



ANNUAL REPORT

2020 - 2021



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 2021**

*Laid before the Northern Ireland Assembly
Under section 11(3) (c) of the Government Resources
and Accounts Act (Northern Ireland) 2001
by the Department of Agriculture, Environment and Rural Affairs*

on

08 July 2021

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Annual Report
for the year 1 April 2020 – 31 March 2021

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Performance Report

Chief Executive's perspective on performance



I am pleased to present the Forest Service Annual Report and Accounts for the year ended 31 March 2021. This report sets out who we are, how we're organised, what we set out to achieve in the last business year and the Agency's performance and financial statements.

In a year that challenged all of us to work through and recover from the Covid-19 pandemic and to prepare for the end of the EU Exit transition period, the Forest Service 2020/21 Business Plan set 8 key and 14 supporting targets, focussed on the delivery of essential services. I am delighted to report that in the year, the Agency successfully achieved 7 of the key and 13 of the supporting targets reflecting the dedication and commitment of our staff.

In 2020/21 our sustainable forest management practices remained compliant with the UK Woodland Assurance Standard (UKWAS) for which we received independent certification following an audit by Soil Association in February 2021. The certification recognises that our management of the forests ensures sustainability is at the core of what we do and importantly it enables us to continue to secure circa £12 million from timber sales annually. The 2020/21 business year was the Agency's first year operating as a Public Non-Financial Corporation, having received the classification from the Office of National Statistics recognising its level of sustained trading over successive years.

We continued our focus on establishing effective working arrangements with delivery partners to deliver improved recreation and tourism facilities across the Forest Service estate. I am really encouraged by the findings of the independent visitor survey published during the year, which emphasised the growing importance people attach to the use of our forests. The survey highlighted that the number of visits to our forests each year has now reached approximately 9 million, almost double that in 2014. Throughout the Covid-19 pandemic, our forests continue to play an important role in providing access to safer outdoor spaces where people can enjoy the health and well-being benefits.

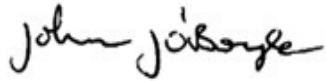
During the year Forest Service has been successful in encouraging private landowners to plant approximately 280 hectares of new woodland and to prepare plans to plant a further 250 hectares on other available public land. We opened the sixth phase of a revised Forest Expansion Scheme in June 2020 and a new Small Woodland Grant Scheme in December 2020, designed to support private landowners to plant native woodlands down to small areas of 0.2 hectares and above. Our planting targets contribute towards the Forests for Our Future programme which is a foundation initiative of the Executive's Green Growth strategy and is aimed at helping achieve the UK Government net-zero carbon target by 2050.

Forest Service's preparations for the end of the EU Exit transition period, on 31 December 2020, included delivery of an extensive Plant Health legislative programme and Official Controls to protect the plant health status of NI. This work was particularly complex due to its dynamic nature and limited timeframes to cater for arrangements emerging towards the end of the period which required implementation from 1 January 2021.

I am particularly proud of the way our staff responded to changes in both the workplace and their

Performance Report

own personal circumstances throughout the year. This is evidenced by their continued and agile delivery of the Agency's essential services and the wider contribution to people's health and wellbeing during this challenging yet successful business year.



JOHN JOE O'BOYLE
Chief Executive
29 June 2021

Non Executive Director's Report

The impact of the UK's decision to leave the EU continues to impact on Forest Service and in particular its Plant Health Division. The prolonged negotiations surrounding the Brexit Transition Agreement, signed on 24 December 2020, placed considerable strain on staff to bring forward associated legislation and to assess the need for, and recruit, additional staff, in particular inspectors to implement plant health controls. The response of Forest Service and agency staff has been commendable. However, the requirements of the Agreement have proven to be challenging and it is important that the ongoing discussions resolve these issues quickly and provide clarity around the delivery of the Official Control Regulations going forward.

Forest Service continues to promote public access to forests through partnership arrangements with local councils. The importance of forests for recreation, health and their contribution to the economy was highlighted in The Northern Ireland Forest Visitor Survey 2019, published in March 2021. This estimated that nearly 9 million visits were made to forests in the Forest Service estate in 2019, resulting in an estimated annual spend, including accommodation, of £172 million. Forests also generate significant environmental benefits and the launch of the Forests for Our Future strategy in 2020, with its pledge to plant 18 million trees by 2030 creating 9,000 hectares (ha) of new woodland, recognises this. Achieving this will be challenging and a significant ongoing key target for the Forest Service.

Workforce planning continues to be an important consideration. A review of Forest Service's Risk Register shows that the achievement of at least four of its objectives are dependent upon having adequate staffing capacity and capability. Although Forest Service has, in conjunction with NICS HR, undertaken a major review of its workforce planning model, it is imperative that the plans and strategies developed to address future challenges, ongoing staff turnover and skills shortages and are implemented effectively.

Despite Covid-19 restrictions, Non-Executive Members (NEMs) have input into these and other areas of Forest Service's activity through online discussions with key executives at the Forest Service Management Board meetings and regular scrutiny of progress and risks at each online Forest Service Audit Risk and Assurance Committee (ARAC) meeting. The former met six times in 2020-21; its agenda included performance and risk management; asset valuation; roundwood production forecasts; health and safety; and business and human resource planning.

The Forest Service ARAC, under the chairmanship of Brandon McMaster, met on four occasions in 2020-21 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 2019-20 accounts and the satisfactory audit opinion presented by Internal Audit in their 2019-20 Annual Opinion and Report.

Brandon McMaster
29 June 2021

Performance Report

OVERVIEW

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 and a Non-Financial Public Corporation from 1 April 2020. 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.

Agency Structure

Throughout the business year, the Agency has operated through 5 divisions.



Performance Report

O V E R V I E W

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 material certification 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 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 to:
 - Supply timber, regenerate and protect forests;
 - Promote public access by maintaining and improving facilities and visitor services through partnership working with local councils and others;
 - Verify sustainable management performance through a process of independent audit against the UK Woodland Assurance Standard; and
 - Determine the sustainability of plantations on peat soils taking account of carbon and climate implications and other ecosystem services they provide.

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OVERVIEW

Vision and Aims for 2020-21

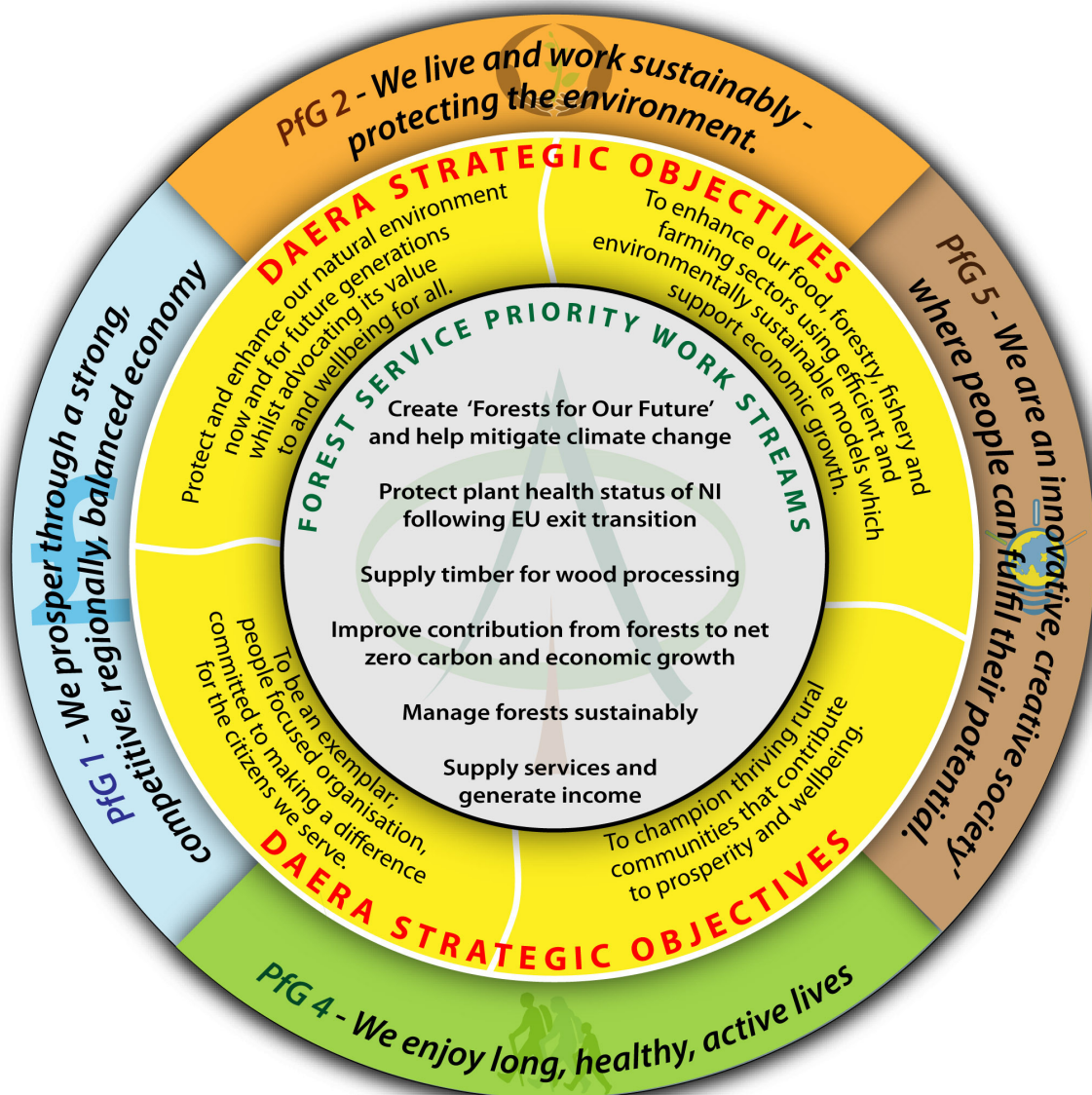
Forest Service's work aligns directly with the Department's vision of:

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

The Agency works collaboratively within DAERA and with others to set priority work streams aligned with the Departments strategic objectives, its vision for 'Green Growth' and its programme delivery in the context of the PfG Strategic Outcomes including:

'We live and work sustainably – protecting the environment',

for which DAERA has lead responsibility. The 2020-21 Business Plan set out actions and key supporting targets to deliver priority work streams over the last business year.



