organisms, both of which are not currently present in the UK.
- Continuing to undertake aerial surveillance to monitor for tree health across the wider environment and to support early detection for any resurgence of the fungus-like pathogen affecting Japanese larch (*P. ramorum*).
- Approval of grant payments for 150 hectares of new woodland, delivering a wide range of ecosystem services to people. This business year saw the launch of the fifth phase of the Forest Expansion Scheme under the 2014-2020 Rural Development Programme and successful applications for 281 hectares were approved of which over 200ha were planted.
- Publishing guidance in July 2019 for woodland owners affected by ash dieback and opening of a revised Forest Protection Scheme to provide grant aid to support sustainable management of woodland affected by ash dieback.
- Obtaining an income of £12.68 million, mostly arising from the sale of timber certified as coming from Forest Service's sustainably managed forests.
- Issuing 68 felling licences covering a forest area of 801 hectares of which 64 were processed within 3 months (94%). The area licenced for thinning or selective felling covered 434 hectares and 367 hectares were licenced for clearfelling. Low impact interventions of thinning or selective felling accounted for 95% of all felling operations in ancient or long established woodland with clearfelling accounting for only 2.6 hectares.
- Providing opinions on the likely environmental impact of 74 forestry projects in respect of the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006. The projects consisted of 56 afforestation projects covering 458 hectares, 11 deforestation projects amounting to 70 hectares and 7 forest road works for construction of 4km of forest road for timber haulage. Opinions were published on the DAERA website, in the Belfast Gazette and a local paper in accordance with the Regulations. Two of the deforestation projects were considered relevant projects and therefore cannot proceed without the

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Department's consent, requiring the preparation of an environmental statement. Two other deforestation projects amounting to 36 hectares were for open habitat restoration and had clear environmental benefits particularly for breeding curlew and restoration of blanket bog.

- Investigating in accordance with the Forestry Act (Northern Ireland) 2010) 12 reports of suspected unlicensed tree felling. None were found to be a breach of the legislation.
- Developing new Forest Service guidance for forest managers to fulfil the requirements of the Conservation (Natural Habitats etc.) Regulations (NI) 1995 (as amended) and the Environment (Northern Ireland) Order 2002 (as amended). The guidance was implemented following a training event for all technical staff including input from the Northern Ireland Environment Agency.
- Putting in place assessments to fulfil the requirements of the Habitats Regulations. These cover forestry operations in Forest Service forests in the Antrim Hills, Slieve Beagh - Mullaghfad - Lisnaskea Special Protection Areas and for forests within the catchments of the Owenkillew River, the Foyle and Tributaries and Lough Melvin Special Areas of Conservation. Forest Service, as a competent authority under the Habitats Regulations, completed 21 Habitats Regulations Assessments for forestry operations on land which is not managed by Forest Service.
- Compliance with the Environment Order (Northern Ireland) 2002 in seeking assent from Northern Ireland Environment Agency for 14 Forest Service operations where the operation was within, in, or close to an Area of Special Scientific Interest and managed by Forest Service. In addition, assent was obtained for 14 non Forest Service operations which required a felling licence or were subject to a forestry grant scheme.



JOHN JOE O'BOYLE
Chief Executive
13 October 2020

Performance Report

PERFORMANCE ANALYSIS

Forestry Performance Tables

The following tables provide statistical data on forestry performance during 2019/20:

Forest Service Statistical Summary 2019/2020

	Units	2019/20	2018/19
Total area managed	Hectares	75,182	75,198
Forested area	Hectares	62,441	62,373
Acquisition Programme	Hectares	33.835	-
Disposal Programme	Hectares	0.0165	-
Timber Production	Cubic metres		
- roadside		39,670	48,166
- standing		379,478	347,270
New Planting	Hectares	51.84	-
Replanting	Hectares	619.96	787
Fire Damage	Hectares	27.27	24
Visitors to charged recreation areas	Thousands	465*	532
Visitors to caravan / camping long stay sites	Thousands	39*	47
Average staff numbers:	Full time equivalent persons		
- industrial		98.59	97
- non-industrial		100.75	102

*The reduction in visitor numbers is reflective of the partnership agreements with local councils for the management of recreation facilities in Gortin and Gosford forests, coming into effect for the first full year. (Gortin 25 March 2019, Gosford 01 January 2019).

RECORD OF HARVESTING FROM FOREST SERVICE MANAGED WOODLAND: April 2019 – March 2020

FOREST SERVICE	STANDING VOLUME (m ³)	ROADSIDE VOLUME (m ³)	TOTAL
EAST	120,001	26,269	146,270
WEST	259,477	13,401	272,878
TOTAL	379,478	39,670	419,148

Note: All figures represent volume dispatched from forests.

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PERFORMANCE ANALYSIS

Breakdown of Sales from Forest Service Managed Woodland: Agreed for April 2019 – March 2020

Volumes to 7cm top diameter to nearest cubic metre, areas in hectares

FOREST SERVICE	VOLUME by SPECIES			THINNINGS			CLEARFELL			TOTAL VOLUME
	Spruce	Other Conifers	Hard-woods	Area	Volume	Vol. Per hectare	Area	Volume	Vol. Per hectare	

STANDING SALES

EAST	112,511	8,324	-	143	15,474	108	291	105,361	362	120,835
WEST	233,328	23,443	-	140	13,904	99	555	242,867	438	256,771
TOTAL	345,839	31,767	-	283	29,378	104	846	348,228	412	377,606

ROADSIDE SALES

EAST	17,937	7,387	300	257	20,974	82	25	4,650	186	25,624
WEST	4,423	1,570	1,725	128	6,868	54	2	850	425	7,718
TOTAL	22,360	8,957	2,025	385	27,842	72	27	5,500	204	33,342

ALL SALES

GRAND TOTAL	368,199	40,724	2,025	668	57,220	86	873	353,728	405	410,948
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PERFORMANCE ANALYSIS

Average Prices for Coniferous Timber Sold at Roadside

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2019 to 31 March 2020		
	(b) 1 April 2018 to 31 March 2019		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0.00
	(b) 611	16,843	27.57
0.075 - 0.124	(a) 2,093	68,992	32.96
	(b) 1,266	34,275	27.07
0.125 - 0.174	(a) 5,292	142,053	26.84
	(b) 9,017	224,763	24.93
0.175 - 0.224	(a) 5,369	154,023	28.69
	(b) 3,865	92,501	23.93
0.225 - 0.274	(a) 4,322	133,610	30.91
	(b) 290	5,990	20.66
0.275 - 0.424	(a) 4,561	146,238	32.06
	(b) 15,484	442,107	28.55
0.425 - 0.499	(a) 4,420	159,435	36.07
	(b) 1,178	34,495	29.28
0.500 - 0.599	(a) 985	40,559	41.18
	(b) 1,075	43,907	40.84
0.600 - 0.699	(a) 2,363	90,224	38.18
	(b) 430	13,366	31.08
0.700 - 0.799	(a) 490	18,709	38.18
	(b) 2,238	73,372	32.78
0.800 - 0.899	(a) 0	0	0
	(b) 0	0	0
0.900 - 0.999	(a) 0	0	0
	(b) 505	16,556	32.78
1.000 and over	(a) 0	0	0
	(b) 0	0	0
TOTAL	(a) 29,895	953,843	31.91
	(b) 35,959	998,175	27.76

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PERFORMANCE ANALYSIS

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT STANDING

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2019 to 31 March 2020		
	(b) 1 April 2018 to 31 March 2019		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0
	(b) 0	0	0
0.075 - 0.124	(a) 10,880	191,929	17.64
	(b) 0	0	0
0.125 - 0.174	(a) 8,722	142,338	16.32
	(b) 0	0	0
0.175 - 0.224	(a) 6,146	109,475	17.81
	(b) 29,249	396,122	13.54
0.225 - 0.274	(a) 40,787	833,142	20.43
	(b) 8,411	119,971	14.26
0.275 - 0.424	(a) 107,694	2,545,672	23.64
	(b) 94,707	1,840,979	19.44
0.425 - 0.499	(a) 14,074	399,529	28.39
	(b) 60,804	1,492,124	24.54
0.500 - 0.599	(a) 757,170	1,715,074	30.00
	(b) 79,930	1,887,007	23.61
0.600 - 0.699	(a) 50,584	1,539,244	30.43
	(b) 32,499	955,018	29.39
0.700 - 0.799	(a) 22,611	701,366	31.02
	(b) 26,979	746,544	27.67
0.800 - 0.899	(a) 20,712	665,776	32.14
	(b) 13,876	349,557	25.19
0.900 - 0.999	(a) 6,311	190,488	30.18
	(b) 7,487	208,610	27.86
1.000 and over	(a) 627,365	843,133	30.81
	(b) 6,947	308,000	44.34
TOTAL	(a) 373,056	9,877,166	26.48
	(b) 360,889	8,303,932	23.01

Accountability Report

C O R P O R A T E G O V E R N A N C E

Director's Report

Management Board / Structure

The Management Board comprises senior executive officers of the Agency and Non-Executive Board Members (NEBMs).

