



FORESTRY
COMMISSION

*Annual Report and
Accounts 1993-94*



Forestry Commission

Forestry Commission
ARCHIVE



FORESTRY
COMMISSION

*Annual Report and
Accounts 1993 - 94*

together with the
Comptroller and
Auditor General's Report
on the Accounts

*Presented to Parliament in pursuance of Section 45 of the
Forestry Act 1967 and Section 5 of the Exchequer and
Audit Departments Act 1921*

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LONDON
HER MAJESTY'S STATIONERY OFFICE

FORESTRY COMMISSION
231 Corstorphine Road
Edinburgh EH12 7AT

5 September 1994

To:
The Rt Hon IAN LANG, MP
Secretary of State for Scotland

The Rt Hon WILLIAM WALDEGRAVE, MP
Minister of Agriculture, Fisheries and Food

The Rt Hon JOHN REDWOOD, MP
Secretary of State for Wales

In pursuance of Section 45 of the Forestry Act 1967, I have the honour to transmit the 74th Annual Report of the Forestry Commissioners which covers the year ended 31 March 1994.

(Sgd) T R CUTLER
Deputy Chairman and Director General

Forestry Commissioners, Heads of Divisions, Chief Conservators and Regional Directors at
31 March 1994

Forestry Commissioners

Sir Raymond Johnstone CBE *Chairman*
Mr T. R. Cutler *Deputy Chairman and Director General*
Miss B. M. Bloom OBE
Mr R. T. Bradley
Mr D. L. Foot
Mr R. B. Grove-White
Mr D. S. Grundy
Mr G. H. Laird CBE
Mr T. S. Mallinson
Sir Michael Strang Steel Bt
Mr C. R. Woosnam CBE

Mr T. J. D. Rollinson *Secretary*

Heads of Divisions

The Department of Forestry

Policy and Resources Group

Director, Business Systems: Mr E. K. Arthurs
Director, Policy Studies: Dr S. Harding
Director, Personnel: Mr J. McGough
Head of Public Information Division: Mr J. F. Lindsay
Head of Parliamentary and Policy Division: Mr M. F. Garforth
Head of International Relations Division: Mr W. F. Sheridan
Head of Internal Audit Division: Mr J. F. McSorley
Head of Parliamentary Finance Division: Mr W. G. Prest

The Forestry Authority

Director, Research: Mr D. A. Burdekin
Head of Forestry Practice Division: Mr J. G. S. Gill
Head of Grants and Licences Division: Mr R. C. Herbert

Forest Enterprise

Director, Engineering: Mr R. M. Hay
Director, Estate Management: Mr P. C. Ranken
Director, Business Enterprise: Mr S. E. Quigley
Director, Finance: Mr K. Gliddon
Head of Forest Management Division: Mr J. Dewar

Chief Conservators

England: Mr R. O. Smith
Scotland: Mr J. Atterson
Wales: Mr D. M. Hughes

Regional Directors

England, North and East: Mr G. R. Hatfield
England, South and West: Mr R. J. N. Busby
Scotland, North: Mr G. J. Hamilton
Scotland, South: Mr G. M. Cowie
Wales: Mr J. F. Morgan

Note: The addresses of the main Forestry Commission offices appear on the inside back cover.

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Preface

The Forestry Commission is the Government Department responsible for forestry in Great Britain. It reports collectively and individually to the Forestry Ministers, namely the Secretary of State for Scotland, the Minister of Agriculture, Fisheries and Food and the Secretary of State for Wales. Under a major reorganisation in 1992, a clear distinction has been made between the Commission's policy, regulatory and forest management roles.

The policy and regulatory roles are undertaken within the **Department of Forestry** which comprises:

- The Policy and Resources Group, which is responsible for support and advice to Ministers, policy development, personnel, finance, internal audit and information systems, European and international liaison, and the administration of the Forestry Commission Pension Scheme.
- The Forestry Authority, which is responsible for implementing the Government's forestry policy, including the regulatory functions for tree felling and plant health, providing advice and administering the payment of grants to private woodland owners, research and the setting of standards for the forestry industry as a whole, including Forest Enterprise.

The management of the Commission's forests is undertaken by **Forest Enterprise** which has a multiple-purpose remit that includes the protection and enhancement of the environment and the provision of public access and recreational facilities, as well as the production of timber.



*The Department
of Forestry*

Policy and Resources Group

Forestry Review

In our last report we noted the setting up of the Forestry Review Group to review the effectiveness of the current incentives for forestry investment, to review options for the ownership and management of Forestry Commission woodlands and to make proposals for changes which would improve the delivery of the Government's forestry policy objectives. The Review Group submitted its report to Ministers at the end of February 1994. The Forestry Review generated considerable interest. Over 4,000 representations were submitted from the public and from industry, environmental and countryside interests. The Government's conclusions on the Review were announced in a statement by the Rt Hon Ian Lang MP, the Secretary of State for Scotland in the House of Commons on 19 July 1994 and will be covered in our 1994-95 report.

Finance

The Commission is financed principally by income from its own operations, mainly from timber sales, and also by the Grant-in-Aid voted by Parliament and by EC reimbursements of eligible expenditure.

Financial performance over the year showed a significant improvement compared to 1992-93:

- Timber receipts increased by £10.2 million and other operating receipts by £2.0 million.
- EC reimbursements increased by £1.0 million.
- Although operating payments increased by £9.5 million, largely due to an increase of £7.9 million on private woodland grants, the capital expenditure requirement fell by £6.4 million.
- Of the £91.0 million Grant-in-Aid voted by Parliament, the amount required was £89.0 million, a reduction of £8.5 million compared with last year.
- The Grant-in-Aid required by the Department of Forestry was £52.8 million, by Forest Enterprise £12.0 million, and for the Forestry Commission Pension Scheme £24.2 million compared to requirements of £46.2 million, £29.0 million and £22.4 million in 1992-93.
- Receipts from sales of properties, which are surrendered to the Consolidated Fund, increased by £7.4 million to £17.3 million.

All Forestry Commission payments and receipts, including Grant-in-Aid, are recorded in the Forestry Fund. The Forestry Fund Accounts are on pages 49 to 57. Accounts for

the Department of Forestry are on pages 58 to 66 and for Forest Enterprise on pages 67 to 83.

International Forestry

The United Nations Conference on Environment and Development (UNCED) in Rio in June 1992 was an important step towards the global recognition of concerns over the protection and sustainable management of all the world's forests. As a result of an initiative by the Prime Minister following UNCED, all G7 and EC countries made commitments to publish national plans for implementing the *Statement of Forest Principles* adopted at the Conference.

'Sustainable Forestry – the UK Programme'

The United Kingdom's plan was launched by the Secretary of State for Scotland in January 1994. *Sustainable Forestry – The UK Programme* pulls together the various strands of the Government's forestry policy into a comprehensive statement of the action the Government is taking to promote sustainable forestry at home and overseas.

The Programme is split into three main sections. The first deals with the international context within which the Government's policies are framed; the second with the Government's policies for UK forests and how they are managed; and the third with the UK's policies towards the management, conservation and sustainable development of forests in other countries. The Programme will be reviewed periodically and revised if necessary although the fundamental principles are unlikely to change.

At UNCED, the UK was also instrumental in ensuring that the UN Commission on Sustainable Development (UNCSD) was charged with the implementation of the Principles and keeping them under review. Forestry will be a key theme for the UNCSD review in 1995. The UK Programme will form the basis for the UK's report on forestry to the UNCSD. We have invited comments on the Programme from some 200 non-governmental organisations to help inform the preparation of the report.

In September 1993, the British and Indian Governments agreed an Indo-British Forestry Initiative which aims to ensure progress in forestry matters before the UNCSD review. The Initiative includes jointly hosting an international workshop, entitled *Towards Sustainable Forestry: Preparing for CSD 1995*, with the main objective of developing formats for national reports to the UNCSD on forestry issues. This took place in New Delhi in July 1994 and will be covered in our 1994-95 report.

Indo-British Forestry Initiative

A European Forestry Ministers' Conference was held in Helsinki in June 1993. It was attended by Forestry and Environment Ministers from nearly every European country, including Russia. The UK Government was represented by the Scottish Office Minister for Agriculture and the Environment, Sir Hector Monro MP. At the Conference, European countries committed themselves to implementing guidelines for

Helsinki Ministerial Conference on the Protection of Forests in Europe

the sustainable management of European forests and for the conservation of their biodiversity.

14th Commonwealth
Forestry Conference

The 14th Commonwealth Forestry Conference, hosted by the Malaysian Government, took place in Kuala Lumpur on 13-18 September 1993. The Conference theme was *People, the Environment and Forestry – Conflict or Harmony?*. The aim of the Conference was to show how forests in tropical and temperate regions can be managed in a sustainable way for the benefit of present and future generations, to provide opportunities for economic development, to promote the well-being of rural people, and to conserve the forest as a source of other environmental benefits. Some 360 delegates attended from 41 countries. The standard of discussion and debate was very high and the Conference was judged by delegates to be a great success. The Director General, who is the Chairman of the Standing Committee on Commonwealth Forestry, set the Conference in the context of post-UNCED developments in international forestry, and led the UK delegation which included representatives of the Government, the timber trade, private forestry, universities and Commonwealth bodies.

The Conference adopted a total of 19 recommendations, the main one of which was that Commonwealth forestry Ministers should meet to initiate their countries' preparations for the UNCSD's 1995 review of progress on forestry since UNCED. The further 18 recommendations dealt with the intimate role of people in forest management; the dynamic nature of forests and their capacity to provide a multiplicity of goods and services; and the need for forest managers to take a more active role in the implementation and promotion of sustainable forest development.

At the invitation of the Zimbabwe Government, the 15th Commonwealth Forestry Conference will be held in Zimbabwe in 1997.

The Commission also played a full part in conferences in Montreal in September 1993 and Rome in October 1993: the latter included the election of the Head of our International Relations Division, Mr Willie Sheridan, as Vice Chairman of the European Forestry Commission Executive Committee.

Submission of the UK's
Programme to the European
Commission

Under EC Regulation 2080/92, *Forestry Measures in Agriculture*, all Member States are required to prepare a national programme of aid for forestry measures in agriculture. The UK's programme, based on existing grant schemes, was submitted to the European Commission in July 1993. The programme was approved by the EC Standing Forestry Committee on 8 April 1994. The Government will be able to claim higher rates of EC reimbursement on grants paid in connection with applications for establishing woodland on land previously in agricultural use approved since 30 July 1992.