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O V E R V I E W

Risk

A Risk Register has been prepared in line with best practice guidance through which the key risks impacting on the Agency's achievement of Strategic Objectives and Key Targets are assessed. It is reviewed regularly by the Forest Service Governance Sub-Committee and Audit and Risk Assurance Committee and comprises of 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;
- Mitigating actions and progress made on mitigating actions;
- Corresponding Internal Audit recommendation and the progression on recommendation implementation; and
- Designation of the officer responsible for managing and reporting on the actions identified to improve control.

Key risks summary

In October 2020 the Agency moved from a 25 box matrix with risk categories of 'Minor', 'Moderate', 'Significant' and 'Serious' to a 15 box 'Red', 'Amber', 'Green' (RAG) matrix in accordance with the new standardised approach across the Department and its Agencies. The table below sets out key risks to delivering the 2020-21 Business Plan and as held on the register at 31 March 2021. The RAG status highlights the movement of the risk ratings as recommended by the Forest Service Governance subcommittee to the Forest Service Board and as scrutinised by the Forest Service ARAC throughout the year.

Risk	** June 2020	October 2021	February 2021	March 2021
1 Failure to complete Forest Service 2020-21 afforestation targets to contribute to the 2020-30 Afforestation Programme to create 9,000 hectares of new woodland and help mitigate climate change over the next 10 years.	Yellow	Green	Green	Green
2 Failure to supply timber to the Northern Ireland wood using industry whilst maintaining an adequate reserve of growing trees, providing public access to forests and promoting sustainable forestry.	Yellow	Green	Green	Green
3 Failure to obtain income and/or increasing cost base	Yellow	Green	Green	Green
4 Failure to provide duty of care to FS staff, contractors and visitors to our forests.	Yellow	Orange	Green	Green
5 Failure in governance, accountability or information security.	Orange	Green	Green	Green
6 Inadequate development of knowledge base and capacity to deliver forestry programme and effective plant health official controls.	Orange	Orange	Orange	Orange
7 Failure to predict and prevent the introduction and establishment of organism's harmful to plant health, and of significance to industry and the environment & Maintaining Plant Health Biosecurity Under Post EU Exit Transition Arrangements (from 31 January 2020)	Orange	Orange	Orange	Orange

**25 box matrix

Although the overall RAG status of Risk 6 remained 'Amber' throughout the year, mitigating measures were deemed to have successfully reduced the risk from Impact 'H' and Likelihood 'H' to Impact 'H' and Likelihood 'M'.

Although the overall RAG status of Risk 7 remained 'Amber' throughout the year, mitigating measures put in place were deemed to have successfully reduced the risk from Impact 'H' and Likelihood 'VH' to Impact 'M' and Likelihood 'M'.

Performance Report

PERFORMANCE SUMMARY

Performance against targets

A summary of progress against 2020-21 Key and Supporting Targets is shown below. These targets support the delivery of Forest Services Priority Work Streams for the business year with more detail on activities undertaken provided in the Performance Analysis section.

Key or Supporting Target	Outturn 2020-21
<u>Forest Service Priority Work Stream:</u>	
<i>Create 'Forests for Our Future' and help mitigate climate change</i>	
<u>Key Target 1</u> Plant at least 250 ha of new woodland on DAERA owned land and privately owned land with support from forestry grant schemes	<u>Target Achieved</u> 283 ha of new woodland created
<u>Key Target 2</u> Prepare plans for creation of an additional 250 ha of new woodland on other available public land	<u>Target Achieved</u>
<u>Supporting Target</u> Open the sixth phase of the Forest Expansion Scheme	<u>Target Achieved</u> Opened 8 June 2020
<u>Supporting Target</u> Open a new Small Woodland Grant Scheme.	<u>Target Achieved</u> Opened 16 December 2020

Key or Supporting Target	Outturn 2020-21
<u>Forest Service Priority Work Stream:</u>	
<i>Manage forests sustainably</i>	
<i>Supply timber for wood processing</i>	
<u>Key Target 3</u> Make available at least 400,000 m ³ of timber to customers	<u>Target Achieved</u> 401,073m ³ of timber available to customers
<u>Supporting Target</u> Produce at least 10% of timber supply from forest thinning operations.	<u>Target Achieved</u> 44,866m ³ or 11%
<u>Forest Service Priority Work Stream:</u>	
<i>Protect the plant health status of NI following the EU exit transition period</i>	

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PERFORMANCE SUMMARY

Key or Supporting Target	Outturn 2020-21
<p><u>Key Target 4</u> Make legislation to implement EU Exit official controls, effective from 1 January 2021</p>	<p><u>Target Achieved</u> Plant Health Regulation EU 2016/2031 and Official Control Regulation EU 2017/625 made.</p>
<p><u>Key Target 5</u> Make legislation to implement NI official controls consistent with UK policy, effective from 1 January 2021</p>	<p><u>Target partially achieved</u> Working legislation in place, some further aspects carried forward to be aligned with ongoing and emerging EU Exit implementation arrangements.</p>
<p><u>Supporting Target</u> Transpose all EU Implementing Decisions and Regulations taken by 31 August.</p>	<p><u>Target Achieved</u></p>
<p><u>Supporting Target</u> Remake SR 2019/230 The Plant Health (Official Controls Miscellaneous Provisions) Regulations (Northern Ireland) 2019.</p>	<p><u>Target Achieved</u></p>
<p><u>Supporting Target</u> Establish Standard Operating Procedures to support implementation of The Plant Health (Official Controls Miscellaneous Provisions) Regulations (Northern Ireland) 2019, as remade.</p>	<p><u>Target Achieved</u></p>
<p><u>Supporting Target</u> Revise Standard Operating Procedures for Plant Health official controls to meet import & export requirements emerging under UK and EU trading arrangements.</p>	<p><u>Target Achieved</u></p>

Key or Supporting Target	Outturn 2020-21
<p><u>Forest Service Priority Work Stream:</u> <i>Improve the contribution from forests to net zero carbon and economic growth</i></p>	
<p><u>Key Target 6</u> Publish an outline assessment of the greenhouse gas implications of existing forests on peat soils to help determine their sustainability</p>	<p><u>Target Achieved</u></p>
<p><u>Supporting Target</u> Improve the environmental contribution to ecosystem services from 300 ha of bog and heath habitat.</p>	<p><u>Target Achieved</u></p>

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PERFORMANCE SUMMARY

Key or Supporting Target	Outturn 2020-21
<p><u>Forest Service Priority Work Stream:</u></p> <p><i>Manage forests sustainably</i></p> <p><i>Supply services and generate income</i></p>	
<p><u>Key Target 7</u> Hold independent certification that the Forest Service management system meets the requirements of a well-managed forest.</p>	<u>Target Achieved</u>
<p><u>Supporting Target</u> Address findings from the 2020 certification audits to ensure that DAERA forests can continue to be sustainably managed.</p>	<u>Target Achieved</u>
<p><u>Supporting Target</u> Develop an updated forecast of a sustainable timber supply to industry.</p>	<u>Target Achieved</u>
<p><u>Supporting Target</u> Protect the DAERA forest estate through securing legal summaries for 15,000 ha of first registered land on GIS and prepare a further 3,000 ha for first registration.</p>	<p><u>Target partially achieved</u> 3,012 ha prepared for first registration 14,706 ha legal summaries updated</p>
<p><u>Supporting Target</u> Publish a final report on the 2019 forest visitor survey to inform policy and promote sustainable forest ecosystem services.</p>	<u>Target Achieved</u>
<p><u>Supporting Target</u> Compliment local government policies on recreation by opening new forest recreational facilities in at least 3 forests in partnership with local councils.</p>	<u>Target Achieved</u>

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PERFORMANCE SUMMARY

Key or Supporting Target	Outturn 2020-21
Forest Service Priority Work Stream: <i>Supply services and generate income</i>	
Key Target 8 Achieve an income for at least £11m from all sources	Target Achieved Total Income £12.5m
Supporting Target Secure sales of timber to achieve an income of at least £10m	Target Achieved Total Timber Income £11.6m

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PERFORMANCE ANALYSIS

The Performance Analysis section provides detail on the priority work streams and the activities undertaken to deliver these throughout the year. Where applicable supporting statistics on performance is provided.