During 2019-20 the Board members were:

John Joe O'Boyle	Chief Executive
Kevin Hegarty	NEM, Strategic Investment Board (SIB)
Brandon McMaster	NEM
Jim Crummie	Acting Director of Plant Health
Gordon Bell	Acting Director of Corporate Services - Board member until 31 December 2019
Damian Larkin	Acting Director of Corporate Services - Board member from 1 January 2020.

The Chief Executive has overall responsibility for achieving the aims, objectives and targets set out in the Business Plan with each Executive Director having ownership and responsibility for achieving objectives and targets within their management control.

Conflict of Interests

No member of the Management Board holds a position in any company, which may conflict with their management responsibilities.

Accounts Direction

The Forest Service's Accounts for the Financial Year ending 31 March 2020 have been prepared in accordance with the Accounts Direction (FD(DoF) 02/20 and DAO(DoF) 01/20) given by the Department of Finance in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Pension Costs

Further details in relation to the pension schemes are given in the Remuneration Report and in notes to the accounts.

Auditors' Remuneration

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland. As head of the Northern Ireland Audit Office, he is wholly independent and reports his findings to the Assembly.

The audit of the financial statements for 2019-20 resulted in a notional audit fee of £20,500 (2018-19: £19,600) and is included in Operating Expenditure – Non-Cash items in the Statement of Comprehensive Net Expenditure. The auditors did not provide any non-audit services during the year.

Accountability Report

C O R P O R A T E G O V E R N A N C E

Security of Personal Data

Forest Service is committed to the safeguarding of personal data and has set in place appropriate measures to ensure its security including nomination of Information Asset Owners (IAOs). The Data Protection Act 2018, which updated data protection laws in the UK, is a national law which complements the EU's General Data Protection Regulation which has been in operation since May 2018. IAOs are trained and supported in managing our information assets, with specific reference to their responsibilities as set out in the Information Asset Owner handbook. Forest Service maintain a register of its personal data assets identifying the purpose and legal bases for the processing of that personal data. The Agency informs its stakeholders about their rights and our processing of their personal data through publically available Privacy Notices and regularly review the security of those personal data assets under our control. Our IAOs ensure that retention and disposal schedules are implemented in a timely fashion in order to ensure that personal data is kept only for as long as is necessary. All Forest Service staff are advised of their personal responsibilities for ensuring the confidentiality, integrity and availability of personal data. Forest Service have had no security breaches in 2019-20.

Human Resource Development

Forest Service staff are civil servants and are covered by all NICS Human Resource (HR) policies.

Staff are located at Forest Service headquarters in Enniskillen, in DAERA offices in Belfast and throughout the province and at forest offices at Castlewellan and Garvagh.

Operational training is provided by the College of Agriculture, Food, and Rural Enterprise (CAFRE) under a Service Level Agreement. Other skills training is available to all staff from the NI Civil Service (NICS) Centre of Applied Learning.

The Agency places a high priority on staff training and development in order to enhance staff skills for the achievement of our business objectives and to improve job satisfaction by:

- ensuring that our staff have the necessary competencies to achieve business objectives;
- encouraging staff to pursue their personal development and communicate all opportunities available to them;
- encouraging membership of professional bodies directly connected with the work of the Agency and support membership costs;
- committing to achieve business excellence through continuous improvement and maintaining Investors In People standards;
- developing staff, consistent with NICS policies on equal opportunities, health and safety and other relevant legislation; and
- committing available resources to fulfil personal and organisational development objectives.

The Management Board monitors Human Resource issues, supported by HR Business partner, including absence statistics.

The Management Board encourages communication and engagement, and exchange of information within the Agency. Forest Service do this through team briefings, circulars and its Intranet. There are also well-established arrangements for formal consultation with representatives of the trade unions (both non-industrial and industrial) on all significant developments likely to impact on staff. Forest Service consults regularly with representatives of the industrial workforce at the Joint Industrial Council and meets regularly with the NI Public Service Alliance (NIPSA), which represents our non-industrial staff.

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C O R P O R A T E G O V E R N A N C E

Forest Service has made staff aware of how their personal objectives contribute to the business objectives of the Agency. Accordingly, they are responsible, in consultation with their line managers, for planning their personal objectives and development in ways that will enable them to contribute to the achievement of the Agency's business objectives by meeting the current demands of the job and maximising their future contribution. Forest Service utilises the NICS Performance Management System whereby we construct individual Personal Performance Agreements and Personal Development Plans and review staff performance in-year and at year-end.

Complaints Handling

Forest Service is committed to providing the highest possible standards of service to all its customers, and has adopted the Department's core standards of service that customers can expect to receive. Central to these is the facility for customers to lodge formal complaints if things go wrong. In line with the DAERA complaints procedures, we report on complaints received and our handling of them to the Department. Forest Service received and responded to four customer complaints in 2019-20 which will be also be disclosed in the Departments Resource Accounts.

Public access to Information

The main online vehicle for communicating with the public is the 'Forests' section on the NI Direct website: www.nidirect.gov.uk/forests

Other Forest Service business information is accessible at:
www.daera-ni.gov.uk/forestry

Accountability Report

C O R P O R A T E G O V E R N A N C E

Statement of Accounting Officer's Responsibilities

Under Section 11 of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance has directed the Forest Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Forest Service and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) and in particular to:

- observe the Accounts Direction issued by the Department of Finance (DoF), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information;
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Department of Agriculture, Environment and Rural Affairs has designated the Chief Executive as Accounting Officer of Forest Service. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in Managing Public Money Northern Ireland, published by HM Treasury.

There are several areas, in particular, where the Assembly expects Accounting Officers to take personal responsibility:

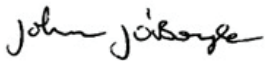
- *regularity and propriety*, including seeking DoF approval for any expenditure outside the normal delegations or outside the subheads of Estimates, and carried through with appropriate disclosures in the Annual Report and Accounts;
- *selection and appraisal* of programmes and projects: using the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE) and relevant supporting guidance to evaluate alternatives, and good quality project and programme management techniques, such as Gateway Reviews, to track and where necessary adjust progress;
- *value for money*: ensuring that the organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability,

Accountability Report

C O R P O R A T E G O V E R N A N C E

effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole, not just for the Accounting Officer's organisation;

- *management of opportunity and risk* to achieve the right balance commensurate with the institution's business and risk appetite;
- *learning from experience*, both using internal feedback, and from right across the Public Sector; and
- *accounting accurately* for the organisation's financial position and transactions: to ensure that the government published financial information is transparent and up to date, and that the organisation's efficiency in the use of resources is tracked and recorded.



JOHN JOE O'BOYLE
Chief Executive
13 October 2020

Accountability Report

C O R P O R A T E G O V E R N A N C E

Governance Statement

Governance Framework

Under the terms of the Agency Framework Document, as the Agency's Chief Executive and appointed Accounting Officer, I am directly responsible to the Minister of Agriculture, Environment and Rural Affairs, and the Department's Accounting Officer, for the Agency's operations and performance. The Minister determines the policy framework within which the Forest Service operates and the scope of its activities. The Minister also determines the resources to be made available to the Agency, approves our Business Plan, sets key performance targets, and monitors performance. The Minister does not normally become involved in the day-to-day operation of the Agency or in managing risk. However, I am expected to consult on the handling of operational matters that give rise to significant public or NI Executive concern, including the nature, scale, and likelihood of risks occurring in relation to contentious or controversial matters.

In the absence of a Minister, the Agency's business plan and budget for 2019/2020 was endorsed by the Departmental Board. The Agency's Management Board monitored performance and reported to the Department and latterly the Minister following his appointment in January 2020.

Forest Service Management Board

I am supported by the Forest Service Management Board (FSMB) which during 2019-20 comprised of two Forest Service Directors and two Non-Executive Members who are fully involved in the monitoring of agency performance, financial, resource, and risk management and provide a challenge function where appropriate.

The core purpose of the FSMB is to provide me with agency level strategic support and leadership to the organisation's operational, administrative and financial management functions within the parameters of policy set by and in consultation with the Minister. Its primary function is therefore to set the Agency's business agenda and ensure that the organisation delivers its strategic goals and operational targets.

The FSMB is also responsible for the assessment and management of the risks associated with delivery of the Agency's functions. It is the role of the FSMB to communicate the vision, role, direction and priorities of Forest Service to staff and other stakeholders and to ensure effective allocation and management of its staff and financial resources. Members support me (as Accounting Officer) in the operation of sound corporate governance and risk management procedures, which secure and protect the resources under their control. The FSMB maintains a transparent system of prudent and effective controls, including internal controls.