Review of Access Arrangements

Arrangements were introduced in October 1991 to enable the Commission to offer local authorities the opportunity to enter into access agreements to allow continued

public access to Forestry Commission woodlands after sale. At the time of their introduction, the Government announced that there would be a review of the arrangements after two years. In September 1993, a group was set up to carry out this review, chaired by our Chief Land Agent and comprising representatives from the Countryside Agencies, Local Authority Associations, Department of the Environment, The Scottish Office and the Welsh Office. They reported to the Forestry Review Group in December 1993. The report was made public in February 1994. The review concluded that the current arrangements were not adequately protecting public access to woodlands sold by the Commission, and suggested a number of ways in which the arrangements could be improved. These will be taken into account in consideration of the wider Forestry Review.

Environment Committee

The Government's response to the House of Commons Environment Committee's report on *Forestry and the Environment* was published on 15 June 1993. Although falling outside the year we covered the response, for completeness, in our 1992-93 report.

Welsh Forestry Group

As noted in last year's report, the Minister of State for Wales, the Rt Hon Sir Wyn Roberts MP, set up a group on the *Way Ahead for Welsh Forestry* to examine ways of promoting the future development of forestry in Wales. The Group comprised senior forestry, farming, countryside, industry and environmental representatives under the Chairmanship of Mr David Hughes, our Chief Conservator for Wales. The Group looked in particular at ways of bringing into sound management all existing woodland in Wales, the expansion of tree cover and the effective marketing of forest products. The Group held ten meetings throughout the year and reported to the Minister of State in April 1994.

Welsh Affairs Committee

The House of Commons Welsh Affairs Committee began an enquiry into *Forestry and Woodlands* in July 1993. We prepared, with the Welsh Office, a memorandum of evidence which was submitted to the Committee in September 1993. The Committee visited a number of forests and woodlands in Wales, where we were pleased to act as hosts. The Committee also visited the head offices of both Forest Enterprise and the Forestry Authority in Wales in Aberystwyth. We were invited to give evidence to the Committee in October 1993 and February 1994; other witnesses included the Welsh Office, forestry organisations and the timber industry, local authorities, environmental groups, farmers and landowners, the National Rivers Authority and the Countryside

Council for Wales. The Committee concluded with evidence from the Minister of State for Wales. The Committee's report was published in May 1994 and will be covered in our 1994-95 report.

Public Accounts Committee

In our last report we covered the findings of the National Audit Office study of our harvesting and marketing activities which were published in March 1993 in the Comptroller and Auditor General's report *Forestry Commission: Timber Harvesting and Marketing**. The Director General was examined on the report by the House of Commons Public Accounts Committee in March 1993. The Committee's conclusions, and the Government's response to them, are set out in Appendix V.

The Committee's main areas of interest were in the age at which trees are felled and in differences between the Commission's harvesting plans and actual production. The Committee were concerned that many of the Commission's trees were felled at an age when they do not produce their maximum return and were felled in areas outside those planned for harvesting. In response, the Government noted that there are a number of reasons for this, including the effects of storm damage, adjustments to reflect differences between expected and actual levels of timber stocks, the creation of felling areas which are operationally efficient, and environmental reasons. The response confirmed that the Commission would strengthen its procedures for monitoring and evaluating changes to its plans and would augment its existing controls.

Timber Certification

There has been growing interest among environmental organisations and the timber trade in developing certification systems that will give consumers an assurance about forest management standards. At a seminar organised by the World Wide Fund for Nature in March 1994, our Director General noted that cost-effective certification would have to take into account the regulatory framework that exists in a country and avoid unnecessary duplication and additional costs to consumers. We shall watch with interest the progress of non-governmental certification schemes while continuing to discuss with the industry and environmental organisations effective ways of providing information to consumers about the standards of management that apply to British timber.

* Report by the Comptroller and Auditor General, *Forestry Commission: Timber Harvesting and Marketing*, HC526 (1992-93), HMSO, £8.15 net.

Set-Aside and Short-Rotation Coppice

Payments under the EC Arable Area Payments Scheme are conditional on farmers putting a percentage of their land into set-aside. The rules allow land in set-aside to be used for certain purposes which now include short-rotation coppice but other forms of forestry do not count towards the set-aside obligation. In response to pressure from the UK Government, in December 1993 the Agriculture Council asked the European Commission to examine the relationship between the set-aside obligation and areas withdrawn from production with a view to afforestation or for environmental purposes. The Forestry Commission is working with the Agriculture Departments with the aim of achieving a successful outcome to this exercise. The December Council also agreed that, for short-rotation coppice, Member States could make loans to farmers equivalent to five years' set-aside payments. As part of the Forestry Review, Ministers considered how this provision might be implemented in the UK.

Environmental Standards in Grant-Aided Woodlands

As part of the general review of the effectiveness of the forestry incentives, independent consultants were contracted to survey and assess the silvicultural and environmental standards achieved in woodlands established under Forestry Commission grant schemes since 1975. Three hundred sites were examined during 1993. Over 80% of the sites visited were judged to be 'acceptable' or 'excellent' in meeting the environmental standards set out in our published guidelines, the first of which was introduced in 1988. Only 10% of sites were judged 'unacceptable' from the point of view of landscape design or nature conservation, and 15% did not completely meet the standards of the water guidelines. The survey results confirmed that our environmental guidelines have raised standards, with planting under the Woodland Grant Scheme scoring more highly than planting under preceding grant schemes.

Socio-Economic Research

A cost-benefit analysis of the three lead Community Forests was completed during the year. The analysis combined the results of household surveys about the potential value of recreation and amenity in these forests (reported in our 1991-92 Annual Report), with information about the costs of creating them, and showed that the forests are likely to result in large net public benefits. On the strength of these results, proposals for the three Community Forests were approved by the Government and have begun to be implemented. A similar cost-benefit exercise is now being carried out for the remaining nine forests.

We commissioned a survey of public opinion on forestry. Of the 2,000 individuals interviewed, 96% considered that forests generally enhance the landscape, were an important habitat for wildlife, and were well worth visiting. Mixed woodland was widely preferred followed by pure broadleaved woodland. Most respondents expressed

a desire to have more woodland planted. Of those interviewed, 83% believed that the Forestry Commission encouraged good forestry practice, and the majority believed it encouraged multiple-purpose use of woods and forests. The aspects of the Commission's work most widely recognised were the planting of new trees and the preservation of native woodlands. The role of the Commission in privately-owned woods was less well understood, with only 25% aware that we provide grants to private landowners.

Market Development

After consultation with the private sector and environmental groups, we sponsored four studies on the marketing of timber. These looked, in particular, at the opportunities for marketing produce from woodlands that are of high environmental or social value, and linked in with other programmes of work including the Community Forests initiative and Cumbria Broadleaves project. The four studies examined marketing large volumes of low-value timber; marketing coppiced chestnut products in south-east England; marketing hardwoods as a local product; and marketing woodland products from woods close to towns.

The studies identified a range of opportunities for improved marketing which were then presented to our conference *New Markets for Old Woods* in April 1994 which will be covered in our 1994-95 report.

Progress on National Woodland Inventory

We have embarked upon a new national inventory of woodlands. The data from the previous (1980) inventory have become out-of-date and are insufficiently detailed for both policy development and monitoring and for forecasting timber supplies for the expanding wood-processing industry. The new inventory will benefit from the addition of information about the ownership and management of woodlands and the woodland environment. The procedure for the inventory was successfully tested in a survey of Grampian Region during the year; it will now progressively cover Scotland, England and Wales and continue thereafter on a cycle of about 10 years. Digital mapping is an integral part of the process and will allow the inventory data to be combined with other information we hold and with data produced by, or in co-operation with, other organisations such as The Scottish Office (land cover of Scotland data), and English Nature (data on ancient woodlands).

Visitors to Forests and Woodlands

In 1993 we published an analysis of the results from household surveys, conducted between 1987 and 1991, of visits to woodlands.* The estimated annual total number

*Research Information Note 237: *Using Household Surveys To Estimate Forest Visitor Numbers* by Adrian Whiteman.

of visits to woodlands, on trips lasting three hours or more, was 200-250 million, of which nearly one-third were to Commission woodlands.

Percentage of visitors to woodlands with different types of owner

Forestry Commission	30%
Private owner	25%
Local authority/voluntary	15%
Mixed ownership	15%
Don't know	15%

We are collaborating with other countryside agencies in sponsoring the UK Day Visits Survey. A major pilot survey in the summer of 1993 showed that about one-third of all adults had visited a woodland in the past year, and that these visits accounted for more than one-quarter of all day trips to the countryside. The survey has now been expanded to run for a full year in 1994.

Public Relations and Publicity

The Commission places a high importance on increasing public understanding and appreciation of forestry through the media, and our staff regularly participate in, and contribute to, radio and television interviews and newspaper stories.

Media Relations

The major news interest of the year stemmed from the Forestry Review Group with several hundred articles, features and broadcasts appearing in both the national and local press, and on radio and television. This interest, and the demand for information and statistics, placed a heavy burden on the Commission's Public Information Division throughout the year.

The media also showed particular interest in our research studies, such as work to save the black poplar and projects to protect the red squirrel, and at local level there was much useful reporting of our new and improved visitor facilities. A documentary looking at life in the New Forest was broadcast on Channel 4 in March 1994.

Interest in the work of the Commission from overseas continued at a high level, with programmes being arranged for visitors from 14 countries as diverse as Nepal, Latvia, the Czech Republic, North America and Africa as well as western and northern Europe. Visitors showed particular interest in the recent publication of our Biodiversity Initiative and Sustainable Forestry Programme and in our work on forest recreation and landscape design.

Overseas Visitors

A list of publications published in 1993-94 is given in Appendix IX.

New Publications

We have completed the relaunch of the overall Forestry Commission corporate identity encompassing our new heraldic crest through redesign of all stationery and application to vehicle livery and signage.