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 (ha)]
- 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.

Performance Report

PERFORMANCE ANALYSIS

Financial Performance Review

The Northern Ireland Budget Act 2021 was progressed through Westminster, receiving Royal Assent on 23 March 2021. The authorisations and limits in these Acts provide the authority for the 2020-21 financial year and a vote on account for the early months of the 2021-22 financial year.

In accordance with Consolidated Budgeting Guidance 2020-21¹, and afforded under the Non-Financial Public Corporation classification, Forest Service has built reserves in year. These reserves have been accumulated from the trading activities of the Agency and mitigate risk through the provision of financial security and protection against potential market shocks.

Net Operating Surplus

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 2020-21 was £43.792m (2019-20: an operating surplus of £9.471m).

The movement between 2019-20 and 2020-21 of £34.3m is mainly due to an increase in Income (£11.7m) and an increase in revaluation credit (£22.7m) to the Statement of Comprehensive Net Expenditure.

Forest Valuation

In 2020-21 Forest Service adopted a new valuation methodology reporting the biological asset market values and land (in ownership) values. These values are calculated by applying Valuation Office Agency (VOA) / Land Property Service's (LPS) apportioned values per hectare to the Forest Service estate data. The land value is derived from VOA/LPS's apportionment of the land component values of forest asset market sales. The valuations are independently provided by LPS. 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 using the new version, effective from 31 January 2020, which replaces the 2017 Global Standards. These new standards incorporate changes made to the International Valuation Standards (IVS) which also become effective on 31 January 2020.

This methodology uses comparative valuation, based on market-based evidence, to support assessment of value. Analysis has been undertaken of comparative capital value transactions to enable valuation of the forest estate. As the market for forests is limited in NI the VOA uses the closest market activity (in this case Scotland) to support the calculation of the biological and land asset portfolio value for the financial statements of Forestry and Land Scotland (FLS). VOA share this market data with LPS who use the information as the basis to arrive at the Fair Value of the Forest Service land and the Biological Asset that represents the forest crops thereon. The change in valuation technique represents a change in accounting estimate in line with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors, and as such, no prior year adjustments are required.

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

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876155/CBG_for_publication.pdf

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PERFORMANCE ANALYSIS

Covid-19 Response

With Covid regulations taking effect and the resulting NI 'Lockdown' starting in March 2020, Forest Service moved swiftly to establish a Bronze Command tasked with ensuring the ongoing delivery of the following essential services:

- **Health & Safety** - Secure the H&S of people in forests including the public, staff and contractors.
- **Protection of biological assets** - Protect forests including the implementation of emergency fire preparedness procedures and delivery.
- **Maintaining of financial processes** – Continue with financial transactions to provide security and confidence to suppliers and customers.
- **Oversee production & governance of timber supply** – Secure ongoing supply of critical levels of timber to industry.
- **Facilitate trade in plant & plant products** – Continue to carryout inspections and issue phytosanitary certificates and plant passports.

As part of this process Bronze Command established the minimum resourcing levels required to ensure the ongoing delivery of the essential services. These levels were maintained during Lockdown through the issuing of letters of authority that enabled key staff to travel to and from work and through the rollout of necessary IT equipment to staff in order to comply with the 'if you can work from home, you must work from home' policy. At the start of the business year, 97% of Forest Service staff were able to continue working with 82.6% in a position to do so remotely.

Between April and June 2020, Forest Service staff together with local councils, participated in a Department for Communities (DfC) led initiative to deliver food packages to those 'shielding' in the first of the Covid-19 'lockdowns'. With over 80,000 people in NI receiving shielding letters from their GPs, the scheme provided much needed comfort to those in vulnerable groups including the elderly and those experiencing isolation in rural areas. The scheme saw the redeployment of Forest Service industrial staff and their vehicles for 43 driver days delivering approximately 953 food packages contributing to a total of 3,231 packages over 139 days by all DAERA volunteers.

During the year the Agency incurred Covid-19 related expenditure to meet health and safety requirements, improve accessibility to forest parks and provide appropriate signage.

The table below provides a breakdown of COVID-19 related expenditure in 2020-21:

Expenditure Type	£000
PPE and Premises Costs	11
Other Operating Costs	53
Total	64

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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, 98.28% of bills were paid within this Standard (2019-20: 96.04%).

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, 94.5% of bills were paid within the 10 day target (2019-20: 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 (2019-20: none).

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PERFORMANCE ANALYSIS

Non-Financial Performance Review

Forest Service identified 6 Priority Work Streams for 2020-21 business year to deliver its policies, strategic objectives and specific in-year targets. The Agency's performance and progress in towards these work streams is set out below:

1. Create 'Forests for Our Future' and help mitigate climate change

Forests for Our Future

In March 2020 the DAERA Minister announced the 'Forests for Our Future' afforestation programme which seeks to plant 18 million trees over the next 10 years, creating 9,000 ha of new woodland. The ambitious programme is a foundation initiative of the Executives Green Growth strategy and is aimed at helping achieve the UK governments net-zero carbon target by 2050 as well as the enhancement of the landscape and biodiversity, and improving the health and well-being of those that enjoy the natural resource.

During the 2020-21 business year Forest Service continued delivery of the programme bringing the total planted under the Forests for our Future Programme to 670,000 trees.

Key strands of the Forests for Our Future delivery in 2020-21 included:

Revised Forest Expansion Grant Scheme

Following consultation with industry and other stakeholders, a revised Forest Expansion Grant Scheme opened in June 2020. The scheme reduced of the minimum application area to 3 ha which encouraged more landowners plant some woodland. The response to the revised scheme was highly encouraging with 92 applications received for 547 ha of new woodland, approximately double the applications made in the previous business year. The scheme is anticipated to reopen in summer 2021.

Forest Service continues to support forest expansion through the Rural Development Programme. During the year we made Forestry Grant Scheme payments of £1.76m to create 283 ha of new woodland and to maintain existing woodlands. These payments are part funded by the European Commission and were made to 847 landowners. In 2020 Forest Service paid 97% of annual premia claims by the year end. Forest Service also provided grant assistance for replanting 41 ha that had been harvested. The replanting grant payment promotes more diverse woodlands with greater resilience and environmental benefits.

New Small Woodland Grant Scheme

Further support for the Forests for Our Future programme was provided through the launching of a new Small Woodland Grant Scheme in December 2020. The scheme was designed to support private landowners and assist them in augmenting their existing land holdings through planting of native woodland, in excess of 0.2 ha. The Small Woodland Grant Scheme closed on 28 February 2021, having received 368 applications. At this stage it is anticipated that 130 ha of new native woodland will be planted which will contribute to the 2021/22 planting season target. As with the Forest Expansion Scheme, a second phase is anticipated to reopen in summer 2021

Afforestation Forum

The DAERA minister invited Council Chief Executives to nominate senior officials to participate in a cross-Governmental and Local Government Afforestation Forum. The Forum, led by Forest Service, has been established to identify sites on suitable council and public land and developing plans for woodland creation as part of the Forests for Our Future programme. At the end of the business year the forum had identified 330.28 ha of potential land for planting, across 126 sites.

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PERFORMANCE ANALYSIS

2. Protect the plant health status of NI following EU Exit transition

In preparation for the end of the EU Exit transition period and under the retained regulatory regime, Forest Service took forward a legislative programme and continued to deliver Sanitary & Phytosanitary (SPS) controls. The legislative programme and SPS controls proved challenging due to the late emergence of new provisions and arrangements which required to be implemented after 1 January 2021. Maintaining an effective legislative framework and application of SPS controls is critical to maintaining the plant health status of NI, protecting our natural environment, supporting NI's rural economy and contributing to the wellbeing of society.

During the business year, Forest Service engaged formally and assisted businesses in their implementation of new arrangements for trading in plant and plant products following the end of the EU Exit transition period. Covid regulations resulted in the temporary closure of many trade premises (e.g. nurseries and garden centres), impacting on the level of inspections required to be undertaken.

Forest Service collaborated with the UK Plant Health Service throughout the year to manage risks and implement arrangements for the movement of plants and plant products within the UK internal market and the control of goods moving into the EU single market. Horizon scanning of risks associated with new and emerging pest threats moving in trade continued in 2021/22, updating the NI Plant Health risk register.

3. Supply timber for wood processing

During the year Forest Service ensured the wood processing sector had access to a sustainable supply of high value timber for added value processing within the local economy. The key target for 2020-21 was to supply at least 400,000m³ of timber to industry. This was achieved and we sold 401,073m³.

The supporting target to sourcing more than 10% of the timber supply from forest thinning was also met with 44,866m³ being supplied, representing 11% of the total supply and in doing so improved the long-term resilience of forests on wind firm soils.

4. Improve contribution from forests to net zero carbon and economic growth

In 2020-21 Forest Service reported on an outline assessment of the greenhouse gas implications of existing forests on peat soils to help determine their sustainability. It is anticipated that the report, undertaken in conjunction with Forest Research, will inform future design plans for forests on peat sites.

The Agency also collaborated with partners during the year to improve the environmental contribution from bog and heath habitat on the Forest Service estate. This work included a site at Tullychurry where, working with NI Water as part of the 'Source to Tap' project, an area of land was used to test 'cell bunding' and 'drain blocking' as means to raise water levels and aid restoration. This project will inform the effectiveness of post harvesting restoration works in encouraging the regeneration of sphagnum mosses that play a vital role in the creation of peatland habitats.