The FSMB aims to meet at least six times per year as required by our Terms of Reference. FSMB members are required at the beginning of each FSMB meeting to declare any conflicts of interest or any new interests. During the 2019-20 period no declared interests were deemed to conflict with the conduct of FSMB business.

Accountability Report

C O R P O R A T E G O V E R N A N C E

A total of 6 Forest Service Management Board meetings were held in 2019-20. Attendance details of members are summarised in the following table:

Name	Number of the 6 meetings attended
John Joe O'Boyle	6
Jim Crummie	6
Gordon Bell/Damian Larkin	5
Kevin Hegarty (Non-Executive Member)	5
Brandon McMaster (Non-Executive member)	6

There are a number of Committees of the FSMB, as follows:

- Forest Service Audit & Risk Assurance Committee (FS ARAC)
- Governance Committee
- Finance, Fees & Charges Committee
- Health & Safety Committee

Forest Service Audit & Risk Assurance Committee (FSARAC)

Forest Service Audit & Risk Assurance Committee (FS ARAC) supports me in my responsibilities for stewardship of Agency resources by reviewing the comprehensiveness of arrangements and processes for meeting the FSMB and Accounting Officer's assurance needs, and reviewing the reliability and integrity of these assurances.

FS ARAC contribute to the overall Forest Service process for ensuring that governance, risk management and internal control processes operate effectively by forming a consolidated view of all assurance activity within the Forest Service.

It was chaired in 2019-20 by Brandon McMaster, a Non-Executive Member of the FSMB. The other Committee members were Mrs. Helen Anderson (NIEA) and Mr. Kevin Hegarty also a Non-Executive Member of the FSMB.

FS ARAC met on 4 occasions in 2019-20, as prescribed in the terms of reference. At each meeting the Committee reviews the Forest Service Corporate Risk Register, an Audit Implementation Plan update, a progress report from the Head of DAERA Internal Audit and other reports as required or requested.

Attendance details of members are summarised in the following table:

Name	Number of the 4 meetings attended
Kevin Hegarty	4
Helen Anderson	4
Brandon McMaster (Chair)	4

Accountability Report

C O R P O R A T E G O V E R N A N C E

Key findings of FSARAC in 2019-20

The Committee noted:

- A comprehensive Forest Service Health & Safety report for the period 1 April 2018 to 31 March 2019;
- The Comptroller and Auditor General (C&AG) certified the 2018-19 financial statements with an unqualified audit opinion without modification. No report on the account was required and no priority one recommendations were made in relation to regularity and the internal control environment;
- The conclusions of Internal Audit reviews and the satisfactory audit opinion presented by Internal Audit in their 2018-19 Annual Opinion and Report. Internal Audit work was conducted in accordance with Public Sector Internal Audit Standards;
- The substantial work completed by Forest Service staff in planning and preparing for EU Exit day and ongoing work preparing for EU Deal/No Deal scenarios;
- The risk of a plant disease outbreak remained on the DAERA Corporate Risk Register;
- The successful implementation of previous Audit recommendations by management resulting in a significant reduction in the number outstanding (reduced from 18 to 9) with none outstanding for more than 6 months;
- Forest Service continues to embed governance in the organisation, including ongoing management of the Forest Service Corporate Risk Register, monitoring of the Audit Implementation Plan and the timely completion of Stewardship Reports;
- Fraud and Loss reporting updates and Financial Liabilities updates in Forest Service;
- No whistleblowing disclosures in Forest Service for 2019/20;
- An informative presentation on the people, processes and technological interventions for Cyber Security was provided by the DAERA Director of Digital Services.

Governance Committee

I chair this Committee of Executive Directors who periodically invite their senior managers to attend to report on the controls they have in place to ensure proper governance of their work programmes including management of key risks to the delivery of outcomes. We meet a minimum of 4 times per year in advance of a FSMB meeting. In the event that I or a Director is unavailable, we nominate a deputy to ensure continuity of business.

Finance, Fees and Charges Committee

The principle role of this Committee is to review the costs and charges for our services and make recommendations for the approval of the FSMB. The Committee may also convene to consider other pressing financial management matters such as debt, losses and liabilities.

Accountability Report

C O R P O R A T E G O V E R N A N C E

Health and Safety Committee

The Health and Safety Committee is constituted to advise on Health and Safety arrangements associated with land owned by the Department for the purposes of forestry activity. The Committee examines and reviews accidents and incidents arising since the previous meeting. It also reviews the Forest Service Health and Safety Manual on a needs basis to ensure it reflects the latest best practice safety guidance. In addition, the Committee ensures that the Accident and Incident Review section of the Health and Safety Manual is maintained and records all incidents including lessons learned and additional actions to prevent reoccurrence. Furthermore, the Committee agree and monitor the Health and Safety Officer's Health and Safety audit programme and ensure that Forest Service's Health and Safety activity is benchmarked against other comparable organisations in UK and Ireland.

The Forest Service Management Board's performance

The Forest Service Management Board (FSMB) carry out an annual formal review of its effectiveness based upon confidential individual questionnaires completed by all members. The questionnaires included three self-assessment categories: Performance Management; Control and Risk; and Information/Working effectively. The questionnaires are independently reviewed by a Non- Executive member for reporting effectiveness to FSMB. Forest Service continues to promote staff engagement with regular team briefs including a readout of every FSMB meeting.

I have noted the opinion in the Internal Auditors Annual Opinion and Report on Forest Service. The overall conclusion of the audit report is that internal control arrangements are satisfactory.

The FSMB's work is informed by the work of Soil Association who audit our management performance against the requirements of the UK Woodland Assurance Standard (UKWAS). The Soil Association confirm that there is sufficient evidence that our forests are sustainably managed for products manufactured from our timber to continue to be labelled with the Forest Stewardship Council® (FSC®) or Programme for the Endorsement of Forest Certification schemes (PEFC) logos.

Corporate Governance

Forest Service Directors have responsibility to provide me with a signed Stewardship Report at the end of Quarters 2, 3 and at Year end. Those reports acknowledge their responsibility for ensuring that objectives for which they are responsible are clearly defined and that all members of staff within their commands are aware of their objectives relevant to their work. In addition, they acknowledge their responsibility for developing and maintaining effective internal controls to provide reasonable assurance of achievement of these objectives. They provide me with specific details of actions taken in various areas of control.

I, in turn have supplied the DAERA Accounting Officer with an Agency level Stewardship Report which reports on the governance arrangements in place and that these are being applied appropriately and robustly.

The Agency uses the service provided by DAERA Internal Audit, which operates to standards defined in the Public Sector Internal Audit Standards. The terms of reference given to Internal Audit is focused on 'principal risks' identified along with a range of corporate governance issues. Their annual report includes an opinion on the adequacy and effectiveness of the Agency's system of corporate governance, risk management, and internal control processes, together with recommendations for improvement.

Accountability Report

REMUNERATION & STAFF

In summary, my review of the effectiveness of the Agency's systems of internal control relies upon the Directors' Stewardship Reports and the roles carried out by the FSMB, the Audit Risk and Assurance Committee (ARAC), other FSMB committees, the Northern Ireland Audit Office, Internal Audit and the Soil Association.

In overall terms, I am satisfied that the Agency's internal control systems provide reasonable assurance that all risks relating to the achievement of our policies, aims and objectives are being managed effectively.

Quality of the data used by the Forest Service Management Board

I rely on the FS ARAC to assure the FSMB that delivery of the Agency's activities is adequate and appropriate in light of both known and emerging risks so ensuring high-level information on risk and control is brought to my attention to assist me in identifying priorities for action. I am further assured as to data quality by the professional competence of audit personnel including the Soil Association and by their systems and processes, and by the processes to prepare and present papers for FSMB meetings. Directors are required to provide written reports to each FSMB meeting covering progress with key and supporting targets, internal controls, and resource and risk management.

Disclosure of information

I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

Data Handling

Directors governance statements provide assurance that sound records management practices are in place that ensure the appropriate creation, maintenance, and disposal of important information held in paper and electronic formats. Information and information systems as assets are carefully controlled with restricted access provided as appropriate to undertake tasks. The NICS information management systems provide full audit functionality to minimise and track information risk. Procedures for the management of data breaches are documented in the Agency's Data Breach Management Plan which is kept under review and refreshed accordingly. There were no incidents of data breach reported during the year.

Risk Management

The nature of risks to be managed by the Agency relate to its organisation, structure, achievement of in-year targets, the long-term sustainability of the forest resource and how this is used by forest visitors, the prevention of plant pest introduction and management of any plant disease outbreaks.

The FSMB leads the risk management process supported by its Governance Committee and assured by FS ARAC. A risk register underpins the Agency's risk management plan and is routinely reviewed by the Governance Committee and ARAC. Ownership of individual risks rests with Directors who ensure that individual staff are able to manage risk in a way appropriate to their authority and duties. Risks that are elevated to the Department's risk register are monitored by the FSMB reported via the Department's risk management structures.