Corporate Identity

Awards We are pleased to record that the work of the Commission and staff was recognised by a number of awards during the year:

- Forestry Commissioner, Charles Woosnam and Secretary, Peter Clarke were awarded CBEs for their active involvement in forestry which together totalled 77 years. Other honours went to the Deputy Surveyor of the Forest of Dean, John Everard, who received an OBE, while MBEs were awarded to Gwyn Evans, Higher Executive Officer in Forest Enterprise Wales Regional Office, Mike Houghton, Private Woodlands Officer in Wye and Avon Forest District, Glyn Jerman, Forest Craftsman in Newtown Forest District, and Roy Neish, Industrial Foreman in Buchan Forest District.
- The Commission was the winner of the Ford European Conservation Award for the best UK conservation project of 1993 for the pioneering work to restore and conserve ancient Atlantic woodlands in Argyll.
- Forest Enterprise North Scotland Region won a Landscape Institute Award for the sensitive long-term proposals recognised in the design plan for Craigvinean Forest, Tay Forest District, near Dunkeld.
- Forest Enterprise North Scotland Region, in conjunction with Glenlight Shipping Company, attained a highly commended marking in the Sunday Times/KPMG Business and the Environment Awards for the development of cost-saving, environmentally-friendly, sea-borne timber barging operations on the west coast of Scotland.
- Sneaton High Moor, near Whitby, in Forest Enterprise North and East England Region, was judged amongst the six best entries in the 1994 Laurent Perrier environmental awards scheme and received a commendation.
- A photograph published in the magazine *Forest Life* (issue number eight) won an award in the British Association of Industrial Editors (Scotland) Awards 1993. *Merlins In the Nest* was awarded first prize in the Best Photograph category.
- The Forest Enterprise exhibit at the British Birdwatching Fair, organised by the Royal Society for the Protection of Birds and Leicestershire and Rutland Trust for Nature Conservation, attained the corporate award for the most original and informative stand.
- The Forestry Authority Mid Wales Conservancy won the best decorated trade stand award at the Aberystwyth Show 1993.

Commission Staffing

Senior Staff Ian Coutts CBE retired in September 1993, after nine years as a Forestry Commissioner. He was succeeded by Bridget Bloom OBE.

Peter Clarke CBE, Secretary to the Forestry Commissioners, retired on 16 January 1994. He was succeeded by Tim Rollinson who was previously Head of Parliamentary and Policy Division.

The Commission employed 2,004 non-industrial staff at 31 March 1994 compared with 2,034 the previous year. The number of industrial staff employed during the same period fell from 2,304 to 2,100 as the result of further improvements in efficiency and the wider employment of contractors. The number of contractors, including some 1,300 working in our woods for purchases of standing timber, is equivalent to 2,500 annually.

Employment

We have introduced a revised Management Development Programme which is aimed at clarifying the contribution individuals and teams can make to meet the Commission's aims and objectives. It gives staff the opportunity to assess their training and development needs and provides a wide range of opportunities for staff to broaden their knowledge, skills and experience. As part of this programme we have introduced an Assessment Centre to assess and develop the management potential of staff.

Management Development and Assessment Centre

The Commission has established arrangements to keep all employees informed on matters of concern to them, with information being disseminated at every level. The system of Whitley Councils at national and regional levels is supplemented by meetings with Trade Unions on specific issues as needed. A broadly similar arrangement for industrial staff is provided through the Commission's Industrial and Trade Council at national level and a network of Joint Consultative Committees at Regional and Forest District levels.

Employee Participation

In addition to its statutory obligations, the Forestry Commission is committed to the policy of the Civil Service that all eligible persons shall have equality of opportunity for employment and advancement on the basis of their ability, qualifications and fitness for the work alone.

Equal Opportunities

Separate programmes for action on women, race and disabled people have been introduced setting out the measures which managers and staff are expected to take to achieve the policy objectives for all groups of staff. These programmes focus on removing the remaining barriers to equality within the Forestry Commission and progress was made during the year on a number of fronts, including extending the range of alternative working patterns, such as part-time working, job sharing, career breaks and maternity and special leave; extending the monitoring of recruitment, appraisal and promotion procedures to ensure that advancement is on merit alone; and putting in place an action plan to improve the accommodation standards for disabled people to help achieve our 3% quota of registered disabled persons (registered disabled staff currently comprise 0.9% of all staff).

The percentage of women Forest Officers is now 3.9%, compared with 1.6% in 1989, and women now comprise 53% of all management grades within the Administration Group, compared with 45% in 1989.

At a time of limited recruitment opportunities, it has not been easy to make progress towards a truly diverse workforce and we have found it difficult to attract applicants of

ethnic minority origin or registered disabled people. We continue, where appropriate, to advertise jobs in the ethnic minority press and liaise with the local Employment Service to try to meet targets for the recruitment of disabled people.

The Forestry Authority

General Review

The second year of the Forestry Authority has seen the consolidation of our national network of offices and the rapid development of plant health work following the introduction of the EC Single Market arrangements. The number of grant applications and the number of schemes on which we have paid grants have continued to increase. This increase in workload has been accommodated by efficiency savings and we have been able to improve on our Citizen's Charter performance for processing grant applications.

Towards the end of the year our research organisation, along with all Government-owned research laboratories, was the subject of a scrutiny investigation by the Efficiency Unit of the Office of Public Service and Science. The results of the research scrutiny were published as a consultative document in June 1994 and will be covered in our 1994-95 report.

The outcome of the review of the effectiveness of the forestry incentives had not been announced by the end of the year but the preparatory and consultation processes have involved a good deal of staff time, particularly for our Grants and Licences Division.

The process of consolidation has had to take place, therefore, against a background of changes which will have a significant effect on the work of the Authority in the future.

The Aim of the Forestry Authority

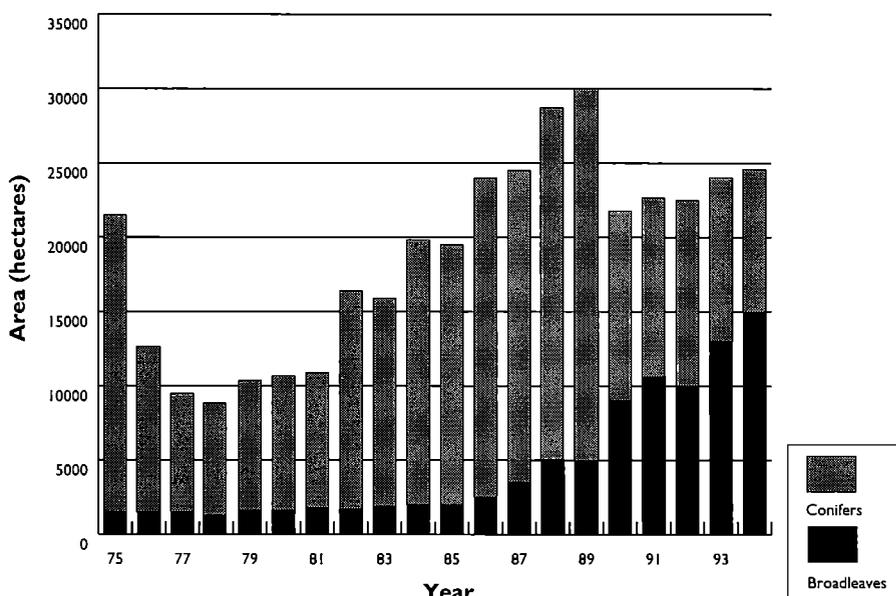
The aim of the Forestry Authority is to ensure that woodlands and forests are protected, managed, extended and promoted in ways which best serve the public interest in accordance with Government policy. The Forestry Authority is responsible for the implementation of forestry policy in Great Britain within the statutory framework of the Forestry, Plant Health and Countryside Acts. It sets and monitors standards in accordance with regulations affecting trees, woodlands and forests. The following sections report progress on the main aims of the Forestry Authority.

Promoting Multiple-Purpose Forestry

Through our grant schemes, we encourage the development and expansion of multiple-purpose forestry throughout Great Britain. In 1993-94 a total of 24,352 hectares of private planting was grant-aided under our schemes. Of this, 15,897 hectares comprised new planting and 8,455 hectares restocking.

Planting Levels

AREA OF GRANT AIDED NEW PLANTING, RESTOCKING AND NATURAL REGENERATION



New planting levels were higher than in any year since 1988-89 and restocking levels were higher than at any point over the last twenty years. Broadleaved planting has continued to increase dramatically and accounted for 61% of the total area grant-aided in the year. We have continued to receive representations from the forestry industry about the relative decline in the level of productive conifer planting and this issue was being addressed in the review of the forestry incentives.

Woodland Grant Scheme Approvals

The total area of private sector new planting approved (as opposed to planting completed and grant-aided) continued to increase. Approval was given for 28,406 hectares of new planting in 1993-94. This compares with 21,108 hectares in 1992-93 and 13,789 hectares in 1991-92. Interest in the Community Woodland Supplement (CWS) and in the management grant also continued to grow. Approval was given for 1,740 hectares of new planting under the CWS and 112,000 hectares of woodlands were approved for management grant, of which 71,000 hectares were for the special management grant.

Regulation of Forest Enterprise

All planting, felling and restocking carried out by Forest Enterprise requires the prior approval of the Forestry Authority. Applications are in the form of forest design plans. During the year approval was given to 387 design plans covering almost 250,000 hectares (England – 60 plans, 72,000 hectares; Scotland – 98 plans, 85,000 hectares; Wales – 229 plans, 85,000 hectares). This exercise, which has been a major workload for Forestry Authority staff, has been widely welcomed by local authorities and other consultees. With many design plans now in place, future workloads will reduce to a rolling programme of additions and revisions.

The third edition of the *Forests and Water Guidelines* was published in October 1993. As for previous editions, this was the product of co-operation and extensive consultation with a wide range of interests in the water and forestry sectors. A core group, including representatives of Government Departments and other public bodies with regulatory roles relating to forestry and water, was responsible for collating and incorporating comments on changes required to the second edition.

The changes made in the third edition reflect the findings of work on forest drainage and on how the scavenging of acidifying pollutants by trees can affect the freshwater environment. This latter issue is addressed by use of the critical loads approach which has now become accepted internationally as the most appropriate framework for policy formulation on pollutant abatement. Freshwater critical loads maps are now used in the Guidelines to identify where acidification problems might occur. Standards are set for the protection of the aquatic environment from both sediments and chemicals, and recommendations are made on how to enhance the species' diversity and population numbers of riparian and aquatic plants and animals.