5. Manage forests sustainably

During the year, our sustainable forest management practices remained compliant with the UK Woodland Assurance Standard (UKWAS) with confirmation received through an independent audit recognised 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 2021.

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

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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 2021. This audit confirmed that 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 2020 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.

6. Supply services and generate income

Income generation

The supply of timber to the wood processing sector remains Forests Services largest source of trading income from forest based services. During the year receipts from timber sales accounted for approximately £11.6m of income with a further £0.9m of income coming from other sources including recreation and estate management services.

Forest partnership working, recreation development and Covid-19 regulation compliance

During 2020-2021 business year, Forest Service published the NI Forest Visitor Survey². Conducted by an independent research agency in 2019 (and therefore pre Covid-19), the survey collected data through manual counting and face to face interviews with a total of 1,440 visitors, across 11 forests on the Forest Service estate. The survey was further informed by operating partners including Councils and the National Trust who provided additional information to corroborate survey findings and statistics.

The survey returned that, between 2014 and 2019, visits to Forest Service forests almost doubled from 4.7m to 9m respectively and with 98% of visitors surveyed advising they would rate their experience in the forest as 'excellent', 'very good' or 'good'. The establishing of effective partnership working arrangements has been a strategic objective of Forest Service since the publishing of the 2009 Recreation and Social Use Strategy and its implementation has been central to the success in the improvement of recreation and tourism facilities across the estate. During 2020-2021 Forest Service finalised new partnership arrangements with Ards and North Down for the upgrading and management of recreation provision at Cairn Wood, Ballysallagh Forest; with Newry Mourne and Down District Council for facilities at Rostrevor Forest; and with Mid Ulster District Council for the lease of the site of the former Forestry School at Pomeroy Forest. Partnership arrangements already in place also facilitated community trails projects at Moydamlaght Forest with Mid Ulster District Council; the development of long term recreation and tourism facilities at Gortin Glen Forest Park with a new mountain bike trail by Fermanagh and Omagh District Council; and the completion of walking trails in Drumkeeragh forest, Tievenadarragh wood and Corry Wood Castlewellan in association with Newry Mourne & Down District Council.

What the survey also identified is the important role that our forests play in encouraging people to adopt healthier lifestyles, with approximately half of all visitors surveyed responding that they had visited the forests for health or exercise reasons. The onset of the Covid-19 pandemic early in the 2020-2021 business year resulted in the temporary closure of many indoor exercise venues and the 'safe' outdoor environment offered by our forests saw the Forest Service estate come to the fore with staff on the ground noting a marked increase in footfall across many of Forest Service sites.

Unfortunately the Covid-19 regulations also impacted on the commercial recreational services offered by Forest Service and in particular resulted in the closure, for the majority of the year, of the camping and caravanning facilities. While loss of the associated revenue and disruption to visitor's holidays was disappointing, compliance with Covid-19 regulations and the safety of all visitors was paramount.

² www.daera-ni.gov.uk/publications/northern-ireland-forests-visitor-survey-2019

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PERFORMANCE ANALYSIS

Future Plans

Following the overarching NI Executive, Green Growth Strategy for which DAERA has lead responsibility, the Department published, Sustainability for the Future - "DAERA's Plan to 2050"³ in May 2021. The plan frames the priorities of DAERA and its Agencies for the next three decades and identifies strategic priorities, goals and the principles that inform how the Department acts. In the coming years Forest Service, through its 'Forests for Our Future' programme (see details under performance review) will play an important role in contributing to the delivery of this plan and its vision to promote sustainable economic growth whilst restoring and enhancing the environment.

In 2021-22 our Business Plan has set eight Key Targets in taking forward priority work streams:

1. Deliver the 2021-22 Forests for Our Future programme to plant 600 ha of new woodland;
2. Provide at least 400,000m³ of timber from well managed forests to customers;
3. Develop a risk based inspection framework for plant and plant products moving into NI;
4. Develop a draft policy framework for plant health controls to meet requirements for UK Internal market, intra EU and trade from third countries;
5. Develop a Forest Management Planning system to incorporate assessment of carbon implications and other ecosystem services associated with forests on peatland;
6. Hold independent certification that the management of DAERA forests meets sustainable Forestry Standards;
7. Achieve an income of at least £11m from all sources; and
8. Secure a Forest Service Employee Engagement Index of at least 60%.

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. Two management systems safety audits were completed by the Health and Safety Officer to provide Agency assurance of operational health and safety management practices.

Covid 19 risk assessment & mitigation measures for staff and public were instigated and maintained during the year supported by 6 Safety Bulletins issued to staff. Premises officers developed Covid recovery plans to minimise the risk of virus transmission in buildings and operational forestry site activities were carried out to minimise the risk of Covid transmission.

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

³ "Sustainability for the Future - DAERA's Plan to 2050"
Department of Agriculture, Environment and Rural Affairs (daera-ni.gov.uk)

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PERFORMANCE ANALYSIS

Accident trends over last 5 years

	Accidents Numbers•	116/17 (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))	20/21 (Per 100 employees (Jan 21 – 201))
Staff	Reportable	0 (0)	3 (1.5)	0 (0)	2 (1.0)	2 (1.0)
	Non reportable	2 (0.9)	1 (0.5)	3 (1.5)	2 (1.0)	0
Public	Reportable	0	1	3	0	0
	Non reportable	1	0	5	10	7
	Licenced partner activity	NA	NA	16	10	20
Contractors (Direct) FS is Works Manager (FWM)	Reportable (FS is works manager)	0	0	0	1	1
	Non reportable (FS is works manager)	0	0	0	0	0
Contractors (Indirect)	Reportable (FS not FWM)	2	0	1	0	1
	Not reportable (FS not FWM)	0	0	1	1	0
	Licenced partner activity	0	0	1	0	1
ALL	Near miss/ Unsafe acts	3	3	6 staff 1 contractor 2 visitors	1 staff 1 public	2 staff 1 public

• Reported in compliance with RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)

Forestry Planning

Progress in reviewing Forest Plans has continued. A key aim of the programme is to maximise stakeholder engagement. During the year a consultation was launched, stakeholder meetings arranged and a number of publications issued.

A public summary of stakeholder responses to the North West Forestry Planning Area scoping consultation was published during November 2020. A link to the summary document was sent to all stakeholders who responded to the consultation.

Due to Covid-19 restrictions it was not possible to meet stakeholders in West Tyrone and East Fermanagh/ East Tyrone Forestry Planning Areas face to face. Instead, meetings have been arranged to take place using video conferencing.

Performance Report

PERFORMANCE ANALYSIS

As Forest Plans are completed they will be published online using 'Storymap'. A Storymap uses a combination of interactive maps, images and informative text, designed to give you a clearer understanding of how our forests are managed. A Storymap was published explaining the forestry planning process, and another Storymap was published for the Sperrin Forest Area.

The Armagh Forestry Planning Area scoping document was published and the consultation was launched in March 2021. Over 120 stakeholders were emailed inviting them to respond. The consultation was advertised using press statements, posters at forest entrances and by social media.

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.

Sustainability

Sustainability continued to be an underpinning principle of the draft Programme for Government.

Forest Service priority work streams are aligned to the Department's Strategic Objectives, its vision for 'Green Growth' and its programme delivery in the context of the PfG Strategic Outcomes including **'We live and work sustainably – protecting the environment'**, for which DAERA has lead responsibility.

Specific work activity in the year included:

- Issuing 90 felling licences covering a forest area of 688 ha of which 89 were processed within 3 months (99%). One licence was delayed pending further information from the applicant. The area licenced for thinning or selective felling covered 194 ha with another 494 ha licenced for clearfelling. Felling licences were issued to carry out felling within 66 ha of ancient or long established woodland, of which 93% consisted of thinning or selective felling.
- Providing opinions on the likely environmental impact of 83 forestry projects in respect of the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006. The projects consisted of 71 afforestation projects covering 496 ha, 11 deforestation projects amounting to 63 ha and 1 forest road works project for construction of 1 km 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.
- A total of 11 (15%) of the afforestation projects were considered relevant projects because of the likely impact on priority habitats or priority species. Five (45%) of the deforestation projects were considered relevant and therefore required the Department's consent before they could proceed. The total area of deforestation projects which did not require an environmental statement was 37 ha and one of these was a 27ha project involving the removal of conifer plantation to restore priority blanket bog habitat adjacent to Lough Bradan reservoir.
- Investigating 25 reports of suspected unlicensed tree felling. Most of the concerns arose from tree felling outside of woodland such as in hedgerows or was subject to planning legislation and a felling licence was not required. An enforcement notice was issued to regenerate a recently felled area with woodland, where a change of land use was underway and consent had not been given.
- Forest Service, as a competent authority under the Habitats Regulations, completed 40 Habitats Regulations Assessments for forestry operations on land which is not managed by Forest Service.

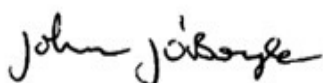
Performance Report

PERFORMANCE ANALYSIS

In addition, Forest Service sought assent from the Northern Ireland Environment Agency for 39 projects which required either a felling licence or were subject to a forestry grant scheme. Assent was required to fulfil the requirements of the Environment Order (Northern Ireland) 2002 for those operations which were considered likely to impact on an Area of Special Scientific Interest (ASSI).