Accountability Report

REMUNERATION & STAFF

The Agency's risk profile includes managing direct risks to staff, contractors and the public. The Agency adopts a duty of care to forest users and has procedures for defining safety arrangements for the protection of users in the vicinity of forestry operations. Those using forests for recreation purposes that require special permission for their activities are required to carry out their own risk assessments.

The main business risks within the Forest Service risk profile are:

- entry and spread of serious plant disease,
- the impact of a collapse of the Northern Ireland timber market or loss of major customers and,
- in the longer term, loss of productivity of plantations due to pests and disease, storm damage, fire, and loss of nutrients in the soil.

The immediate risks to delivery of the Agency business plan are included in the Agency's Risk Register (see overview above) and the wider Department's Corporate Risk Register, as appropriate.

Business risk is managed at a strategic level and through emergency and contingency planning processes, the implementation of long-term timber supply contracts, and sharing knowledge about the growing stock with major customers. The Agency emergency fire plan, serious plant pest plan and exotic pests plan have been refreshed and sit under the Department's Major Emergency Response Plan.

Experienced managers throughout the Agency manage risks through a process of inspection and review and plans are modified to take account of risks in the delivery of business objectives.

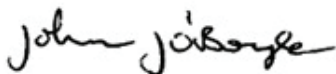
During the year, the work of the Agency focused on the risks relating to the health and safety of visitors to our forests and staff, diseases affecting crops and trees, those affecting timber sales, and stewardship of financial resources and assets including National and EU grant funds.

Governance Summary

I am content that the Agency is in compliance with the principles of good governance set out in the 2017 Corporate Governance Code for central government departments. The following arrangements are in place:

- I have two NEMs to support the Executive members on the Agency Management Board and I have access, through the DAERA Permanent Secretary, to leadership, expertise, and guidance from the DAERA Board membership.
- My Director of Corporate Services is responsible for finance, human resources, communications, and governance and accountability processes generally. This member supervises professionally qualified accountants and draws on the Department in bringing accountancy expertise to the FSMB.

As such, I am satisfied that the FSMB with its support structures, provides collective strategic and operational leadership appropriate to the Agency



JOHN JOE O'BOYLE
Chief Executive
13 October 2020

Accountability Report

REMUNERATION & STAFF

Remuneration Report

Remuneration Policy

The pay policy for the NI public sector, including Senior Civil Service (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the DoF's Permanent Secretary set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 has been finalised but not yet paid. The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Forest Service.

Accountability Report

REMUNERATION & STAFF

Remuneration (including salary) and pension entitlements [Audited]

Officials

	2019-20					2018-19				
	Salary	Bonus Payments	Benefits in kind (to nearest £100)	*Pension benefits (to nearest £1,000)	Total	Salary	Bonus Payments	Benefits in kind (to nearest £100)	*Pension benefits (to nearest £1,000)	Total
	£'000	£'000			£'000	£'000	£'000			£'000
Mr JJ O'Boyle (Chief Executive)	70-75	0	0	12,000	80-85	70-75	0	0	63,000	130-135
Mr J Crummie (Director of Plant Health)	60-65	0	0	23,000	85-90	55-60	0	0	20,000	75-80
Mr M McAuley (Head of Corporate Services) Until 14 Dec 18	0	0	0	0	0	35-40 (50-55 FYE)	0	0	2,000	35-40
Mr G Bell (Head of Corporate Services) 01 Apr – 31 Dec 20	35-40 (50-55 FYE)	0	0	69,000	105-110 (FYE 120-125)	40-45	0	0	11,000	50-55
Mr D Larkin (Head of Corporate Services) 01 Jan – 31 Mar 20	10-15 (50-55 FYE)	0	0	4,000	15-20 (FYE 50-55)	0	0	0	0	0
Mr B McMaster Non-Executive Director	5-10	0	0	0	5-10	0-5	0	0	0	0-5

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decreases due to a transfer of pension rights.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex gratia payments.

Accountability Report

REMUNERATION & STAFF

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.

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2019-20 and the comparative bonuses reported for 2018-19 relate to the performance in 2018-19.

Pay multiples [Audited]

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 in Forest Service in the financial year 2019-20 was £70-75k (2018-19 £70-£75k). This was 2.7 times (2018-19: 2.6 times) the median remuneration of the workforce, which was £27,085 (2018-19 £27,818).

	2019-20		2018-19
Band of highest paid Directors total remuneration	£70-75k	Band of highest paid Directors total remuneration	£70-75k
Median total remuneration	£27,085	Median total remuneration	£27,818
Ratio	2.7	Ratio	2.6

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.

Non-Executive Members (NEMs)

One Non-Executive Member received remuneration for their position as a NEM at a rate of £506.25 per day. The time commitment for a NEM is expected to be in the region of 10 days per year.

Accountability Report

REMUNERATION & STAFF

Pension Entitlements [Audited] Officials

	Accrued pension at pension age as at 31/3/20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr JJ O'Boyle (Chief Executive)	30-35 plus lump sum of 95-100	2.5 -5 plus lump sum of 0-2.5	751	738	12	0
Mr J Crummie (Director of Plant Health)	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 2.5-5	614	591	23	0
Mr G Bell (Head of Corporate Services) 1 Apr – 31 Dec 19	20-25 plus lump sum of 50-55	2.5-5 plus lump sum of 5-7.5	444	377	60	0
Mr D Larkin (Head of Corporate Services) 1 Jan – 31 Mar 20	5-10	0-2.5	95	93	2	0

In some cases, the real increase in CETV and the pension benefits accrued for the single total figure of remuneration can be negative – that is, there can be a real decrease. This is particularly likely to happen during periods of pay restraint and/or where inflation is higher than pay increases.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Accountability Report

REMUNERATION & STAFF

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha
From	To	From 01 April 2020 to 31 March 2021
£0	£23,999.99	4.6%
£24,500.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00 and above		8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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 their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in **alpha** is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website: www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni

Accountability Report

REMUNERATION & STAFF

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 CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential 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 effectively 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

In some cases, the real increase in CETV and the pension benefits accrued for the single total figure of remuneration can be negative – that is, there can be a real decrease. This is particularly likely to happen during periods of pay restraint and/or where inflation is higher than pay increases.

Compensation for loss of office

No compensation payments were made or due to any of the senior management of DAERA under Civil Service Compensation Scheme (NI) (CSCS (NI)) in the year ending 31 March 2020 or 31 March 2019.

Accountability Report

REMUNERATION & STAFF

STAFF REPORT

Number of SCS staff by band

The Forest Service Chief Executive, at Grade 5, is the organisation's only Senior Civil Servant.

Staff Costs [Audited]

Staff costs comprise:

			2019-20 £000	2018-19 £000
	<i>Permanently employed staff</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
Wages and Salaries	5,878	50	5,928	6,145
Social Security Costs	620	0	620	601
Other Pension Costs	1,703	0	1,703	1,241
Total net costs	8,201	50	8,251	7,987

Of which:

Charged to Administration	Nil	Nil
Charged to Programme	8,251	7,987

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but DAERA is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £1,703,310 were payable to the NICS pension arrangements (2018-19 £1,241,393) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

This change is primarily due to the reduction in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate (as announced at Budget 2018) to 2.4% per annum above the Consumer Price Index (CPI). The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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 £nil (2018-19 £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-19, 8% to 14.75%) of pensionable pay.

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Contributions due to the **partnership** pension providers at the reporting period date were £NIL. Contributions prepaid at that date were £NIL.

There was one early retirement on ill-health grounds during the year (2018-19: nil) and additional pension liabilities of £944 accrued in the year (2018-19: £nil)

Average Number of Persons Employed

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

			2019-20 Number	2018-19 Number
	Permanent staff	Others	Total	Total
Industrial	93.84	4.75	98.59	99.38
Non Industrial	98.75	2.00	100.75	105.37
Total	192.59	6.75	199.34	204.75

Exit packages – summary data [Audited]

There were no exit packages during 2019-20.

Staff composition (Male and Female – SCS, Directors, and employees)

The Forest Service Management Board comprises the Chief Executive (male), 4 Executive Directors (male) and 2 non-Executive Members (2 male).

Of the 210 current members of staff, 33 are female (27 non-industrial and 6 industrial).

	G5	G6	G7	DP	SO	EO1	EO2	AO	AA	IND	TOTAL
Female	0	0	1	2	6	6	6	6	0	6	33
Male	1	0	3	12	20	41	2	2	0	96	177
	1	0	4	14	26	47	8	8	0	102	210

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

Sickness absence data

Robust absence management policy and procedure is adopted by the Agency to ensure that the reasons for absence are quickly understood and are addressed with HR partners and with medical professionals when necessary. The desired outcome in all cases is to assist and support staff to return to work as soon as possible.

The number of days lost per staff member, calculated as total absence divided by the number of staff, was 5.9* (*Estimated Working Days Lost per Staff Year for 2019/20, an improvement on last year's figure of 6.8. For staff unable to return to work we fully supported recommendations from our HR partners to facilitate retirements. Short term absence rates remained within target.