Seminars were run by National and Conservancy Offices to update foresters, landowners, contractors and water industry staff on changes which have been made and to refresh their knowledge of the Guidelines.

Farmers and other land managers who might plant short-rotation coppice woodland as a bio-fuel require guidance on systems and machinery for the harvesting of coppice. Interest in wood energy has been stimulated by the Government's Non-fossil Fuel Obligation. Through a joint-funded contract with the Energy Technology Support Unit, acting on behalf of the Department of Trade and Industry, our Technical Development Branch has carried out field trials of British and Swedish harvesters in both poplar and willow. Two further seasons of harvesting trials are planned, which will enable a wide range of harvesters and chippers to be tested. We will publish technical guidance on the use of appropriate machinery.

Assisting the Development of Short-Rotation Coppice

Protecting Existing Trees, Woods and Forests

As well as helping to ensure effective woodland management, felling controls are an important means of protecting the environment. Of many reports of suspected illegal felling which were followed up during the year, 39 were formally investigated. Successful prosecutions were brought in 14 cases and proceedings are pending in four others. Warning letters were sent in the less serious cases. Notices requiring the restocking of illegally felled areas were served in 12 cases. There was one appeal against a restocking notice, which was rejected.

Felling Controls

Our plant health inspectors carried out over 6,000 inspections of wood and other cargoes this year. Action had to be taken in 90 cases where our inspectors found that the quarantine requirements had not been met. In one particularly serious instance we

Plant Health

had to refuse permission to a ship from Latvia to land its cargo. Dockers, Customs officers and others who handle imported goods provide a valuable first line of defence under the new regime of import controls. We greatly value their co-operation and we take every opportunity to publicise the risks to our forests of new forest pests coming into this country.

There was a marked change in import trends with a drop in the supply of sawn wood from Canada to around 0.6 million cubic metres from some 2.3 million cubic metres the year before, and importers looking for new sources, particularly in the developing Baltic States markets, which brought with it a number of plant health problems.

The year saw significant changes for plant health controls with the completion of the Single Market. The Plant Health (Forestry) (Great Britain) Order came into force on 1 June 1993* and enacted the Single Market requirements. There are no longer any formal border controls between Member States, and goods can travel freely from one country to another.

The new control regime is based on the registration of producers, traders and importers of specified plant material, together with a system of 'plant passports' to accompany the material wherever it is consigned. The EC has recognised that some areas are free of certain pests and diseases present in other parts of the Community, and these areas have been defined as protected zones; the islands of Great Britain and Ireland are two such examples. It has therefore been possible to retain our controls on the landing of trees, wood and bark.

For non-EC countries we set ourselves a target of inspecting goods either on the day importers or their agents notified us of the goods landing, or the next working day at the latest. Apart from some difficulties with arrivals over the weekend or when shipping schedules were changed at the last minute, we achieved a high rate of success and we plan to build this into a number of Citizen's Charter commitments for our plant health regulations to be launched in the summer.

Pine Wood Nematode

We reported last year that new regulations for coniferous wood imports from countries affected by this pest were to be introduced from 1 June 1993. Canada and the USA sought a four-month delay to the implementation of this regime and the Council of Ministers approved this provision in May 1993. The discovery by our plant health inspectors at the end of the same month of sawn wood from Canada infested with the vector of the nematode, a longhorn beetle, convinced the EC Commission that there was no justification for such a delay and the exemption provision for Canada was withdrawn.

*The Plant Health (Forestry) (Great Britain) Order 1993 (SI1993/1283).

Research into the nematode continues and in October the EC Joint Scientific Panel, on which the Forestry Commission is represented, reported to the EC's Standing Committee on Plant Health. The Panel concluded that there was a risk of transmission of the nematode in wood from Canada to the forests of Europe, that the risk was high in southern Member States where the presence of a suitable vector and the warmer climate could result in wide-scale tree mortality, but that the risk was low in Great Britain and Ireland. The Standing Committee concluded that there was no reason to lessen the European Community's controls. However, the Committee indicated that it would be prepared to consider changes in the future in the light of new evidence. Fresh proposals were presented by Canada to the Member States in March 1994.

Since 1987 we have monitored annually changes in tree health in sample plots throughout Britain. In previous years, trees have been compared with photographs of 'ideal' trees carrying the maximum possible amount of foliage. This procedure differs from that recently adopted in many other European countries where reference is made to a tree with full foliage under 'local' conditions. In order to allow comparison with results obtained in other countries, assessments in 1993 were made using the 'local tree' method. The effect of this was to reduce the proportion of trees that fall into the EC category of 'significantly damaged'. For continuity, trees were also assessed using the 'ideal' tree method which showed that there was an improvement in the crown condition of Norway spruce, Scots pine and beech compared to 1992 and no further decline in the condition of oak.

Forest Health Survey

Safeguarding and Enhancing the Environment

As part of our aim of improving the contribution which trees, woods and forests make to the environment, we have, in parallel with other post-Rio and post-Helsinki events, developed a Biodiversity Initiative. While much of the activity to protect biodiversity is being targeted at rare and sensitive habitats and species in the UK, our initiative seeks to enhance biodiversity in managed, often single species, forest ecosystems.

The Biodiversity Initiative

A number of projects are under way including studies of methods of measuring biodiversity, stand management to increase structural diversity, natural regeneration and landscape design aspects of biodiversity, ecological classification systems, and the influence of physical structure on insect biodiversity. Other studies are planned.

A core team of scientists provides the main input into our research programme. A much wider group of scientists and environmentalists, including field staff and members of other Government and non-government organisations, will advise the core team.

Promoting Woodland Recreation and Access

Since the introduction of the Community Woodland Supplement in 1992, a total of 3,125 hectares of new woodland open for public access has been approved for

Community Woodland Supplement

planting. The supplement has been welcomed with particular enthusiasm in Scotland where some of the larger cities have begun to develop extensive community forests. Following our major campaign to promote community forestry, Scottish local authorities have developed community forestry strategic plans covering the majority of urban areas.

Community Forestry Initiative

This joint initiative with the Countryside Commission has continued to flourish. Business plans for The Great North Forest, The Forest of Mercia and Thames Chase received Government approval during the year and business plans for the forests were agreed by the Treasury. The remaining forests will complete their plans in the coming year.

Training

To promote best practice across the industry as a whole, we have developed a new programme of forest recreation training to complement our *Forest Recreation Guidelines*. We have put into place the first element – a course on Recreation Planning, Design and Management – which emphasises the potential for forest recreation and encourages managers and foresters to increase the opportunities available for people to enjoy the forest.

Woodlands to Visit

In promoting access to private woodland, we have supported the publication by the Forestry Trust of a guide book on *Woodlands to Visit in England and Wales*. The project is in its second year and is helping to publicise woodlands where people are assured of a welcome.

Seed-in-time Conference

We organised and chaired the third international conference on urban and community forestry held in Manchester Town Hall in September 1993. Seven countries were represented among the 280 delegates and speakers who attended.

Supporting the Creation and Management of Native Woodlands

Creating New Native Woodlands

In February 1994, we published advice on the location, design and establishment of new native woods where a major objective is to develop a woodland of natural character (Bulletin 112, *Creating New Native Woodlands*). The Bulletin provides information on the selection of appropriate native trees and shrubs according to climatic zone, geology and landform, soil type and existing vegetation. Guidance on the proportions of species and planting patterns is also given, as well as on the best silvicultural techniques.

Guides to the Management of Semi-Natural Woodland

We have developed a series of booklets, after wide consultation with forestry and environmental interests, to provide advice on the management of ancient semi-natural woods. The aim is to maintain their special ecological characteristics, while providing a wide range of benefits, including wood products, recreation and scenic beauty. The guides are targeted mainly at ancient semi-natural woodland but will also be relevant

for other semi-natural woods and even to planted woods of native trees of high environmental value. Our ecological consultant, Dr George Peterken, has devised a classification of eight woodland types, each of which has a separate booklet to provide practical guidance.

Under the Woodland Grant Scheme we give special incentives for the establishment and natural regeneration of native pinewoods in the area of Scotland that used to be covered by the ancient Caledonian forest. Planting levels continue to be encouraging with more than 2,300 hectares being grant-aided in 1993-94.

Native Pinewoods

The Panel was set up in 1992 to advise us on the promotion of the management and expansion of native woodlands in the Highlands. The Panel is chaired by Sir Michael Strang Steel and has 17 other members representing a broad range of knowledge and experience in managing such woodlands.

Advisory Panel on Native Woodlands in the Highlands

The initial work of the Panel focused on creating a framework for the future management and expansion of Highland native woodlands. This involved summarising existing survey information on the extent and condition of the woodlands. This work highlighted the need for further surveys and improved collection, analysis and co-operation between the organisations commissioning surveys.

The Panel has submitted its first report to us; it has 18 recommendations which we are now considering. The recommendations are set out in Appendix VI.

In October 1993, we signed an agreement with the Association of National Parks which recognised the importance of semi-natural woodlands as elements of the landscapes and ecosystems of all National Parks. The agreement aims to encourage the appropriate management and extension of semi-natural woodland and to identify opportunities for the creation of new woodland with a composition and structure similar to that of semi-natural woodland. A joint conference is planned for September 1994. The text of the agreement is reproduced in Appendix VII.

Association of National Parks Agreement

Enhancing the Landscape

During the year, our Cambridge office published *Landscape Assessment for Indicative Forestry Strategies* to assist our staff and planners and landscape architects in deciding where, and on what scale, new woodlands can be of most value in enhancing landscapes.

Landscape Assessment

Our Chief Landscape Architect, Simon Bell, was contracted by the Ministry of Forests in British Columbia to develop a forest landscape design programme, including the preparation of a handbook on forest landscape design and a training scheme. Training workshops were run in each of the six forest regions in British Columbia and for headquarters staff in Victoria.

British Columbia

Developing Markets for Timber

Timber Quality A long-term study looking at spacing in unthinned plantations of Sitka spruce has shown that yields of commercial grades of timber for structural use are likely to be significantly reduced if trees are planted at spacings wider than two metres. The study showed that a number of aspects of timber quality, including log straightness, knot size and the proportion of juvenile wood in the timber, were affected adversely as planting distances increased, leading to losses in the yields of the structural grades of timber. This work has important implications for homegrown timbers in the commercially important market for construction timber.