- By maintaining our high Plant Health status, we are contributing to:
 1. a sustainable natural environment;
 2. supporting the agri-food, horticultural and forestry industries;
 3. improving the economic and health and wellbeing of our citizens; and
 4. ensuring a healthy and secure food supply.

Forest Service Plant Health protection and enforcement contributes to a sustainable and resilient natural environment which delivers a wide range of benefits to NI society. This function is supported by innovative research and evidence which is contributing to the implementation of new technology in plant health diagnostics, surveillance and management of known and emerging risks.



JOHN JOE O'BOYLE
Chief Executive
29 June 2021

Performance Report

PERFORMANCE ANALYSIS

Forestry Performance Tables

The following tables provide statistical data on forestry performance during 2020/21:

Forest Service Statistical Summary 2020-21

	Units	2020/21	2019/20
Total area managed	Hectares	75,234	75,182
Forested area	Hectares	62,283	62,441
Acquisition Programme	Hectares	69.8	33.835
Disposal Programme	Hectares	0.0105	0.0165
Timber Production	Cubic metres		
- roadside		30,311	39,670
- standing		377,348	379,478
New planting	Hectares	1	51.84
Replanting	Hectares	602	619.96
Fire Damage	Hectares	70.99	27.27
Visitors to charged recreation areas	Thousands	76*	465
Visitors to caravan / camping long stay sites	Thousands	16**	39
Average staff numbers:	Full time equivalent persons		
- industrial		96.13	98.59
- non-industrial		103.16	100.75

As a result of the Covid-19 pandemic during the year:

* charging to forest carparks ceased between April and December 2021 facilitating free use of an outdoor recreational environment enabling the public to exercise safely and contributing to the general health and wellbeing of society. As visitor numbers to recreation areas are calculated based on associated income this has resulted in a significant drop in the paying visitor numbers for the year. While non-paying visits to the forests have been observed to have increased significantly during the year, these are not recorded.

** caravan and camping sites were closed for lengthy periods of time in accordance with regulations resulting in year on year drop of visits to caravan and camping long stay sites.

RECORD OF TIMBER HARVESTED FROM FOREST SERVICE WOODLANDS DURING THE 2020/21 BUSINESS YEAR

STANDING VOLUME (m ³)	ROADSIDE VOLUME (m ³)	TOTAL
377,348	30,311	407,659

Performance Report

PERFORMANCE ANALYSIS

BREAKDOWN OF SALES : Agreed for April 2020 - March 2021

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	
	348,858	24,873	1,860	310	24,957	81	753	350,634	466	375,591
	17,788	5,778	1,916	328	19,909	61	17	5,573	334	25,482
GRAND TOTAL	366,646	30,651	3,776	638	44,866	70	769	356,207	463	401,073

STANDING SALES

ROADSIDE SALES

ALL SALES

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AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT ROADSIDE

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2020 to 31 March 2021		
	(b) 1 April 2019 to 31 March 2020		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0.00
	(b) 0	0	0.00
0.075 - 0.124	(a) 0	0	0.00
	(b) 2,093	68,992	32.96
0.125 - 0.174	(a) 2,000	56,695	28.35
	(b) 5,292	142,053	26.84
0.175 - 0.224	(a) 4,233	124,156	29.33
	(b) 5,369	154,023	28.69
0.225 - 0.274	(a) 4,713	168,910	35.84
	(b) 4,322	133,610	30.91
0.275 - 0.424	(a) 1,518	55,547	36.59
	(b) 4,561	146,238	32.06
0.425 - 0.499	(a) 4,291	154,973	36.12
	(b) 4,420	159,435	36.07
0.500 - 0.599	(a) 325	13,873	42.69
	(b) 985	40,559	41.18
0.600 - 0.699	(a) 1,487	63,660	42.81
	(b) 2,363	90,224	38.18
0.700 - 0.799	(a) 3,280	130,172	39.69
	(b) 490	18,709	38.18
0.800 - 0.899	(a) 1,110	45,307	40.82
	(b) 0	0	0.00
0.900 - 0.999	(a) 0	0	0.00
	(b) 0	0	0.00
1.000 and over	(a) 558	22,145	39.69
	(b) 0	0	0.00
TOTAL	(a) 23,515	835,438	35.53
	(b) 29,895	953,843	31.91

Performance Report

PERFORMANCE ANALYSIS

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT STANDING

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2020 to 31 March 2021		
	(b) 1 April 2019 to 31 March 2020		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	0.00
	(b) 0	0	0.00
0.075 - 0.124	(a) 0	0	0.00
	(b) 10,880	191,929	17.64
0.125 - 0.174	(a) 2,980	55,599	18.66
	(b) 8,722	142,338	16.32
0.175 - 0.224	(a) 13,505	266,392	19.73
	(b) 6,146	109,475	17.81
0.225 - 0.274	(a) 26,870	573,886	21.36
	(b) 40,787	833,142	20.43
0.275 - 0.424	(a) 68,632	1,688,246	24.60
	(b) 107,694	2,545,672	23.64
0.425 - 0.499	(a) 56,455	1,623,912	28.76
	(b) 14,074	399,529	28.39
0.500 - 0.599	(a) 120,171	3,614,629	30.08
	(b) 57,170	1,715,074	30.00
0.600 - 0.699	(a) 27,283	897,898	32.91
	(b) 50,584	1,539,244	30.43
0.700 - 0.799	(a) 21,960	718,538	32.72
	(b) 22,611	701,366	31.02
0.800 - 0.899	(a) 3,377	106,235	31.46
	(b) 20,712	665,776	32.14
0.900 - 0.999	(a) 7,453	251,032	33.68
	(b) 6,311	190,488	30.18
1.000 and over	(a) 16,947	570,396	33.66
	(b) 27,365	843,133	30.81
TOTAL	(a) 365,633	10,366,763	28.35
	(b) 373,056	9,877,166	26.48

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 2020-21 the Board members were:

John Joe O'Boyle	Chief Executive
Damian Larkin	Director of Corporate Services
Jim Crummie	Acting Director of Plant Health
Brandon McMaster	NEM

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. During the year members of the board were supported by divisional heads including attendance at board meetings and advice of matters of stewardship.

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 Accounts for the Financial Year ending 31 March 2021 have been prepared in accordance with the accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and is consistent with the accounting principles and disclosure requirements of the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance.

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 2020-21 resulted in an audit fee of £21,000 (2019-20: £20,500) 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 in 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 2020-21.

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.

Accountability Report

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 five customer complaints in 2020-21 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 the Government Resources and Accounts Act (NI) 2001, DoF has directed Forest Service to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year. 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 (FReM) 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.

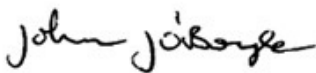
There are several areas, in particular, where the Assembly expects Accounting Officers to take personal responsibility:

- *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
29 June 2021

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.

Forest Service Management Board

I am supported by the Forest Service Management Board (FSMB) which during 2020-21 comprised of two Forest Service Directors and one Non-Executive Member 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 2020-21 period no declared interests were deemed to conflict with the conduct of FSMB business.

A total of six Forest Service Management Board meetings were held in 2020-21. 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
Damian Larkin	6
Brandon McMaster (Non-Executive member)	6

Accountability Report

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

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 (FS ARAC)

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 2020-21 by Brandon McMaster, a Non-Executive Member of the FSMB. The other Committee members were Mrs. Helen Anderson (NIEA) and Mr. Kevin Hegarty who as an outgoing NEM and attended one meeting during the year to recommend the signing of the 2019-20 Annual Report and Accounts.

FS ARAC met on four occasions in 2020-21, 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	1
Helen Anderson	4
Brandon McMaster (Chair)	4

Key findings of FS ARAC in 2020-21

The Committee noted:

- A comprehensive Forest Service Health & Safety report for the period 1 April 2020 to 31 March 2021;
- The reclassification of Forest Service to a Public Non-Financial Corporation from 1 April 2020;
- The Comptroller and Auditor General (C&AG) certified the 2019-20 financial statements with an unqualified audit opinion without modification. There was one priority 1 recommendation made noting that Forest Service should review and consider that the methodology used to establish the valuation of the forest land component of the combined asset, continues to meet International Accounting Standards;
- The conclusions of Internal Audit reviews and the satisfactory audit opinion presented by Internal Audit in their 2019-20 Annual Opinion and Report. Internal Audit work was conducted in accordance with Public Sector Internal Audit Standards;

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- The substantial work completed by Forest Service staff in planning and preparing for end of the EU Exit transition period.
- The standardising of the Agency risk register format in line with the wider Departmental approach;
- The successful implementation of previous Audit recommendations by management resulting in a significant reduction in the number outstanding (reduced from 20 to 2) with none outstanding for more than six 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 2020-21;
- The approach to Fire Risk Management and responsibilities of those involved and the resource committed throughout 2020.

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 four 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.

Whistleblowing

During 2020-21, the Agency continued to operate the Whistleblowing recording system. This requires all Divisions to maintain a Whistleblowing Register to record all disclosures received in each Division. The maintenance of Registers is a mandatory requirement across the Department. All whistleblowing notifications are investigated and addressed by the relevant business area and in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is requested.

Updates are commissioned in advance of each ARAC meeting to ensure that senior management and ARAC have the most up-to-date information on Whistleblowing disclosures.