Staff policies applied re employment of disabled people

Forest Service staff members are civil servants and are covered by all NICS HR policies.

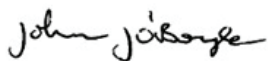
Expenditure on consultancy

The Agency had no external consultancy expenditure during the year.

Off-payroll engagements

The Agency had no off-payroll engagements during the year.

	Forest Service Agency
No. of off payroll engagements of FSMB Members, and or senior officials with significant financial responsibility, during the financial year.	0
Total no of individuals on payroll and off payroll that have been deemed "FSMB Members and or Senior Officials with significant financial responsibility," during the financial year. This figure should include both on payroll and off payroll engagements.	6



JOHN JOE O'BOYLE
Chief Executive
13 October 2020

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

Regularity of Expenditure *[Audited]*

As Forest Service's Accounting Officer I am content that the expenditure and income of my Agency have been applied to the purposes intended by the NI Assembly. Furthermore I am content that the Agency's transactions are within the scope of the authorities that govern them, and that there are no material weaknesses in the design and implementation of the Agency's internal controls to prevent and detect fraud.

A breakdown of losses incurred during the year can be found at Note 23 to the Financial Statements.

Fees and Charges *[Audited]*

The Agency is required to review the services that it provides and supply a detailed Memorandum Trading Account (MTA) detailing forecast income and expenditure in support of the charging proposals for schemes/services.

The main activity that attracts a charge is timber sales, recreation; both commercial and non-commercial and Plant Health Inspection fees.

The financial objective of Commercial Recreation and Plant Health Inspection fees is full cost recovery. However in the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short term objective is to recover at the maximum level that the market will bear.

The financial objective of timber sales is the sale of approximately 400,000 cubic metres annually to the timber industry at market value through the arrangement of Long Term Contracts, Tender Sales or Negotiated Sales.

A breakdown of the income and expenditure for each activity can be found at Note 3 to the Financial Statements.

Remote Contingent Liabilities *[Audited]*

The Agency has no remote contingent liabilities as at 31 March 2020.

Departure of the UK from the EU

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020. Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations.

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

Long Term Expenditure Trends

The chart below illustrates the Forest Service Income and Expenditure for Forestry and Plant Health programmes over the last 5 Financial Years.

5 Year Income & Expenditure Trend



*Programme Costs and Operating Income figures include Grant Income & Expenditure.
Programme Costs exclude Non Cash and Notional Costs as well as Revaluation adjustments.*

As we approach the end of the EU Exit transition period and as the economy seeks to recover from the effects of the Covid-19 outbreak the impact on future timber prices remains uncertain.

JOHN JOE O'BOYLE
Chief Executive
13 October 2020

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Forest Service Agency (FSA) for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Corporate Governance report, Remuneration Report and Staff 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 the Forest Service Agency's affairs as at 31 March 2020 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Emphasis of Matter

I draw attention to Note 7.1 of the financial statements, which describes the material valuation uncertainties for Land and Buildings due to the consequences of the COVID-19 pandemic. My opinion is not modified in respect of the matter.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly 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 (UK) (ISAs) 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 this certificate. My staff and I are independent of the Forest Service Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Forest Service Agency's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Forest Service Agency has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Forest Service Agency's ability to continue to adopt the going concern basis.

Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. 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.

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Respective responsibilities of the Chief Executive as Accounting Officer

As explained more fully in the Statement of Accounting Officer Responsibilities, the Chief Executive as 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 (Northern Ireland) 2001.

My objectives are to obtain 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.

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

In addition, 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

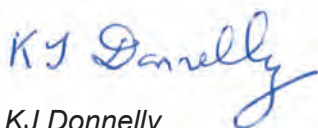
Matters on which I report by exception

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
- the financial statements and the parts of the Governance Statement, Remuneration Report and Staff Report to be audited are not in agreement with the accounting records; 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 Department of Finance's guidance.

Report

I have no observations to make on these financial statements



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

27 October 2020



Slieve Gullion Forest, County Armagh

Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2019-20 £000	2018-19 £000
	Note		
Total Operating Income			
EU Income	2	(1,129)	(1,193)
Operating Income	2	(12,680)	(10,356)
Total Operating Income		(13,809)	(11,549)
Operating Expenditure			
Staff Costs	4	8,251	7,987
Grants	4	1,562	1,661
Other Operating Expenditure	4	5,268	5,238
Non-Cash Items	4	3,694	3,021
Revaluation	4	(14,437)	(16,539)
Total Operating Expenditure		4,338	1,368
Net expenditure / (surplus) for the year		(9,471)	(10,181)

All income and expenditure is derived from continuing operations.

Other Comprehensive Net Expenditure:

Net (gain) / loss on revaluation of Property, Plant and Equipment	7.1, 12	29,584	(8,696)
Net (gain) / loss on revaluation of Intangible Assets	8.1	(39)	(1)
Comprehensive Net Expenditure/ (Surplus) for the year		20,074	(18,878)

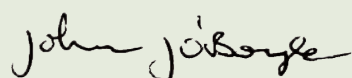
The notes on pages 59 to 80 form part of these accounts.

Accounts

Statement of Financial Position as at 31 March 2020

This statement presents the financial position of Forest Service. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		2019-20 £000	2018-19 £000
	Note		
Non-current assets:			
Heritage assets	6	1,167	1,167
Property, plant and equipment	7	92,875	126,460
Intangible assets	8	622	572
Biological assets	10	231,635	213,419
Total non-current assets		326,299	341,618
Current assets:			
Assets classified as held for sale	11	1,535	1,198
Inventories	14	47	55
Trade and other receivables	15	3,481	1,924
Cash and cash equivalents	16	93	73
Total current assets		5,156	3,250
Total assets		331,455	344,868
Current liabilities:			
Trade and other payables	17	(1,459)	(1,778)
Provisions	18	(1,189)	(236)
Total current liabilities		(2,648)	(2,014)
Total assets less current liabilities		328,807	342,854
Taxpayers' equity and other reserves:			
General fund		291,987	276,123
Revaluation reserve		36,820	66,731
Total equity		328,807	342,854



JOHN JOE O'BOYLE
Accounting Officer
13 October 2020

The notes on pages 59 to 80 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Agency during the reporting period. The statement shows how the Agency generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Agency. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Agency's future public service delivery.

		2019-20 £000	2018-19 £000
	Note		
Cash flows from operating activities			
Net operating expenditure		9,471	10,181
Adjustments for non-cash transactions	4	(10,743)	(13,548)
(Increase) / Decrease in trade and other receivables	15	(1,557)	695
(Increase) / Decrease in inventories	14	8	(2)
Decrease in trade and other payables	17	(319)	(196)
Use of provisions	18	(9)	(48)
Net cash outflow from operating activities		(3,149)	(2,918)
Cash flows from investing activities			
Purchase of non-financial assets	7	(1,417)	(1,206)
Purchase of intangible assets	8	(37)	(5)
Proceeds from disposal of non-financial assets	4, 7	60	20
Net cash outflow from investing activities		(1,394)	(1,191)
Cash flows from financing activities			
Funding from Parent Department		4,563	4,178
Net financing		4,563	4,178
Net increase in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		20	69
Cash and cash equivalents at the beginning of the period	16	73	4
Cash and cash equivalents at the end of the period	16	93	73

The notes on pages 59 to 80 form part of these accounts.

Accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by Forest Service, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of an Agency, to the extent that the total is not represented by other reserves and financing items.

	General Fund	Revaluation Reserve	Taxpayers' Equity
	£000	£000	£000
	Note		
Balance at 31 March 2018	259,624	58,685	318,309
Net Assembly Funding – drawn down from DAERA	4,178	-	4,178
Comprehensive Net Expenditure for the year – Net surplus / (deficit)	10,181	-	10,181
Non-cash adjustments	7.2, 8.2	8,697	8,697
Non-cash charges – other notional costs	5	-	1,469
Non-cash charges - auditors remuneration	5	-	20
Transfers between reserves	651	(651)	-
Balance at 31 March 2019	276,123	66,731	342,854
Net Assembly Funding – drawn down from DAERA	4,563	-	4,563
Comprehensive Net Expenditure for the year – Net surplus / (deficit)	9,471	-	9,471
Non-cash adjustments	7.1, 8.1	(29,545)	(29,545)
Non-cash charges – other notional costs	5	-	1,443
Non-cash charges - auditors remuneration	5	-	21
Transfers between reserves	366	(366)	-
Balance at 31 March 2020	291,987	36,820	328,807

The notes on pages 59 to 80 form part of these accounts.

Notes to the Agency's Accounts

1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2019-20 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS's) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Forest Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Forest Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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, intangible assets, biological assets and certain financial assets and liabilities.