Promoting Health and Safety in the Forest Industry

Safety Seminars We continued our programme of safety seminars designed to promote safe working practices for anyone working with trees. During the year 21 workshops, attracting 553 people, were held at various locations throughout the country.

Chainsaw Operator Certification A great deal of effort went into completing our programme of chainsaw operator certification by the December 1993 deadline for both Forest Enterprise and private sector customers. Over the past two years, our technical training provision has been dominated by the demand for training to certification standards and in that time approximately 4,000 people have been instructed, assessed and certificated by our trainers.

Safety Guides A comprehensive review of safety guides was carried out and a programme for rewriting and redesigning them has been agreed with the Health and Safety Committee of the Forestry and Arboriculture Safety and Training Council (FASTCo). The new guides have gone through a radical process of technical updating, the narrative and design has been modernised and they now apply to both forestry and arboriculture operations. Production of the new safety guides has now begun and will take several years to complete.

Safety and Training Many of the manual operations carried out by workers in the tree industry are potentially hazardous. Training has a vital role to play in ensuring that people carry out their work in an effective and efficient manner and use techniques that do not adversely affect their health or safety or that of others. Development work on a systematic approach to assessing the risks likely to arise in a whole range of forestry work situations commenced during the year. This important project is being carried out as a positive aid in identifying and overcoming hazardous situations in the work place. All Forestry Commission managers will be trained during 1994-95 and the private sector will be offered free access to the training material.

Public Understanding of Forestry

During the year we have been developing a policy and strategy for Environmental Education. As part of the strategy we set up a pilot teacher placement for 12 teachers to find out about the Forestry Commission and produce resource material to use with their schools.

Environmental Education

A Forest Education Initiative, chaired by the Forestry Authority, with members drawn from the Forestry Industry Committee of Great Britain, Timber Trade Federation and Forestry Trust for Conservation and Education, is producing two publications for schools to be published in 1994-95. A network of people associated with the forestry industry is being established to support these publications and so provide a comprehensive resource for teachers and others involved in education.

Improving Our Efficiency

In May 1993, we published the Woodland Grant Scheme (WGS) Applicant's Charter. This charter stated that an applicant will be sent a contract within six weeks of the date when firm proposals are drawn up, except in cases involving consultation where a target time of 10 weeks was set. During the first half of the year these targets were met in 79% of cases without consultation and in 80% of cases with consultation. In the second part of the year the corresponding figures were both 83%.

Citizen's Charter

A postal questionnaire survey of WGS customers in England was carried out in late January to early March 1994. The results of this survey were encouraging:

Survey of Customer Opinions

- 83% of respondents rated our overall efficiency as good or very good, with 5% rating it unsatisfactory.
- 84% of respondents rated our advice as good or very good, with 1% rating it as unsatisfactory.
- 70% of respondents rated our application forms and guidance notes as good or very good, with 6% rating them as unsatisfactory.
- 61% of respondents rated the contract design and content as good or very good, with 11% rating it unsatisfactory. Respondents who had not completed a WGS application before thought more highly of the contract design and content than those who had previous experience of the contracts.

In February 1994, we introduced an *Agreement to Transfer Obligations* which allows an owner selling woodland to transfer his liabilities for grant repayment under the Woodland Grant Scheme to the new owner, providing both parties are in agreement. This Agreement will mean that the Forestry Authority can be confident that, even when there is a change of ownership, woodlands will continue to be properly looked after. Moreover, it reassures current woodland owners that they need not be held responsible for successive owners' actions.

Tripartite Agreement

Forestry Research

Research Report and
Research Strategic Plan

We publish a separate report on Forest Research each year which gives a full account of the work carried out and supported by our Research Division. The Research Strategic Plan, first drafted in 1992, has been reviewed on a rolling three-year programme and a revised edition for 1993 has been published.

Scrutiny of Government
Research

The Government published a White Paper on Science and Technology entitled *Realising Our Potential* in the autumn of 1993. There were considerable implications in the paper for the organisation and programme of our Research Division. Foremost was the proposal to scrutinise all Government research with a view to possible privatisation, rationalisation and changes of ownership. A Scrutiny Team was set up which visited research institutes during the course of the year. The Team reported to the Efficiency Unit of the Office of Public Service and Science and the results of the Scrutiny were published as a consultative document in June 1994.

Salient Facts

A table of salient facts is provided on the following page. This gives details of key financial and physical achievements for the last three years, as well as a number of performance measurements.

T H E D E P A R T M E N T O F F O R E S T R Y

Salient Facts

	Unit	Year ended 31 March:		
		1992	1993	1994
Grant-in-Aid	£('94) million			
Forestry Commission Pension Scheme		22.5	23.1	24.2
Department of Forestry		38.5	47.6	52.8
Area on which grants were paid to private woodland owners				
New planting	thousands hectares	14.1	15.3	15.9
Restocking	thousands hectares	7.8	8.1	8.5
Management grants	thousands hectares	—	—	54.0
Total area within grant schemes	thousands hectares	733	722	822
Private woodlands grants	£('94) million	18.4	22.5	29.8
Consultation and administration costs of grant schemes	£('94) million	6.1	6.3	6.0
Research net expenditure	£('94) million	10.9	10.9	9.7
Staff at 31 March	numbers			
Industrial		140	129	131
Non-industrial		813	815	827



*Forest
Enterprise*

General Review

On the commercial front, we achieved another significant increase in our overall wood production. Over the last seven years, we have planned and delivered an increase of some one million cubic metres. It is no exaggeration to say that the competitiveness of the softwood processing industry in Britain is heavily dependent on a secure supply of wood from year to year and on regular buying opportunities. The improved trading performance of our customers over the last year shows how close co-operation between Forest Enterprise and its customers can work to benefit the whole economy of the wood chain.

The improving timber market has helped us to make up lost ground on the financing of Forest Enterprise to the extent that it came very close to becoming self-financing. Forest Enterprise's net call on public expenditure was reduced from £25.8 million in 1992-93 to £1.4 million this year.

The Enterprise has continued to seek opportunities to streamline its management structure and improve productivity. In particular, harvesting costs have been steadily reduced through the development and installation of mechanised harvesting over a number of years. Further Forest District amalgamations took place together with a reorganisation of our Head Office structure. At the end of the year we produced the second year's issue of our corporate plan entitled *Corporate Agenda 1994-1995*.

For many of our staff, the most demanding and creative work has been the preparation of forest design plans. This work – which covered a significant proportion of our landholding – provides a long-term forest plan to integrate our core management activities and provide a ready vehicle for consulting the Forestry Authority on our forest operations. The plans are intended to be used flexibly and will require periodic review to take account of the vagaries of nature, particularly storm damage, and the dictates of the marketplace. Much credit is due to our staff – particularly Forest District staff and our landscape architects – for their drive in completing this major exercise during the year.

Market Review

In the world trade in timber products, a key part is played by the supply and demand balance in North America and the Pacific area. In 1993-94, construction of houses in the United States recovered. The US market experienced some all-time highs for prices of lumber which attracted supplies from all parts of Canada, most specifically east Canada. Japan exerted increased pressure on all supplier countries in the Pacific Rim and so great was the attractiveness of the Japanese market that sawn softwood began to be shipped to that country from as far as Sweden and Finland.

Swedish and Finnish sawmillers found themselves with an opportunity to exploit both the German and French markets while at the same time substantially replacing Canadian merchantable timber in the UK market. The result was a sudden rise in prices in the UK curtailed only by a sluggish home housing market which was showing slow signs of recovery.

Although the carcassing market for British sawmillers was buoyant during the year, the picture was less healthy for pallet and fencing suppliers. The latter saw a very dull spring and the market only briefly picked up in late summer. Pallet markets were under pressure all year and British producers faced stiff competition, particularly from Irish suppliers. One notable loss was the insolvency of Lowther and Croasdale Ltd, based in Penrith. However, mills at both of the company's sites have continued to operate under the Receivers. A new mill intended to produce pallet wood and similar sizes was announced by Kronospan. Based at Chirk, Clwyd, the mill is expected to begin production in September 1994, consuming up to 100,000 cubic metres of small sawlogs.

The North American market was also a key influence on newsprint and market pulp supplies. A pick up in the US consumption for most grades of paper, particularly newsprint, allied to a real restructuring of Canadian production facilities, brought more of a balance to supply and demand. Market pulp prices began to rise in the latter part of 1993 and some pressure came off sellers for a wide range of papers as they attempted to push through price rises. By the end of 1993-94, almost all papers were recording price rises although many were relatively small. Worldwide, a whole raft of new projects were curtailed or abandoned over the period in the recession from 1990 but there are now a number of new developments underway which will increase capacity. Notable among these is the SCA/Minorco Newsprint facility at Aylesford in Kent which will be based on 100% waste paper as a fibre source.

All pulp and paper mills and panelboard plants consuming British grown roundwood worked at operating rates much higher than the previous year. However, margins on almost all roundwood products in this sector increased only marginally.

Finance

A very successful year was highlighted by a large reduction in our operating deficit – from £29.2 million in 1992-93 to £16.9 million in 1993-94. The main features were:

- Operating income increased by £7.8 million, largely due to the improvement in the timber market.
- While increasing timber production, we succeeded in reducing overall operating costs by £1.3 million.
- Despite a difficult market, proceeds of £17.3 million from the sale of properties were £7.4 million higher than in the previous year.

The improvements in operating performance and disposals income were reflected in our progress towards the objective of becoming self-financing by 1995-96. Our net public expenditure in 1993-94 was £1.4 million compared with £25.8 million in 1992-93.

The Forest Enterprise Accounts are on pages 67 to 83.

New Information Systems At the time of the Commission's reorganisation in 1992, we embarked on a major review of our financial information systems for business planning and budgeting. Last year, we reported that we were in the process of selecting and procuring the necessary hardware and software and had commissioned Touche Ross Management Consultants to guide and assist us in this phase of the project and that we had set an implementation date of 1 April 1995.

We have continued work on this project and the business case for the new systems has been approved by the Treasury. Some 50 suppliers responded to our advertisement in the EC Journal and, at the close of the year, we had narrowed this down to two potential suppliers. However, as a result of uncertainties arising from the Forestry Review it is now probable that the planned implementation date of April 1995 will have to be moved back.