During 2020-21, no whistleblowing notifications were received by the Agency.

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.

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

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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 two, three 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.

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, 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.

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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

Director's 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.

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.

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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.

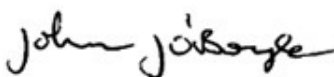
During the year, the work of the Agency focused on the risks relating to the health and safety of visitors to our forests and staff, diseases affecting crops and trees, those affecting timber sales, and stewardship of financial resources and assets including National and EU grant funds.

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 one NEM 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
29 June 2021

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Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has not yet been finalised.

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

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commissioners for Northern Ireland 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.

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Remuneration (including salary) and pension entitlements [Audited]

Officials

	2020-21					2019-20				
	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)	75-80	0	0	43,000	115-120	70-75	0	0	12,000	80-85
Mr J Crummie (Director of Plant Health)	60-65	0	0	50,000	110-115	60-65	0	0	23,000	85-90
Mr G Bell (Director of Corporate Services) 01 Apr – 31 Dec 20	0	0	0	0	0	35-40 (50-55 FYE)	0	0	69,000	105-110 (FYE 120-125)
Mr D Larkin (Director of Corporate Services)	50-55	0	0	24,000	70-75	10-15 (50-55 FYE)	0	0	4,000	15-20 (FYE 50-55)
Mr B McMaster Non-Executive Director	5-10	0	0	0	5-10	5-10	0	0	0	5-10

* 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 decrease 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.

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 2020-21 relate to performance in 2020-21 and the comparative bonuses reported for 2019-20 relate to the performance in 2019-20.

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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 2020-21 was £75-£80K (2019-20 £70-£75K). This was 3.09 times (2019-20: 2.7 times) the median remuneration of the workforce, which was £23,483 (2019-20 £27,085).

	2020-21		2019-20
Band of highest paid Directors total remuneration	£75-80k	Band of highest paid Directors total remuneration	£70-75k
Median total remuneration	£23,483	Median total remuneration	£27,085
Ratio	3.30	Ratio	2.7

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 £516.38 per day from August 2020 (previous rate £506.25). The time commitment for a NEM is expected to be in the region of 10 days per year.

Pension Entitlements [Audited] Officials

	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr JJ O'Boyle (Chief Executive)	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 5-7.5	784	751	41	0
Mr J Crummie (Director of Plant Health)	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 5-7.5	655	614	48	0
Mr D Larkin (Director of Corporate Services)	10-15	0-2.5	110	95	9	0

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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 current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes e.g. classic, alpha etc. and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Currently new entrants joining can choose between membership of alpha or joining a '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 accrual rate is 2.3%.

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.

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).

Active members of the pension scheme will receive an Annual Benefit Statement. 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

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age 65. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

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 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 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	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

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.

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 2021 or 31 March 2020.

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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	6,422	100	6,522	5,928
Social Security Costs	626	0	626	620
Other Pension Costs	1,730	0	1,730	1,703
Total net costs	8,778	100	8,878	8,251

Of which:

Charged to Administration	Nil	Nil
Charged to Programme	8,878	8,251

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 Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

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 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £1,730,168 were payable to the NICS pension arrangements (2019-20 £1,703,310) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2019-20: £nil) were paid to one or more of the panel of two

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appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20, 8% to 14.75%) of pensionable pay.

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.

Employer contributions of £Nil, 0.5% (2019-2020: £Nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

0 persons (2019-2020: One person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2019-2020: £944).

Average Number of Persons Employed

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

			2020-21	2019-20
	Permanent staff	Others	Total	Total
Industrial	90.16	5.96	96.13	98.59
Non Industrial	101.16	2.00	103.16	100.75
Total	191.32	7.96	199.29	199.34

Staff Turnover

Staff turnover rates for 2020-21 are shown below. The Agency continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the Agency and take appropriate action to improve effectiveness, including where turnover could potentially become problematic.

	2020-21
Agency 'Department Turnover Rate' (within NICS)	4.8%
Agency 'General Turnover Rate' (NICS Employment)	0.0%

Agency Department Turnover Rate reports staff turnover within the wider Civil Service.

Agency General Turnover Rate reports staff turnover external to the Civil Service.

Turnover includes permanent and temporary staff, and those who left the NICS while on career break.

Exit packages – summary data [Audited]

There were no exit packages during 2020-21 (2019-20: none).

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

The Forest Service Management Board comprises the Chief Executive (male), two Executive Directors (male) and one non-Executive Member (male).

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Of the 212 current members of staff, 37 are female (27 non-industrial and 10 industrial).

	G5	G6	G7	DP	SO	EO1	EO2	AO	AA	IND	TOTAL
Female	0	0	1	2	4	6	7	7	0	10	37
Male	1	0	4	11	17	37	4	3	0	98	175
	1	0	5	13	21	43	11	10	0	108	212

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 Department had an overall sickness absence rate of 6.2 days lost per employee in 2020/21 (2019-20: 5.9 days). Annual sickness absence figures can be found in the “Sickness Absence section in the Northern Ireland Civil Service 2020/21” report at Sickness Absence Statistics Northern Ireland Statistics and Research Agency (nisra.gov.uk).

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its’ Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICS⁴. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework. Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

⁴ NICS⁴ is the NICS’ centralised human resources function. It falls under the responsibility of the Department of Finance

Accountability Report

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

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICSHR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach. Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its Equality, Diversity and Inclusion Policy.

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of NICS human resource statistics.

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS Article 55 and Gender Reviews,

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at www.daera-ni.gov.uk/daeras-equality-scheme

Accountability Report

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

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.

Accountability Report

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

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 Memorandum Trading Account (MTA) detailing forecast income and expenditure in support of the charging proposals for schemes/services.

The main activities that attract charges are timber sales, recreation; both commercial and non- commercial and Plant Health Inspections.

The financial objective of Commercial Recreation and Plant Health Inspection 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]

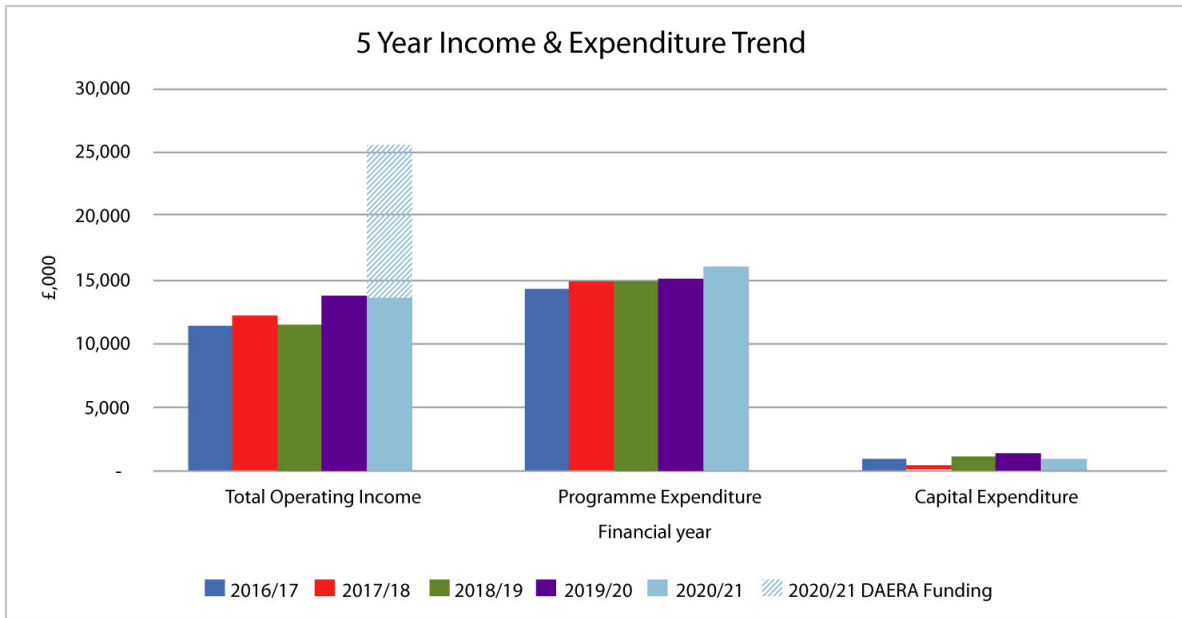
The Agency has no remote contingent liabilities as at 31 March 2021 (31 March 2020: none).

Accountability Report

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

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.



In 2020/21 Forest Service received £25.5M Operating Income in total. This included £11.7M in DAERA funding towards meeting operating costs with a further £13.8M generated from contracts with customers and EU income. Further details can be found in Note 2 of the Accounts.

Programme Costs and Operating Income figures include Grant Income & Expenditure.

Programme Costs exclude Non Cash and Notional Costs as well as revaluation adjustments.

JOHN JOE O'BOYLE
Chief Executive
29 June 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of the Forest Service for the year ended 31 March 2021 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 including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Forest Service's affairs as at 31 March 2021 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.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law 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 Forest Service in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, 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

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

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

The going concern basis of accounting for Forest Service is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

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

- 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.