1.2 Property, plant and equipment

Capitalisation

Expenditure on property, plant and equipment of over £5,000 is capitalised. Within DAERA the grouping of computer equipment in respect of items falling below this threshold has also been undertaken.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as "under construction" are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset that meets the criteria in compliance with IAS 16 is capitalised; otherwise it is expensed.

Valuation

Buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of buildings are undertaken every five years, with the valuations used in these accounts provided by Land and Property Services (LPS) as at 1 April 2019. Buildings are revalued annually, between professional valuations, using indices provided by LPS. From 1 April 2012 the Agency's buildings have been revalued using the Building Cost Information Service (BCIS) index provided by LPS. In prior years the index used to revalue buildings was the One-Percent Price Index (OPI) as provided by the Office for National Statistics.

Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

Land forms part of the Combined Asset Valuation (CAV) of forestry land and timber thereon and is valued annually by LPS. The fair value for the land is calculated by deducting the fair value of the timber from the CAV. All valuations have been carried out by LPS in accordance with the current edition of the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV).

Accounts

The value of trees grown for commercial purposes is included in non-current assets at a fair value basis less estimated selling costs. The fair value is determined by applying the present value of expected net cash flows from the asset (future revenues based on the sale of mature timber), discounted at a current market determined pre-tax rate to calculate the fair value of the timber asset at any point in time. Revaluations are directly charged to the Statement of Comprehensive Net Expenditure.

For property occupied, but not owned or leased by the Agency a notional charge for accommodation costs is included in the Statement of Comprehensive Net Expenditure.

Assets under construction are carried at cost.

Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS).

Depreciation

Depreciation is charged on a straight line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful life. The useful lives, which are reviewed regularly, and are aligned with the parent department's policy in 2019-20 are:

Plant, machinery, equipment and computers	3 – 40 years
Motor vehicles	5 – 15 years
Buildings	10 – 75 years

Land at Baronscourt is being handed back to its owner in stages up to the year 2024, therefore depreciation is charged over the period. There is no depreciation charge on the Agency's own land.

Heritage Assets will be maintained in perpetuity and consequently have not been depreciated.

Assets under construction are not depreciated until they are commissioned.

1.3 Intangible Assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model.

Land Rights

Land rights (shooting and turbarry rights) are valued every 5 years by a professional valuer. The valuation of land rights used in these accounts were provided by the Land and Property Services (LPS) as at 1 April 2019 in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). There is no in-year amortisation charge as the life span is land- based and therefore assumed to be infinite.

Software Licences

Purchased computer software licenses are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition, similar licenses falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licenses is restated at fair value at the Statement of Financial Position date in accordance with the movement in the Retail Price Index (RPI). Software licenses are amortised over their expected useful life, which can be from 1 to 7 years, depending on the license.

Developed Software

Developed Software is a combination of automated digital data collection facilities including that used for vehicle and inspection management as well as independently commissioned reports on the

usage of the forests. These are amortised over the expected useful life of the asset, which can be from 1 to 15 years.

1.4 Biological Assets

Biological assets include all forested areas where there is potential to recover timber, regardless of whether timber production is a primary objective, excluding natural reserves. The extent of forest area is maintained on an electronic database.

The age and expected volume at harvest is derived from an ongoing programme of forest inventory measurement and applied to a series of timber yield models. The age of Maximum Mean Annual Increment (MMAI) is an industry convention used as the most appropriate method of assessing when a plantation is mature. The actual date of harvest may differ for a variety of reasons, aimed at evening out the rate of timber supply and ensuring the continuing supply of forest services other than timber.

In the absence of an active market for the sale of immature plantations in Northern Ireland, the volume of trees is included in non-cultivated assets on a fair value basis less estimated selling costs.

The fair value is determined by applying the present value of expected future net cash flows from the asset discounted at a market determined pre-tax rate to calculate the current fair value of the timber estate in its present form. Future revenues are based on active market information for the sale of mature timber. Costs to sell are those associated with measurement for timber sales, supervision of harvesting operations, infra-structure to facilitate harvesting access and costs to market the timber. Forest Service has determined that the appropriate interest rate is 5%.

All income and costs are annualised over the previous five years using the Gross Domestic Product (GDP) Inflation Series published by the Office of National Statistics(ONS) to exclude the influence of short term fluctuations in trading prices.

Revaluations are charged directly to the Statement of Comprehensive Net Expenditure, with timber held for sale disclosed as a current asset.

1.5 Heritage Assets

Forest Service received 75% funding from the European Commission (EC) to construct a Peace Maze in Castlewellan Forest Park. This has been included in the Statement of Financial Position as a Heritage Asset.

Forest Service replaced the walkway in Glenariff Forest Park reflecting its historical value in providing access to and recreational use of the forest. This is included in the Statement of Financial Position as a Heritage Asset.

Heritage assets are recorded at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated. Both heritage assets are operational.

1.6 Non-Current Assets reclassified as Current Assets held for Sale

The Agency classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets that are held for sale are valued on the basis of open market value less any material directly attributable selling costs and are reclassified as current assets held for sale. Current assets held for sale are regularly

Accounts

reviewed to ascertain whether they continue to meet the above criteria. Where a current asset held for sale no longer meets the criteria, the asset is reclassified as a non-current asset.

1.7 Inventories

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

1.8 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

Where the time value of money is material, contingent liabilities, which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.9 Provisions

The Agency provides for present legal and constructive obligations, which are of an uncertain timing, or amount at the Statement of Financial Position 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 cash flows are discounted using the real rate set by HM Treasury.

Legal claims and other provisions are provided for at the full assessed amount in each case.

DAERA is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. DAERA provides in full for the cost of meeting these payments in respect of early retirement programmes at the time that a liability is created.

1.10 Revenue recognition

In line with IFRS 15 the Agency recognises its income as either Revenue from contracts with customers or other operating income. Revenue from contracts with customers is income that relates directly to operating activities of the Agency and comprises fees and charges to be recovered for services provided to external customers for the sale of timber. It includes the agencies accruing resources. Other operating income is income received from the European Union under the Common Agricultural Policy for Peace and Reconciliation and other EU initiatives.

1.11 Grants payable and EU funding

Grants payable to individuals and bodies are accounted for as they are approved for payment. No provision is made in the financial statements for grant offers made but not yet approved for payment.

Forestry grant schemes for the creation of new woodland, the restocking of previously felled areas and the management of existing mature and semi-mature woodlands are co-funded by the European Agricultural Fund (EAF). Once grants become recognised, contributions from the EU are claimed.

If grants are subsequently recovered because of the failure to fulfill the condition of the relevant woodland grant scheme, the amount of co-financing may be repayable to the EU.

1.12 Administration and Programme Income and Expenditure

The Statement of Comprehensive Net Expenditure shows only programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury and adopted by the Department of Finance for Northern Ireland.

All of the Agency's income and expenditure relates directly to service delivery and as such is designated as programme.

1.13 Employee Benefits including Pension Costs

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes(PCSPS)[NI]. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

Short-term employee benefits

Under the requirements of IAS 19 Employee Benefits , staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been derived by using a specific report run from HR Connect which calculates the year end balance using actual leave balances on the system.

1.14 Functional Currency / Foreign Exchange / Roundings

The functional currency is Sterling and, except where otherwise stated, figures have been rounded to the nearest thousand pounds.

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Balances at the year end are restated using the exchange rate on 31 March, as provided by Account NI, and any exchange gain or loss is treated as income or expenditure.

1.15 Value Added Tax

The Forest Service is registered for VAT. In order to comply with government accounting regulations and normal commercial practice, income and expenditure shown in the Statement of Comprehensive Net Expenditure is net of VAT.

Any VAT due to or from HM Revenue and Customs at the year end is included in the accounts as a receivable or payable in the Statement of Financial Position. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure in the year in which it is occurred.

1.16 Taxation

No taxation is chargeable on the financial results of the Agency.

1.17 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is de-recognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is de-recognised when, and only when, it is extinguished.

The Agency has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with “*IFRS 9 Financial Instruments*” trade receivables, cash and other receivables are classified as ‘loans and receivables’. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost less any expected loss.

The Agency assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. With the adoption of IFRS 9 the Agency has moved to an expected credit loss model based on historical write off projected forward..

The Agency measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.18 Related Party Transactions

The Forest Service is an executive agency of the Department of Agriculture, Environment and Rural Affairs. DAERA is regarded as a related party. During the year, Forest Service has had various material transactions with DAERA and with other entities for which DAERA is regarded as the parent Department.

In addition, Forest Service has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with Northern Ireland departments, their executive agencies and arms length bodies.

Accounts

In terms of related party interests of the Agency's officials, in the interests of transparency the Agency considers it necessary that its top managerial officials and members of the Forest Service Management Board (FSMB) declare all of the following: -

- i) Any interests in Forest Service other than through the normal relationship of employee / employer, e.g. receipt of grants for woodland expansion;
- ii) Any interest in any body with which Forest Service has dealings including membership of Boards of those bodies even when such membership is part of the officer's job; and
- iii) Any such interest held by a close family member.