Managing the Whole Forest

Environment Panels We place great importance on keeping in touch with those groups and individuals who have an interest in the management of our forests. To help us with this each Forest District has set up one or more Environment Panels whose purpose is to provide opportunities for exchange of information and views between our forest managers and individuals with specialist or local knowledge. All Panels have met regularly and have played a key role in improving our relationship with local communities as well as aiding forest design planning.

Forest Design Our Forest District staff have made a major and commendable effort in the preparation of these plans. Almost all the 1994-95 felling programme is covered, but the main emphasis is on a long-term approach to demonstrate sustainable management and to create a picture of the forests we envisage for the 21st century. Over the year, our design plans were demonstrated to many forest visitors and have been enthusiastically received by local communities and environmental bodies. Forest design plans are used as a basis for consultation with the Forestry Authority and this has proceeded smoothly. The plans will also form the basis of a review of our wood production forecasts which we plan to carry out during 1994.

A Landscape Institute award was received for the Craigvinean Forest Design Plan in Perthshire, which recognised the sensitive long-term management proposals in this nationally important setting.

The New Forest is a fine example of multiple land-use management, catering for such diverse interests as timber production, pasturing commoners' stock, conservation and public recreation in many forms.

The New Forest

The Forestry Commissioners are required under a Mandate from the Minister of Agriculture, Fisheries and Food to preserve the traditional character of the Forest. The Mandate, which is the cornerstone of our management policy over the whole Forest, was recently revised to cover a further 10-year period. A copy of the Mandate is at Appendix VIII. To implement the Mandate, we have revised our New Forest Management Plan setting out our management aims for each of the main land uses in the Forest.

The decision to computerise the production and updating of our Forest Stock maps was turned into a reality during the year. Although it will take some years to complete, initial results are very encouraging. The work of digitising the existing map base is being undertaken at our Headquarters Drawing Office, but our equipment for updating and management has also been installed at Regional Offices. The digitising of our map information is the first step towards the installation of a full geographic information system which will integrate our map base with our subcompartment database.

Digital Mapping and the Geographical Information System

Our new planting programme was 1,385 hectares compared with a plan of 1,770 hectares. The shortfall was largely the result of a late start made to the planting season because of bad weather conditions during the first three months of 1994. There was a shortfall in north Scotland due to a delay with environmental assessments. As our new planting programme has declined, most of it is now targeted at particular environmental objectives, including a contribution to community forests. Another example is the new planting undertaken at Blengdale in the Lake District which links two discrete forest blocks and has improved their landscape value.

New Planting and Restocking

The restocking programme remains relatively constant with 7,904 hectares achieved against a programme of 8,360 hectares. The reason for the shortfall was the late start to the planting season because of much higher than usual rain and snowfall. In the south of England we completed the restocking of the 1987 storm damaged areas. The use of genetically improved stock, primarily Sitka spruce, in previous years' restocking programmes has led to good early growth as well as increased survival which has minimised weeding and reduced the requirement for replacement plants.

Timber Production

The pick up in demand which began in 1992-93 has continued strongly. A total of 4.29 million cubic metres of timber was harvested, an increase of 180,000 cubic metres (4.4%) over the previous year. The table overleaf gives the results for the last five years. Monetary values are given in £('94) so that comparisons between years are made in real terms.

	UNIT	1989/90	1990/91	1991/92	1992/93	1993/94
<i>Total Removals</i>	Million cubic metres	3.55	3.43	3.87	4.11	4.29
By sale standing	"	1.34	1.37	1.72	1.78	1.96
By Forestry Commission harvesting (adjusted for change in work in progress)	"	2.21	2.06	2.15	2.33	2.33
<i>Income</i>	£('94) million	95.49	84.56	78.24	78.19	82.80
Forest costs (expenditure, excluding administrative expenses)	"	39.99	35.08	34.81	35.66	34.44
Gross surplus	"	55.50	49.48	43.43	42.53	48.36
Management costs	"	15.44	14.53	13.63	12.90	11.10
Net surplus	"	40.06	34.95	29.80	29.63	37.26
<i>Income per cubic metre</i>	£('94) million	26.90	24.65	20.22	19.02	19.30
Forest costs per cubic metre	"	11.26	10.23	9.00	8.68	8.03
Gross surplus per cubic metre	"	15.63	14.43	11.22	10.35	11.27
Management costs per cubic metre	"	4.35	4.24	3.52	3.14	2.59
Net surplus per cubic metre	"	11.28	10.19	7.70	7.21	8.69

Direct Production The Sawlog Price Index increased from 215.9 at 31 March 1993 to 249.9 at 31 March 1994. One of the main influences was the price of construction sawnwood which rose sharply in the first half of the year. The volume of timber produced from our own direct production remained constant at 2.34 million cubic metres: this total comprised 0.64 million cubic metres from thinnings and 1.70 million cubic metres from clear-felling. Demand for all categories remained strong. The average tree size harvested in our harvesting operations was 0.19 cubic metres.

We increased mechanised harvesting this year by a further 13% compared to last year. This brings our total to 65% of programme, compared with 10% in 1988-89.

Standing Sales Demand for standing timber was very strong all year, but particularly in the second half, and the volume sold increased by 10.1% over last year to end at 1.96 million cubic metres. The Standing Sales Price Index for Great Britain increased from 488.9 on 31 March 1993 to 526.9 on 31 March 1994. The proportion of total volume sold standing in the year rose to 46% compared with 43% last year.

Production Forecasting We maintain a number of planning systems to help with production forecasting, one of which is a system which classifies the degree of risk of wind damage. Many of our

forests are in upland Britain and these are exposed to the risk of damage from severe winds. In 1992 our Research Division undertook studies of windthrow in some of our forests in the southern uplands. These studies have led to new recommendations for classifying the windiness of our forests and encourage managers to take a more optimistic view of the likelihood of wind damage, raising the possibility of lengthening crop rotations, increasing potential sawlog yield and adding value.

In 1992, we began work on a revision of our softwood sawlog classification in consultation with the British Timber Merchants Association and the UK Softwood Sawmillers Association. This work was completed in 1993 with the revision of Fieldbook 9 *Classification and Presentation of Softwood Sawlogs*. The existing categories of green and red logs have been expanded to include short green logs and logpoles. Logpoles, which are produced for conversion into log lengths in the sawmill rather than in the forest, are intended to make better use of trees which, because of indifferent form, are difficult to convert effectively in the forest.

Log Grading

Although our log classification is devised specifically as a basis for the marketing of Forest Enterprise sawlogs, it has in the past become custom and practice within the wider UK industry. However, there is pressure within the European Union for the introduction of European standards for classifying round timber. We have contributed fully alongside British sawmillers to ensuring that the UK view is represented at meetings of drafting committees under the auspices of CEN (European Standards Committee).

During the year, we built 133 kilometres of new roads and upgraded 139 kilometres of existing roads. The demand for all-year-round timber production has led to an increased use of our roads in poor weather conditions, where previously transport was halted. As a result there has been a considerable increase in maintenance costs and we are undertaking an examination of ways of reducing damage caused by traffic movements in adverse weather.

Civil Engineering

A total of 17 road bridges were built as permanent structures during the year. The requirements of the *Forest and Water Guidelines* are leading to the increased use of temporary bridges on harvesting sites to avoid the need for machines to drive through watercourses.

Access to bridge sites can be a problem in its own right. The difficulty of transporting construction materials to remote sites has led to the development of the 'aerial mast bridge' using production line sections. The first such structure was built as a foot-bridge in Sherwood Forest District and generated a tremendous amount of interest in all parts of the media including BBC television. One has now been built in south Scotland for use by All Terrain Vehicles.

Conserving the Environment

SSSIs There are nearly 400 Sites of Special Scientific Interest (SSSIs) covering approximately 64,000 hectares on our estate, many requiring active management to maintain or enhance their conservation value. During the year we agreed a further 50 management plans with the nature conservation agencies. Our aim is to have all our SSSIs covered by agreed management plans by March 1996.

Liaison with Conservation
Bodies

We continue to enjoy excellent relations with national, local and voluntary conservation bodies and these links have been encouraged through our Environmental Panels. We are involved in a wide range of co-operative projects, for example, golden eagle research in Argyll and Galloway with Scottish Natural Heritage and the RSPB; aquatic fauna surveys with the Tweed Foundation in Scotland; inventory and restoration work in native pinewoods with the Caledonian Partnership which comprises Highland Birchwoods, Scottish Natural Heritage and the Scottish Wildlife Trust (SWT); and the Glenmore Forest Park joint ranger scheme with SWT. At Chambers Wood in Lincolnshire, an area with a high butterfly conservation value, we have converted a redundant building into a classroom and information centre in partnership with the British Butterfly Conservation Society and community service volunteers.

Habitats and Species

We actively manage our forests to enhance their conservation value, with every Forest District working to its own conservation plan.

Last year, we announced an expanded programme of management in our native pinewoods in north Scotland. We continued this initiative in 1993 with an extension of the programme to regenerate and expand broadleaved relics of the Caledonian Forest, aimed at bringing some 6,000 hectares under management. This builds on pioneer management and improvement work begun in Argyll in 1983. This early conservation work was recognised by the award of the best UK conservation project of 1993 by the Ford Conservation Foundation, an award which was presented by the Secretary of State for Scotland, the Rt Hon Ian Lang MP.

Forest design in heathland forests gives the potential for increased diversity through open space allowing many conservation, recreation and amenity objectives to be achieved, for example, the Dorset heathland project which we are undertaking in partnership with English Nature. Related work in other areas has resulted in the reintroduction of the Heath Fritillary to a specially prepared habitat in Devon, and the designation and management of 1,500 hectares at Bramshill Forest, Surrey, as a special area for heathland birds.

Promoting Recreational Use

Our first recreational priority is the provision of access to fresh air and countryside for all citizens through a policy of 'freedom to roam' and the provision of facilities for day

visitors such as waymarked trails, toilets and car parks. After a period of establishing a range of new visitor facilities, we saw the need, particularly in England, to consolidate and concentrate on quality. In many forests there have been campaigns to raise public awareness of our policy with entrances being marked to indicate that walkers are welcome. Our staff have been reviewing current access facilities and identifying new opportunities. In some cases co-operative ventures have resulted in greatly improved access, as exemplified by the wheelchair-standard path constructed to a viewpoint at Haldon Forest in Devon.