Matters on which I report by exception

In the light of the knowledge and understanding of the Forest Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; 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 the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Forest Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Forest Service will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Forest Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations we considered included the Health and Safety regulations, Environmental laws and regulations, the Fair Employment (Northern Ireland) Act 1989 and other relevant tax laws;
- making enquires of management and those charged with governance on the Forest Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Forest Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, we identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and unreasonable management estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and inquiries of management and those charged with governance; and
- addressing the risk of fraud as a result of management override of controls by:
 - o performing analytical procedures to identify unusual or unexpected relationships or movements;
 - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - o investigating significant or unusual transactions made outside of the normal course of business

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.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Upper Galwally
Belfast
BT8 6RB

Date 8th July 2021



Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

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.

		2020-21 £000	2019-20 £000
	Note		
Operating Income			
Resource funding from DAERA	2	(10,685)	-
Capital grants from DAERA	2	(1,054)	-
Operating income	2	(12,538)	(12,680)
EU Income	2	(1,302)	(1,129)
Total Operating Income		(25,579)	(13,809)
Operating Expenditure			
Staff Costs	4	8,878	8,251
Grants	4	1,779	1,562
Other Operating Expenditure	4	5,384	5,268
Non-Cash Items	4	2,863	3,694
Revaluation	4	(37,117)	(14,437)
Total Operating (Income)/Expenditure		(18,213)	4,338
Net surplus for the year		(43,792)	(9,471)

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	(33,004)	29,584
Net gain on revaluation of Intangibles Assets	8	-	(39)
Comprehensive Net (Surplus)/ Expenditure for the year		(76,796)	20,074

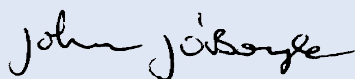
The notes on pages 63 to 84 form part of these accounts.

Accounts

Statement of Financial Position as at 31 March 2021

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.

		2020-21 £000	2019-20 £000
	Note		
Non-current assets:			
Heritage assets	6	1,167	1,167
Property, plant and equipment	7	134,412	92,875
Intangible assets	8	610	622
Biological assets	10	260,258	231,635
Total non-current assets		396,447	326,299
Current assets:			
Assets classified as held for sale	11	1,155	1,535
Inventories	14	56	47
Trade and other receivables	15	2,275	3,481
Cash and cash equivalents	16	9,637	93
Total current assets		13,123	5,156
Total assets		409,570	331,455
Current liabilities:			
Trade and other payables	17	(1,256)	(1,459)
Provisions	18	(1,354)	(1,189)
Total current liabilities		(2,610)	(2,648)
Total assets less current liabilities		406,960	328,807
Total assets less total liabilities		406,960	328,807
Taxpayers' equity and other reserves:			
General fund		337,705	291,987
Revaluation reserve		69,255	36,820
Total equity		406,960	328,807



JOHN JOE O'BOYLE
Accounting Officer
29 June 2021

The notes on pages 63 to 84 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2021

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.

		2020-21 £000	2019-20 £000
	Note		
Cash flows from operating activities			
Net operating surplus		43,792	9,471
Adjustments for non-cash transactions	4	(34,254)	(10,743)
Decrease / (Increase) in trade and other receivables	15	1,206	(1,557)
(Increase) / Decrease in inventories	14	(9)	8
Decrease in trade and other payables	17	(203)	(319)
Use of provisions	18	-	(9)
Bad debt provision provided for/(released) in year	4	1	-
Net cash inflow/(outflow) from operating activities		10,533	(3,149)
Cash flows from investing activities			
Purchase of non-financial assets	7	(1,026)	(1,417)
Purchase of intangible assets	8	-	(37)
Proceeds from disposal of non-financial assets	7	37	60
Net cash outflow from investing activities		(989)	(1,394)
Cash flows from financing activities			
Funding from parent department		-	4,563
Net cash inflow from financing activities		-	4,563
Net increase in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		9,544	20
Cash and cash equivalents at the beginning of the year	16	93	73
Cash and cash equivalents at the end of the year	16	9,637	93

The notes on pages 63 to 84 form part of these accounts.

Accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

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 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	SoCNE	9,471	-	9,471
Non-cash adjustments	7.2, 8.2	-	(29,545)	(29,545)
Non-cash charges – other notional costs	5	1,443	-	1,443
Non-cash charges - auditor's remuneration	5	21	-	21
Transfers between reserves		366	(366)	-
Balance at 31 March 2020		291,987	36,820	328,807
Comprehensive Net Expenditure for the year - Net surplus	SoCNE	43,792	-	43,792
Non-cash adjustments	7.1, 8.1	-	33,004	33,004
Non-cash charges – other notional costs	5	1,336	-	1,336
Non-cash charges - auditor's remuneration	5	21	-	21
Transfers between reserves		569	(569)	-
Balance at 31 March 2021		337,705	69,255	406,960

The notes on pages 63 to 84 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 accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and shall be consistent with the accounting principles and disclosure requirements of the 2020-21 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.

1.2a Funding

Funding has been received from the Department of Agriculture, Environment and Rural Affairs and is accounted for through the Statement of Comprehensive Income to cover operating expenditure. Any income that Forest Service has received during the year that is not required to cover operating or capital expenditure can be held as Reserves.

1.2b Public Corporation Dividend

Forest Service pays a dividend to the Department of Agriculture, Environment and Rural Affairs, reflecting the expected rate of return on funding provided. This is disclosed in the Statement of Comprehensive Income. The dividend rate has been agreed with DoF and is currently set at zero per cent whilst Forest Service are loss-making. If Forestry Service makes a surplus before revaluation gains on biological assets in the future, HMT's real rate of 3.5 per cent will apply.

1.3 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

Accounts

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.

The Valuation Office Agency (VOA) collate and analyse market activity to support calculation of the biological and land asset portfolio value for the financial statements of Forestry and Land Scotland (FLS). VOA share this market data with LPS and LPS have used the information as the basis to arrive at the Fair Value of the Forest Service land and the biological asset that represents the forest crops thereon.

It is emphasised that this is an informal apportionment produced solely for the purposes of depreciation accounting and does not represent a formal valuation of the separate elements of the asset. The figures detailed should not be relied upon for any other purpose (RICS UK National Supplement 2017, UK VPGA 1.10).

The valuations have been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Global Standards.

The value of trees grown for commercial purposes is included in non-current assets on a fair value basis less estimated selling costs. The comparative method of valuation, based on market-based evidence, has been used to support assessment of value. 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 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.

1.4 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.

1.5 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 fair value of biological assets is derived from the market-based evidence from the sales value of woodlands and forests in GB collated and analysed by the Valuation Office Agency and LPS.

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

1.6 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.

1.7 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

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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 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 Taxation

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

1.18 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.

1.19 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.

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.

1.20 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.

1.21 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.

1.22 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2021

The Agency has reviewed the standards, interpretations and amendments to published standards that became effective during 2020-21 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.

1.23 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 2022. 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

Revenue within the scope of IR35 Income from contracts with customers:

Timber Sales
Other Forest Products
Recreation
Rentals
Other Activities

	2020-21	2019-20
	£000	£000
	11,629	10,833
	48	54
	257	1,128
	517	570
	87	95
	12,538	12,680
	1,302	1,129
	13,840	13,809

Other Operating Income

EU Income

Income from DAERA

From 1 April, the Forest Service was reclassified as a Public Corporation and received funding from DAERA in year as follows:

Capital Funding
Departmental Subsidy
Funding to cover costs so that trading income can be allocated to reserves*

	1,054	-
	1,185	-
	9,500	-
	11,739	-
	25,579	13,809

Total Income

*In addition the Department paid out £9.5M to Forest Service to cover part of the running costs for the year. This will allow Forest Service to retain the equivalent amount of income as reserves. This will provide financial security and protect against future market shocks.

Accounts

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 as a result of Covid 19 regulations in effect throughout the year, caravan and camping sites were unable to open for lengthy periods and as a result Forest Service were unable to make full cost recovery on commercial recreation services in 2020/21. 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.

	2020-21			2019-20		
	Income	Cost	Surplus / (Deficit)	Income	Cost	Surplus / (Deficit)
	£000	£000	£000	£000	£000	£000
Timber Sales	11,629	1,327	10,302	10,833	1,276	9,557
Commercial Recreation	120	456	(336)	539	406	133
Non-Commercial Recreation	138	1,426	(1,288)	589	1,208	(619)
Potato Growing Crop and Tuber Inspections	35	53	(18)	49	62	(13)
Total	11,922	3,262	8,660	12,010	2,952	9,058

Accounts

4. Programme Costs

		2020-21	2019-20
		£000	£000
<u>Grant Payments</u>	Note		
National element		477	433
EU element		1,302	1,129
		1,779	1,562
<u>Staff Costs</u>			
Wages and Salaries		6,522	5,928
Social Security Costs		626	620
Other Pension Costs		1,730	1,703
		8,878	8,251
<u>Other Expenditure</u>			
Contracted out services		2,811	2,461
Other costs		692	790
Plants and horticultural consumables		603	466
Staff related costs		238	376
Fuel costs		207	291
Equipment costs		301	242
Accommodation costs		211	233
Office Services		149	155
Professional costs		154	150
Rentals under operating leases		15	95
Non-capital purchases		3	9
		5,384	5,268
<u>Non-cash items</u>			
Depreciation	7	1,284	1,242
Amortisation	8	12	26
Liability provisions provided for	18	165	962
Loss on Disposal		44	-
Bad debts provided for		1	-
Notional charges	5	1,357	1,464
		2,863	3,694
<u>Other non-cash items</u>			
Revaluation - Timber	12	(28,243)	(18,553)
Revaluation - Other assets	7, 12	(8,874)	4,116
		(37,117)	(14,437)
Total Programme Costs		(18,213)	4,338

Grant Payments

The total of grant payments for 2020-21 included £NIL paid to public bodies (2019-20: £NIL) and £1,778,596 (2019-20: £1,562,037) 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.