1.19 Segmental Reporting

Under IFRS 8, the Agency has one operating segment whose results are regularly reviewed by the Accounting Officer to make decisions about resources to be allocated to the segment and assess its performance. The operating aim of the Agency is to promote forestry and enhance plant health for a thriving and sustainable rural economy, community and environment to promote social and economic equality.

1.20 Critical accounting estimates and key adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience. Land and Timber and Buildings have been valued by an external advisor and have been undertaken having regard to International Financial Reporting Standards (IFRS) and International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. These include estimates of growth, sales price and costs. Forest service have made an estimation of the useful economic lives of property, plant and equipment and Intangible assets. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable. These estimates are discussed in notes 1.2 to 1.5 above.

1.21 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2020

The Agency has reviewed the standards, interpretations and amendments to published standards that became effective during 2019-20 and which are relevant to its operations. The Agency anticipates that the adoption of these standards will have no material impact on the Forest Service's financial position or results of operations.

1.22 Impending application of newly issued accounting standards not yet effective

IFRS 16 Leases supersedes IAS 17 Leases and, for public sector entities applying the FReM, is effective from 1 April 2021. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases with a term greater than 12 months, largely eliminating the current 'off-balance sheet' treatment of operating leases under IAS 17.

Accounts

2. Income

	2018-19	2017-18
	£000	£000
Income from contracts with customers:		
Timber Sales	10,833	8,727
Other Forest Products	54	47
Recreation	1,128	1,052
Rentals	570	449
Other Activities	95	81
	12,680	10,356
Other Operating Income		
EU Income	1,129	1,193
Total	13,809	11,549

3 Business Activities Attracting Fees and Charges

The purpose of this note is to provide fees and charges information:

- i) Commercial Recreation encompasses camping and caravanning, as well as game shooting.
- ii) Non-Commercial Recreation refers to visits to all of our forests. Entrance charges are only levied for 5 Forest Parks.
- iii) The financial objective of Commercial Recreation is full cost recovery. However in the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short term objective is to recover at the maximum level that the market will bear.
- iv) Plant Health Inspection Branch charge fees for Potato Growing Crop and Tuber Inspections. These relate to costs for inspections carried out under the Seed Potato Certification Scheme.
- v) Timber sales refers to the sale of timber from the forest estate to customers, through the arrangement of long-term contracts, tender sales or negotiated sales.

	2019-20			2018-19		
	Income	Cost	Surplus / (Deficit)	Income	Cost	Surplus / (Deficit)
	£000	£000	£000	£000	£000	£000
Timber Sales	10,833	1,276	9,557	8,727	1,261	7,466
Commercial Recreation	539	406	133	394	379	15
Non-Commercial Recreation	589	1,208	(619)	658	1,354	(696)
Potato Growing Crop and Tuber Inspections	49	62	(13)	39	49	(10)
Total	12,010	2,952	9,058	9,818	3,043	6,775

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4. Programme Costs

		2019-20	2018-19
		£000	£000
	Note		
<u>Grant Payments</u>			
National element		433	468
EU element		1,129	1,193
		1,562	1,661
<u>Staff Costs</u>			
Wages and Salaries		5,928	6,145
Social Security Costs		620	601
Other Pension Costs		1,703	1,241
		8,251	7,987
<u>Other Expenditure</u>			
Contracted out services		2,461	2,297
Other costs		790	797
Plants and horticultural consumables		466	528
Staff related costs		376	386
Fuel costs		291	288
Equipment costs		242	190
Accommodation costs		233	261
Office services		155	154
Professional costs		150	196
Rentals under operating leases		95	139
Non-capital purchases		9	2
		5,268	5,238
<u>Non-cash items</u>			
Depreciation	7	1,242	1,522
Amortisation	8	26	22
Liability provisions provided for / (released) in year	18	962	(33)
Bad debts written off		-	21
Notional charges	5	1,464	1,489
		3,694	3,021
<u>Other non-cash items</u>			
Revaluation - Timber	12	(18,553)	(16,437)
Revaluation - Other assets	7	4,116	(102)
		(14,437)	(16,539)
Total Programme Costs		4,338	1,368

4. Programme Costs (cont.)

Grant Payments

The total of grant payments for 2019-20 included £NIL paid to public bodies (2018-19: £NIL) and £1,562,037 (2018-19: £1,661,476) paid to private sector recipients.

Growing Timber Revaluation

Included within Programme Costs is the movement in the fair value of the biological growing timber asset, which is explained in more detail at Note 10.

Staff Costs

Further analysis of staff costs is located in the Staff Report within the Accountability Report.

5. Notional Costs

	2019-20	2018-19
	£000	£000
<i>Services provided by parent department:</i>		
Central Support	801	843
Total	801	843
<i>Services provided by other departments:</i>		
DoF Accommodation	248	274
NICS HR	115	95
Business Development Service	-	-
Departmental Solicitor's Office	60	37
Account NI	53	47
IT Assist	166	173
Auditor's remuneration and expenses	21	20
VLA Valuation fees	-	-
	663	646
Total Notional Costs	1,464	1,489

Notional Costs

Notional Costs relate to services received for which no actual payment is made. They are included in the accounts so as to reflect the full economic cost of provision.

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6. Heritage Assets

6.1 2019-20

Cost or valuation

At 1 April 2019

At 31 March 2020

Carrying amount at 31 March 2020

Carrying amount at 31 March 2019

Heritage Assets	
£000	
	1,167
	1,167
	1,167
	1,167

The Agency's heritage assets comprise the Peace Maze at Castlewellan Forest Park and Glenariff Walkway. They are recorded at historical cost and are maintained in perpetuity, and consequently are not depreciated.

6.2 2018-19

Cost or valuation

At 1 April 2018

At 31 March 2019

Carrying amount at 31 March 2019

Carrying amount at 31 March 2018

Heritage Assets	
£000	
	1,167
	1,167
	1,167
	1,167

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7. Property, Plant and Equipment

7.1 2019-20

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2019	113,696	12,524	6,855	619	282	133,976
Additions	-	709	424	190	94	1,417
Disposals	-	-	(351)	-	-	(351)
Reclassifications & transfers	50	(247)	478	-	(281)	-
Revaluations through SoCNE	(3,536)	(705)	-	-	-	(4,241)
Revaluations through Reserves	(30,124)	(1,267)	141	-	-	(31,250)
At 31 March 2020	80,086	11,014	7,547	809	95	99,551
Depreciation						
At 1 April 2019	515	2,559	4,114	328	-	7,516
Charge in year	93	610	407	132	-	1,242
Disposals	-	-	(291)	-	-	(291)
Reclassifications & Transfers	-	(52)	52	-	-	-
Revaluations through SoCNE	-	(125)	-	-	-	(125)
Revaluations through Reserves	(608)	(1,114)	56	-	-	(1,666)
At 31 March 2020	-	1,878	4,338	460	-	6,676
Carrying amount at 31 March 2020	80,086	9,136	3,209	349	95	92,875
Carrying amount at 31 March 2019	113,181	9,965	2,741	291	282	126,460
Asset financing:						
Owned	80,086	9,136	3,209	349	95	92,875
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2020	80,086	9,136	3,209	349	95	92,875

Forest Service land forms part of the Combined Asset Valuation (CAV) of forestry land and timber thereon and is valued annually by Land Property Services (LPS). The fair value for the land is calculated by deducting the fair value of the timber (as calculated per note 1.4) from the CAV. All valuations have been carried out by LPS in accordance with the current edition of the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV).

- The combined asset value of land and timber on the forest estate at 31 March 2020 of £311.7m is 4.6% down on 2019 (£326.6m). Within this combined asset value the timber has been valued at £231.6m (note 10), an increase of 8.5% on 2019 value of £213.4m and the Land at £80.1m (note 7.1 above), a 29.2% decrease on 2019 value of £113.2m.

This valuation incorporates a 3% reduction in the primary asset class valuation by LPS to reflect market conditions and the ongoing changes to the public forest estate from the felling and supply of mature

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timber to customers and the associated re-establishment. The timber component increased in value by 8.5% based on the cash value of timber harvested (less costs to sell) and the ongoing increment associated with management of the biological asset.

LPS have advised, that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11th March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of the combined forest estate is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

Forest Service buildings were valued as at 1 April 2019 on an existing use basis by LPS. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

Plant, Machinery and IT assets are capitalised at their cost of acquisition and installation and are restated to current value annually with reference to indices compiled by the Office for National Statistics (ONS).