We encourage the development of specialist sports and activities so long as they are in harmony with the needs of other visitors and the forest environment. These include orienteering, horse-riding and cycling. Contacts are maintained with the Sports Council and various sports' representative bodies.

Specialist Recreation

Cycling in the forest has increased dramatically, although it has to be carefully managed to avoid problems with other visitors. A major project was launched in the Forest of Dean, with financial support from the Sports Council, to bring disused railway lines back into use for family cycling. In another initiative, good progress is being made with the Great Glen Cycle Route between Fort William and Inverness, all sections on our land having been completed.

The use of our forests for car rallies was at its lowest level for many years. This was a reflection of the effects of the recession and has hit both large events and small local rallies.

Our cabin, cottages and camping, and caravan site facilities are marketed under the name 'Forest Holidays'. They are managed to enhance visitor enjoyment and achieve a commercial rate of return on capital employed. This year, an overall rate of return of 9.8% was achieved.

Forest Holidays

The extremely poor summer weather and the fierce discounting schemes offered throughout the year by the large companies had a dramatic effect on all UK holiday operators. However, we still managed to fill our four forest cabin sites for more than two-thirds of the year and our seven holiday cottages for over three-quarters, with occupancy dropping only marginally from 69% to 67% and from 92% to 85% respectively, over the year. Occupancy of our 29 camping and caravan sites was also affected by the bad weather and dropped 2% from 35% to 33%.

The Forest Holidays Charter was officially launched in May. It describes the standards we set to ensure that we meet our responsibilities to the public on our cabin sites and campsites and in the service provided by our central reservation office for cabin and cottage bookings.

We manage 17 Forest Parks which are areas of attractive forests and open country providing a high quality of experience for the visiting public, with particular emphasis on recreation. Five Forest Parks were designated during 1993.

Forest Parks

Sherwood Pines Forest Park, near Nottingham, was designated in July and the woods are being developed to provide an increasing range of recreation facilities. Delamere Forest Park was launched by The Earl Howe, Parliamentary Secretary (Lords) at the Ministry of Agriculture, Fisheries and Food, in August. It provides a wide range of recreation activities for the nearby urban populations. As well as satisfying recreation needs, the Forest Park has a high conservation value. Whinlatter, which has been a very popular venue in the Lake District for many years, was designated a Forest Park in September; both it and its neighbour, Grizedale Forest Park, are included in the 10 top attractions in Cumbria.

Gwydyr Forest Park was launched in June by the Rt Hon Sir Wyn Roberts MP, Minister of State for Wales, with a logo, a leaping salmon, epitomising the clear and productive waters of the Conwy Valley and its tributaries. This Forest Park, standing at the gateway to Snowdonia, has been familiar to generations of visitors since Victorian times. Today, it attracts annually one million visitors, mainly from Merseyside, Manchester and the Midlands. Afan Forest Park, in Glamorgan, was launched in October by the Rt Hon John Redwood MP, the Secretary of State for Wales, in recognition of the outstanding contribution the forest has made to the scenic beauty of the Afan Valley. It has an important role in providing peaceful recreation for local communities.

Working with the Community

An important component of our management philosophy is that the forests should provide benefits for local communities, for example, by way of employment, by providing recreational and educational opportunities for local people, or by providing welcome improvements to the environment. We think that these benefits can only be fully realised by encouraging local communities to be involved in what we are doing.

Valleys Forest Initiative

In Wales, the Valleys Forest Initiative provides opportunities for local involvement in the development of public benefits in our forests situated in the industrial valleys of the south. We involve a wide range of outside bodies, local authorities, public agencies, voluntary groups and individuals.

The highlights of the year included the opening of the Resolven Fitness Trail; the opening of the Carw Fechan Woodland Park and associated sculpture trail; and the opening of the Afan Argoed Countryside Centre and Afan Park Farm. The rebuilding of the Countryside Centre was a joint project between Forest Enterprise and West Glamorgan County Council. The Centre serves as a focal point for the Afan Forest Park and is an excellent example of partnership in practice.

The Afan Forest Park has been established in what was once one of the most heavily industrialised valleys in south Wales. A green woodpecker has been adopted as a symbol for the Forest Park – as a tribute to the way attractive forests have clothed and hidden past dereliction.

Woodland Parks are areas of forest close to population and tourist centres where our primary objective is public recreation. Our aim is to enhance their value as a recreational asset to the local community and to encourage that community to become involved in decision making on the management of the Parks as well as helping with practical work.

Woodland Parks

Three new Woodland Parks were designated during the year – Dunottar, near Stonehaven; Chopwell, near Newcastle; and Boughton, near Mansfield. Altogether, there are 12 Woodland Parks spread across Britain.

In Forest Enterprise, we have a role in improving the public benefits in those of our woodlands that lie in the 12 Community Forest areas in England. However, our holdings are not large and we have been looking for opportunities to expand. Planting began at Nightingale Farm in the Great Western Community Forest, near Swindon, early in the year when 2,500 visitors planted 3,600 trees. Planting also took place at Thieves Wood in Greenwood Community Forest.

Community Forests and the National Forest

At Rosliston Farm in the National Forest, rapid progress has been made in creating a model multiple-purpose forest in co-operation with our partners, the National Forest Team and South Derbyshire District Council. We look forward to the successful establishment of the Forest.

Further land purchase in Community Forests has been disappointing. We had planned to purchase up to 250 hectares of new land for planting during 1992-93 and it is disappointing to record that we were unsuccessful in acquiring any new land due to the high demand and high prices being paid for the land in agricultural use.

Excellent progress has been made with redesigning existing woodlands and making them more attractive for people and wildlife. Some 32 hectares were planted near Airdrie. Steady progress has been maintained in land acquisitions and we purchased 174 hectares of plantable land at Longrigg Farm, Westforth Farm and Barns Farm. A major constraint on acquiring further land in Central Scotland is the complicated ownership pattern for minerals. We sometimes find great difficulty in tracing mineral owners to ensure liabilities and burdens are fully investigated before acquisition.

Central Scotland Woodland Initiative

The House of Commons Select Committee on the Environment, in its report on *Forestry and the Environment*, observed that there is a perceived need for better information for the public to foster a deeper understanding of what forestry aims to achieve, as well as how to identify with the forests and enjoy the benefits they have to offer.

Environmental Education

Most of our Forest Districts encourage the education of visitors with a comprehensive programme of events publicised through the 'What's On' campaign. These are all fun activities, but there is always an underlying message making visitors aware of the value

of forests. More formally, our recreation rangers provide teaching materials and organise forest education for adult and young peoples' groups. We liaise with local education authorities, schools and colleges and several Forest Districts have classroom facilities. Particularly in England, with a larger school population, this facility is extremely popular. We consider it very important that children especially should understand the benefits that our forests can give and we are reviewing how our environmental education can be improved.

Managing Property

Acquisitions During the year, we made eight acquisitions totalling 379 hectares. Of this, 349 hectares were land for planting in Scotland with the remainder being small areas of land to improve the management of the estate elsewhere in the country.

We purchased four freeholds of land, totalling 544 hectares, in which we currently have only a leasehold interest. These acquisitions will provide greater freedom in the management of the estate, particularly for public access and recreation.

A country breakdown of land acquisitions is given in Table 5 of Appendix X.

Disposals Despite a difficult market for both plantations and other property, we sold 14,950 hectares of land of which 14,419 hectares were woodlands and plantable land, raising £17.3 million. The upland forestry market in Scotland and Wales was much more buoyant than the market for smaller areas in England which often have title and public access restraints, making them more difficult to sell. The most significant contribution was the sale of the Tweedsmuir Woods in the Borders, extending to 2,179 hectares.

We also sold 86 houses during the year, 44 to sitting tenants, and our overall stock of housing has now reduced to 918 houses. More details of our disposals are given in Table 7 of Appendix X.

Disposals and Continued Public Access The arrangements for securing continued public access to woodlands after sale, by way of agreements between the Commission and local authorities, were introduced in October 1991. All proposed woodland sales since then have been considered under our published *Access Guidelines*. Since the scheme began, local authorities have been notified of 348 possible sales that fall within the access guidelines but they have expressed interest in only 130 cases. By the end of the year, we had sold eight woodlands with public access agreements attached covering some 123 hectares. A further 17 agreements had been concluded and, in addition, there had been the sale of one woodland direct to a local authority. As mentioned earlier, the working of the arrangements was reviewed during the year.

Management of the Estate We spent £1.3 million on the construction and improvement of buildings during the year. The refurbishment of Victoria House, home of the Forest Enterprise Wales

Regional Office, was completed to a high standard providing a good working environment for staff. A significant development was the start of a major project to install a new water supply to Glentool Village. Substantial refurbishment and improvements were carried out at our four cabin sites and at Roundhill and Savernake campsites in southern England. On a disappointing note, the new visitor centre for Sherwood Pines Forest Park at Clipstone was destroyed by fire shortly after it had been completed. Arson is suspected.

As mentioned in last year's Report, we are continuing to look at areas of estate management where the introduction of computerisation could increase efficiency. Considerable effort has been put into investigating the feasibility of using computer systems to improve the management of our capital assets (offices, houses, workshops, etc.). By the end of the year the study had reached the stage where the case for computerisation had been fully proved and a Specification and Operational Requirements document (a detailed statement of what we want the system to do) had been produced. The intention is to have the system in place and working by 1 April 1995 alongside the new accounting systems.

Estate Asset Management System

Interest in renewable forms of energy and in moving away from dependency on fossil fuels is now worldwide and we have been actively participating with private sector interests in exploring development opportunities. Much Commission land is ideally suited for the generation of wind energy and we have been involved in plans to set up large, multi-turbine wind farms in northern England and south Wales. The planning for these projects has reached an advanced stage. We are also investigating the possible use of forest residues as a fuel and encouraging the development of small hydroelectric schemes in Wales and northern Scotland.

Power Generation from Renewable Resources

Manpower

Our priority this year has been to concentrate on the Management of Health and Safety Regulations. These Regulations require employers to assess the risks to the health and safety of their employees while they are at work. We were fortunate to have with us John Corden, an inspector on secondment from the Health and Safety Executive, who worked as a member of a team led by Brian Mahony, Forest District Manager, Lakes, to develop procedures to enable Forest Enterprise to comply with the Regulations. The other members of the team were Emily Ramsay, Industrial Personnel and Safety Officer and William Brack of the Transport and General Workers Union.