Accounts

5. Notional Costs

	2020-21	2019-20
	£000	£000
<i>Services provided by parent department:</i>		
Central Support	788	801
	788	801
<i>Services provided by other departments:</i>		
DoF Accommodation	229	248
NICS HR	109	115
Departmental Solicitor's Office	11	60
Account NI	48	53
IT Assist	151	166
Auditor's remuneration and expenses	21	21
	569	663
Total Notional Costs	1,357	1,464

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.

Accounts

6. Heritage Assets

6.1 2020-21

Cost or valuation

At 1 April 2020

At 31 March 2021

Carrying amount at 31 March 2021

Carrying amount at 31 March 2020

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 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

Accounts

7. Property, Plant and Equipment

7.1 2020-21

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2020	80,086	11,014	7,547	809	95	99,551
Additions	300	130	331	-	265	1,026
Disposals	-	(618)	(345)	(11)	-	(974)
Reclassifications & transfers	-	94	-	1	(95)	-
Revaluations through SoCNE	8,880	-	(1)	-	-	8,879
Revaluations through Reserves	32,873	-	105	-	-	32,978
At 31 March 2021	122,139	10,620	7,637	799	265	141,460
Depreciation						
At 1 April 2020	-	1,878	4,338	460	-	6,676
Charge in year	74	675	438	97	-	1,284
Disposals	-	(574)	(306)	(11)	-	(891)
Revaluations through SoCNE	-	-	5	-	-	5
Revaluations through Reserves	(74)	-	48	-	-	(26)
At 31 March 2021	-	1,979	4,523	546	-	7,048
Carrying amount at 31 March 2021	122,139	8,641	3,114	253	265	134,412
Carrying amount at 31 March 2020	80,086	9,136	3,209	349	95	92,875
Asset financing:						
Owned	122,139	8,641	3,114	253	265	134,412
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2021	122,139	8,641	3,114	253	265	134,412

Forest Service land is valued annually by Land Property Services (LPS). The comparative method of valuation, based on market-based evidence, has been used to support assessment of value. Research has been undertaken into comparative capital value transactions to enable valuation of the forest estate. The most appropriate market-based evidence is the sale of woodland and forests. However, there is no such market of any significance in Northern Ireland. There is a significant forest and woodland market in Great Britain and the UK Forest Market Report Issue 22 states that the value of transactional sales in 2020 exceeded £200M.

The Valuation Office Agency (VOA) collate and analyse this market activity to support calculation of the biological and land asset portfolio value for the financial statements of Forestry and Land Scotland (FLS). VOA share this market data with LPS and LPS have used the information as the basis to arrive at the Fair Value of the Forest Service land and the biological asset that represents the forest crops thereon.

Accounts

The combined value of land and timber on the Forest Service estate at 31 March 2021 of £382.3m is £70.6m (22.7%) up on 2020 value of £311.7m. Within this combined value the timber has been valued at £260.2m (note 10), an increase of £28.6m (12.3%) on the 2020 value of £231.6m and the Land at £122.1m (note 7.1 above), a 52.4% increase of £42m on 2020 value of £80.1m.

LPS have advised, that the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, the property market sector specific to the Forest Service estate is functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the LPS valuation is not reported as being subject to 'material valuation uncertainty'.

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 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

8. Intangible Assets

8.1 2020-21

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
Cost or valuation				
At 1 April 2020	554	47	127	728
Additions	-	-	-	-
Disposals	-	-	(85)	(85)
Revaluations through Reserves	-	1	-	1
At 31 March 2021	554	48	42	644
Amortisation				
At 1 April 2020	-	8	98	106
Charge in year	-	6	6	12
Disposals	-	-	(85)	(85)
Revaluations through Reserves	-	-	1	1
At 31 March 2021	-	14	20	34
Carrying amount at 31 March 2021	554	34	22	610
Carrying amount at 31 March 2020	554	39	29	622

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

Accounts

8. Intangible Assets (cont.)

8.2 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	38	1	1	40
At 31 March 2020	554	47	127	728
Amortisation				
At 1 April 2019	-	2	77	79
Charge in year	-	6	20	26
Revaluations	-	-	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

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 2020-21 (2019-20: Nil).

Accounts

10. Biological Assets

		2020-21	2019-20
		£000	£000
	Note		
Value at 1 April		231,635	213,419
<i>Movement in timber valuation</i>			
Transfer to assets held for sale	11	(1,155)	(1,535)
Timber removals		(9,924)	(9,536)
Timber lost to fire		(75)	(28)
Price / Growth increment		39,777	29,315
Carrying amount at 31 March		260,258	231,635
Movement in timber valuation:			
Revaluation adjustment credited to Statement of Comprehensive Net Expenditure	4	28,243	18,553
In-year movement in assets held for sale	11	380	(337)
Net movement in timber valuation		28,623	18,216

Growing timber is valued as per note 1.5. 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 2020-21 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

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

11. Current Assets – Assets Classified as Held for Sale

		2020-21	2019-20
		£000	£000
	Note		
Timber			
Opening balance		1,535	1,198
Additions		1,155	1,535
Disposals		(1,535)	(1,198)
Carrying amount at 31 March	10	1,155	1,535

There are no assets surplus to requirements as at 31 March 2021.

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.

Accounts

12. Revaluations

		2020-21 £000	2019-20 £000
	Note		
Property, Plant & Equipment	4, 7	(8,874)	4,116
Growing Timber Revaluation	4, 10	(28,243)	(18,553)
Total Revaluation credit charged to the Statement of Comprehensive of Net Expenditure	4	(37,117)	(14,437)

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.

14. Inventories

	2020-21 £000	2019-20 £000
Stock	56	47
Balance at 31 March	56	47

15. Trade Receivables and Other Current Assets

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Trade receivables	2,115	3,372
Other receivables	1	1
Prepayments and accrued Income	159	108
Total Receivables at 31 March	2,275	3,481

16. Cash and cash equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April	93	73
Net change in cash and cash equivalent balances	9,544	20
Balance at 31 March	9,637	93
The following balances at 31 March were held at:		
Commercial banks and cash in hand	9,637	93
Balance at 31 March	9,637	93

17. Trade Payables and Other Current Liabilities

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Trade payables	17	197
Other payables	36	23
Accruals and Deferred Income	1,062	1,085
VAT	141	154
Balance at 31 March	1,256	1,459

18. Provisions for liabilities and charges

2020-21

	Legal Claims £000	Total £000
Balance at 1 April 2020	1,189	1,189
Provided in the year	169	169
Provisions written back	(4)	(4)
Balance at 31 March 2021	1,354	1,354

Analysis of expected timing of discounted cash flows

Not later than one year	1,354	1,354
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2021	1,354	1,354

2019-20

	Legal Claims £000	Total £000
Balance at 1 April 2019	236	236
Provided in the year	962	962
Provisions utilised in the year	(9)	(9)
Provisions not required written back	-	-
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

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 8.0 adopted by the EC on 18/10/2020) are as follows:

	2020-21 £000	2019-20 £000
EU Grant Schemes		
Not later than one year	3,074	1,405
Later than one year and not later than five years	3,395	2,145
Later than five years	1,717	1,152
	8,186	4,702
National Grant Schemes		
Not later than one year	1,049	506
Later than one year and not later than five years	1,063	714
Later than five years	384	384
Present value of obligations	2,496	1,604
Total EU / National Grant Schemes		
Not later than one year	4,123	1,911
Later than one year and not later than five years	4,458	2,859
Later than five years	2,101	1,536
	10,682	6,306

20. Capital Commitments

There are no contracted capital commitments at 31 March 2021 (2019-20: £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:

	2020-21 £000	2019-20 £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	172	174
	182	184

Finance leases

The Agency had no finance leases during 2020-21 or 2019-20.

22 Contingent liabilities disclosed under IAS 37

Public Liability Claims

The Agency has 6 ongoing public liability claims at 31 March 2021 (31 March 2020: 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.

Holiday Pay Provision:

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23rd and 24th June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. The provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

23. Losses and Special Payments

Losses

	2020-21 £000	Number of cases	2019-20 £000	Number of cases
Forest Fires	75	7	28	2
Fraud / Theft / Vandalism	1	1	7	3
Total	76	8	35	5

Special Payments

There were no special payments paid in 2020-21 (2019-20: £NIL).

24. Related Party transactions

Forest Service is an executive agency of DAERA. DAERA is regarded as a related party. During the year, the 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.

No board member, key manager or other related party has undertaken any material transactions with Forest Service during the year.

25. Third-party assets

Forest Service has no third-party assets as at 31 March 2021 (31 March 2020: none).

26. Events after the reporting period

From 1 April 2021 the Agency continued as an Executive Agency of DAERA operating as a Public Non Financial Corporation.

At the time of signing these accounts the Agency continued to operate and adhere to COVID-19 social distancing guidance and regulations.

27. Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 8 July 2021.