7.2 2018-19

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2018	105,540	12,518	6,534	602	66	125,260
Additions	-	614	376	-	216	1,206
Disposals	-	(915)	(134)	(36)	-	(1,085)
Impairments	-	-	-	-	-	-
Reclassifications & transfers	-	(39)	-	47	-	8
Revaluations through Reserves	8,156	346	79	6	-	8,587
At 31 March 2019	113,696	12,524	6,855	619	282	133,976
Depreciation						
At 1 April 2018	515	2,729	3,789	237	-	7,270
Charge in year	320	685	398	119	-	1,522
Disposals	-	(915)	(114)	(36)	-	(1,065)
Impairments	-	-	-	-	-	-
Reclassifications & Transfers	-	(5)	-	5	-	-
Revaluations through SoCNE	(320)	65	41	3	-	(211)
At 31 March 2019	515	2,559	4,114	328	-	7,516
Carrying amount at 31 March 2019	113,181	9,965	2,741	291	282	126,460
Carrying amount at 31 March 2018	105,025	9,789	2,745	365	66	117,990
Asset financing:						
Owned	113,181	9,965	2,741	291	282	126,460
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2019	113,181	9,965	2,741	291	282	126,460

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8. Intangible Assets

8.1 2019-20

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
Cost or valuation				
At 1 April 2019	516	15	120	651
Additions	-	31	6	37
Revaluations through Reserves	38	1	1	40
At 31 March 2019	554	47	127	728
Amortisation				
At 1 April 2019	-	2	77	79
Charge in year	-	6	20	26
Revaluations through Reserves	-	-	1	1
At 31 March 2020	-	8	98	106
Carrying amount at 31 March 2020	554	39	29	622
Carrying amount at 31 March 2019	516	13	43	572

Land Rights held by the Forest Service relate to shooting, turbarry rights and wayleaves. They are valued at 5-yearly intervals by the Land and Property Services (LPS), the latest being at 1 April 2019.

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8. Intangible Assets (cont.)

8.2 2018-19

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
Cost or valuation				
At 1 April 2018	516	14	112	642
Additions	-	-	5	5
Revaluations	-	1	3	4
At 31 March 2019	516	15	120	651
Amortisation				
At 1 April 2018	-	-	55	55
Charge in year	-	2	20	22
Revaluations	-	-	2	2
At 31 March 2019	-	2	77	79
Carrying amount at 31 March 2019	516	13	43	572
Carrying amount at 31 March 2018	516	14	57	587

9. Donated Assets

Any assets donated to the Agency have a value below £5,000 and as this is below the threshold they are not capitalised.

There were no donated assets during 2019-20 (2018-19: Nil).

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10. Biological Assets

		2019-20	2018-19
		£000	£000
	Note		
Value at 1 April		213,419	197,444
<i>Revaluation adjustment</i>			
Transfer to assets held for sale	11	(1,535)	(1,198)
Timber removals		(9,536)	(7,728)
Timber lost to fire		(28)	(22)
Price / Growth increment		29,315	24,923
Carrying amount at 31 March		231,635	213,419
Revaluation adjustment:			
Credited / (Charged) to Statement of Comprehensive Net Expenditure	4	18,553	16,437
In-year movement in assets held for sale	11	(337)	(462)
Movement in timber valuation		18,216	15,975

Growing timber is valued as per note 1.4. Timber lost to fire and disease is also valued on the same basis.

Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2019-20 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

Movement in timber valuation

The timber valuation model uses Yield Class as a standard measure of growth productivity to determine at what age a sub-compartment of forest for valuation is mature. The growth productivity of forest areas is derived from an ongoing programme of forest inventory measurement and applied to a series of timber yield models. The age of Maximum Mean Annual Increment (MMAI) is used as the most appropriate method of assessing when a crop is mature.

Actual harvested timber recoveries and annualised market values are used to determine a net value per hectare. A 10.3% increase in the income per harvested hectare combined with a 5.7% increase in costs to sell accounted for the revaluation movement.

The increase in the value of sales at maturity rose to £11,152 / ha (2018-19: £10,112 ha), coupled with an increase in the costs to sell of £1,473 /ha (2018-19: £1,393 ha) accounted for the £18.2 m revaluation movement.

The revaluation movement, except for the movement in the asset held for sale value, is taken directly to the Statement of Comprehensive Net Expenditure.

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11. Current Assets – Assets Classified as Held for Sale

		2019-20	2018-19
		£000	£000
	Note		
Timber			
Opening balance		1,198	736
Additions		1,535	1,198
Disposals		(1,198)	(736)
Closing balance	10	1,535	1,198
Carrying amount at 31 March		1,535	1,198

There are no assets surplus to requirements as at 31 March 2020.

Assets held for sale include timber allocated for sale under contract which has been removed from the forest estate database and not therefore valued as part of the non-current timber asset per note 10. This timber held for sale at year end will be sold in the following financial year and therefore is disclosed as a current asset held for sale valued at the expected sales price.

12. Revaluations

		2019-20	2018-19
		£000	£000
	Note		
Property, Plant & Equipment	4, 7	4,116	(102)
Growing Timber Revaluation	4, 10	(18,553)	(16,437)
Total Revaluation (credit) / charge in year	4	(14,437)	(16,539)

13. Financial Instruments

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

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14. Inventories

	2019-20	2018-19
	£000	£000
Stock	47	55
Balance at 31 March	47	55

15. Trade Receivables and Other Current Assets

	2019-20	2018-19
	£000	£000
Amounts falling due within one year:		
Trade receivables	3,372	1,884
Other receivables	1	-
Prepayments and accrued Income	108	40
Total Receivables at 31 March	3,481	1,924

16. Cash and cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April	92	4
Net change in cash and cash equivalent balances	1	69
Balance at 31 March	93	73
The following balances at 31 March were held at:		
Commercial banks and cash in hand	93	73
Balance at 31 March	93	73

17. Trade Payables and Other Current Liabilities

	2018-19	2017-18
	£000	£000
Amounts falling due within one year:		
Trade payables	197	217
Other payables	23	39
Accruals and Deferred Income	1,085	1,430
VAT	154	92
Balance at 31 March	1,459	1,778

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18. Provisions for liabilities and charges

2019-20

	Legal Claims	Total
	£000	£000
Balance at 1 April 2019	236	236
Provided in the year	962	962
Provisions utilised in the year	(9)	(9)
Balance at 31 March 2020	1,189	1,189

Analysis of expected timing of discounted cash flows

Not later than one year	1,189	1,189
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2020	1,189	1,189

2018-19

	Legal Claims	Total
	£000	£000
Balance at 1 April 2018	317	317
Provided in the year	25	25
Provisions utilised in the year	(48)	(48)
Provisions not required written back	(58)	(58)
Balance at 31 March 2019	236	236

Analysis of expected timing of discounted cash flows

Not later than one year	236	236
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2020	236	236

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18. Provisions for liabilities and charges (cont.)

Legal Claims

Provision has been made for various legal claims against the Agency. The provision reflects all known claims where legal advice indicates that the claim will be successful and the amount of the claim can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. It is assumed that all legal claims will be settled within 12 months.

Legal claims where the legal advice is that the claims are either not probable, or the liability cannot be estimated reliably, are disclosed as contingent liabilities in Note 22.

19. Grant Commitments

The agency has entered into non-cancellable contracts (which are not leases or PFI (and other service concession arrangement contracts) for grants for the creation and management of woodlands which are payable annually in arrears, so long as specific objectives and criteria are met. The payments to which the agency is committed, based upon co-finance rates specified in the 2014-2020 Rural Development Programme (version 7.1 adopted by the EC on 18/12/2019) are as follows:

	2019-20	2018-19
	£000	£000
EU Grant Schemes		
Not later than one year	1,405	1,226
Later than one year and not later than five years	2,145	1,994
Later than five years	1,152	1,268
	4,702	4,488
National Grant Schemes		
Not later than one year	506	461
Later than one year and not later than five years	714	664
Later than five years	384	423
	1,604	1,548
Total EU / National Grant Schemes		
Not later than one year	1,911	1,687
Later than one year and not later than five years	2,859	2,658
Later than five years	1,536	1,691
	6,306	6,036

20. Capital Commitments

There are no contracted capital commitments at 31 March 2020 (2018-19: £NIL).

21 Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2019-20	2018-19
	£000	£000
Land		
Not later than one year	2	2
Later than one year and not later than five years	8	8
Later than five years	174	175
	184	185

Finance leases

The Agency had no finance leases during 2019-20 or 2018-19.

22 Contingent liabilities disclosed under IAS 37

Public Liability Claims

The Agency has 5 ongoing public liability claims at 31 March 2020 (31 March 2019: 5 claims). Due to the serious prejudice that would be caused to the Agency's position in relation to these claims with other parties, full disclosure is not possible.

Court of Appeal judgment on backdated PSNI Holiday Pay:

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector. Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

23. Losses and Special Payments

Losses

	2019-20	Number	2018-19	Number
	£000	of cases	£000	of cases
Forest Fires	28	2	22	2
Fraud / Theft / Vandalism	7	3	6	3
Debt write off	-	-	21	14
Total	35	5	49	19

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