Health and Safety

Six further teams have been created and trained to produce model framework risk assessments for a list of major forest operations and we are developing training packages for our managers and supervisors.

The incidence of reportable accidents (i.e. those causing incapacity of more than three days) for the Forestry Commission as a whole was reduced to 4.7 per 100 employees.

Industrial Accident Statistics

This compares with figures of 4.8 (1992-93), 5.6 (1991-92), 5.4 (1990-91), 5.4 (1989-90) and 6.0 (1988-89).

Use of Contractors Since the early 1970s, forestry contractors have been responsible for performing an increasing proportion of our forest work programmes. They are now an integral component of our manpower strategy. Work contracts are offered in all of our mainstream activities of harvesting, forest management, civil engineering, recreation and haulage. In addition to the use of direct contractors, our policy of marketing an increasing proportion of the total production as standing timber provides employment for a growing number of contractors employed by standing sales merchants.

Salient Facts

A table of salient facts is provided on the next page. This gives details of key financial and physical achievements for Forest Enterprise for the last three years, as well as a number of performance measurements.

SIR RAYMOND JOHNSTONE, *Chairman*
T. R. CUTLER, *Deputy Chairman and*
Director General
B.M. BLOOM
R.T. BRADLEY
D.L. FOOT
R.B. GROVE-WHITE
D.S. GRUNDY
G.H. LAIRD
T.S. MALLINSON
SIR MICHAEL STRANG STEEL
C.R. WOOSNAM

T.J.D. ROLLINSON, *Secretary*
FORESTRY COMMISSION
231 Corstorphine Road
Edinburgh EH12 7AT

F O R E S T E N T E R P R I S E

Salient Facts

		Year ended 31 March:		
	Unit	1992	1993	1994
Total area managed	thousands hectares	1,128	1,115	1,100
Forest land	thousands hectares	896	888	874
Disposals programme				
Area sold	hectares	6,263	10,589	14,950
Total receipts	£('94) million	15.9	10.2	17.3
Sales of timber	£('94) million	78.2	78.2	82.8
Timber production	millions cubic metres	3.9	4.1	4.3
Gross surplus (income less direct costs) from sales of timber	£p('94) per cubic metre	11.22	10.35	11.27
Net harvesting surplus (gross surplus less management and administrative costs)	£p('94) per cubic metre	7.70	7.21	8.69
Forest management				
New planting – area planted	thousands hectares	3.0	2.4	1.4
Forest cost (excluding fertiliser)	£('94) million	2.0	1.4	1.0
	£('94) per hectare	643	605	700
Restocking – area planted	thousands hectares	8.3	8.5	7.9
Forest cost	£('94) million	8.5	8.1	7.7
	£('94) per hectare	1,015	948	973
Roads				
New construction – programme	kilometres	135	149	133
Forest cost	£('94) million	4.4	4.5	4.4
	£p('94) per metre	32.8	30.22	32.98
Upgrading – programme	kilometres	205	160	139
Forest cost	£('94) million	2.7	2.2	1.8
	£p('94) per metre	13.15	13.35	13.00
Forest Holidays				
Rate of return achieved on capital employed (target 6%)		12.8	10.9	9.8
Recreation, conservation and heritage (net expenditure)				
	£('94) million	12.4	13.8	12.8
Staff numbers				
Industrial	Average for year	2,367	2,227	2,051
Non-industrial	Average for year	1,350	1,231	1,204
Grant-in-Aid	£('94) million	20.6	30.0	12.0



*Financial
Statements and
Accounts*

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**F O R E S T R Y C O M M I S S I O N :
F O R E S T R Y F U N D**

FINANCIAL STATEMENTS AND ACCOUNTS

Foreword

1 – Constitutional Status

(a) The Forestry Commission was established in 1919. It comprises a Chairman and Board of Commissioners with statutorily prescribed duties and powers. Under legislation now consolidated mainly in the Forestry Act 1967 it is charged with the general duties of promoting the interests of forestry, the establishment and maintenance of adequate reserves of growing trees and the production and supply of timber. Since 1985, the Commission has also had a statutory duty to seek to achieve a reasonable balance, in carrying out its functions, between the needs of forestry and the environment.

(b) The Commission has the legal status of and functions as a Government Department. It reports individually and collectively to Forestry Ministers, namely the Secretary of State for Scotland (who takes the lead role), the Minister of Agriculture, Fisheries and Food and the Secretary of State for Wales, to whom it is responsible for advice on forestry policy and for the implementation of that policy.

(c) The Forestry Fund was first constituted under Section 8 of the Forestry Act 1919 and has been continued under the Forestry Act 1967. All sums received and all expenditure incurred by the Forestry Commissioners in the exercise of their powers and the performance of their duties are included in this account. Pursuant to Section 42(4) of the Forestry Act 1967, capital sums received by Forest Enterprise from sales of land, etc., are paid into the Forestry Fund and then surrendered to the Consolidated Fund, as directed by Ministers in accordance with Section 41(4A) of that Act.

(d) The Forestry Fund accounts are audited by the Comptroller and Auditor General in accordance with Section 44(3) of the Forestry Act 1967.

2 – Functions and Objectives

Under a major internal reorganisation which took effect from 1 April 1992, a clear distinction has been made between the Commission's Departmental and forest management roles below Commissioner level.

The Commission now operates as two distinct entities:

(a) *The Department of Forestry* comprising on the one hand a Policy and Resources Group, which is responsible for support and advice to Ministers, policy development, personnel, finance, internal audit, information systems, European and international liaison, and the

administration of the Forestry Commission Pension Scheme; and on the other the Forestry Authority, which is responsible for implementing the Government's forestry policy, including the control of tree felling, providing advice to private woodland owners, administering the payment of grants for approved planting, restocking and management schemes, research and the setting of standards for the forestry industry as a whole, including Forest Enterprise.

(b) *Forest Enterprise* which is a trading body responsible for the management of Forestry Commission forests. The Enterprise has a multiple-purpose remit that includes the protection and enhancement of the environment and the provision of public access and recreational facilities, as well as the production of timber.

3 – Accounts of Department of Forestry and Forest Enterprise

The Department of Forestry produces an income and expenditure account detailing its net expenditure on all the services met out of the Grant-in-Aid. Forest Enterprise produces commercial accounts in a format approved by the Treasury. Both sets of accounts are audited by the Comptroller and Auditor General and published in the Forestry Commission's Annual Report.

4 – Review of Activities

The net requirement for Grant-in-Aid in 1993-94 of £89,029,000 was £8,515,000 lower than the requirement of £97,544,000 in 1992-93. The Department of Forestry's requirement increased by £6,654,000, largely to cover increased payments of planting grants to private woodland owners; Forest Enterprise's share was reduced by £16,943,000, mainly due to improved timber prices and reduced capital requirements; while the balance was to meet pensions payments which increased by £1,774,000 over the previous year.

5 – Employment Policies

The Forestry Commission's policies in relation to the employment of disabled persons, the provision of information to, and consultation with, employees, and the promotion of equal opportunities, are stated elsewhere in the Annual Report.

The names of Commissioners are also shown elsewhere in the Annual Report.

T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994

Forestry Commission: Forestry Fund

Receipts and Payments Account FOR THE YEAR ENDED 31 MARCH 1994

	NOTES	£'000	PREVIOUS YEAR £'000
Central Government grants			
Grant-in-Aid	2	91,000	97,544
EC receipts	3	<u>5,814</u>	<u>2,180</u>
		96,814	99,724
Operating receipts			
Sales of timber		84,025	73,777
Other operating receipts	4	<u>19,396</u>	<u>17,446</u>
		200,235	190,947
Operating payments			
Salaries and wages		63,707	62,870
Travel, subsistence and staff transfer expenses		5,623	6,818
Grants to private woodland owners		29,838	21,915
Other operating payments	5	<u>61,636</u>	<u>59,745</u>
		160,804	151,348
Surplus from operations		39,431	39,599
Other receipts/(payments) (net)	6	<u>(16,227)</u>	<u>(30,029)</u>
Surplus for the financial year		23,204	9,570
Appropriations			
Payments to Consolidated Fund	7	<u>17,568</u>	<u>15,196</u>
Excess (shortfall) of receipts over payments for the financial year		<u>5,636</u>	<u>(5,626)</u>

Statement of Balances AS AT 31 MARCH 1994

Cash and bank balances			
Balance at 1 April		2,400	8,026
Add(deduct): Excess (shortfall) of receipts over payments for financial year		<u>5,636</u>	<u>(5,626)</u>
Balance at 31 March 1994		<u>8,036</u>	<u>2,400</u>

T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994

Notes to the Accounts

1 – Accounting Policies

(i) The accounts of the Forestry Fund are drawn up on a cash basis in a form approved by the Treasury. The accounts are audited by the Comptroller and Auditor General in accordance with Section 44(3) of the Forestry Act 1967.

(ii) Value Added Tax is deducted from receipts and payments and, taking account of the non-recoverable element, the net amount paid to HM Customs and Excise.

2 – Central Government Grants

The gross provision for central Government expenditure on forestry for 1993-94 was £93,700,000 (Class XIV, Vote 25). After deducting Appropriations in Aid of £2,700,000, the net provision paid to the Forestry Fund as Grant-in-Aid was £91,000,000. This was allocated as follows:

	£'000	PREVIOUS YEAR £'000
Grant-in-Aid (Class XIV, Vote 25)	91,000	97,544
Less excess to be surrendered	1,971	–
	<u>89,029</u>	<u>97,544</u>

Allocated to:

Department of Forestry	52,813	46,159
Forest Enterprise	12,059	29,002
Forestry Commission Pension Scheme	<u>24,157</u>	<u>22,383</u>
	<u>89,029</u>	<u>97,544</u>

3 – EC receipts

These represent the contribution from the European Agricultural Guidance and Guarantee Fund toward eligible grants for woodlands in the private sector under the Forestry Action Programme. £2,700,000 was Appropriated in Aid and the extra receipts of £3,114,000 will be paid to the Consolidated Fund in 1994-95.

4 – Other Operating Receipts

	£'000	PREVIOUS YEAR £'000
Forest and estate management	5,531	5,365
Forest Holidays	3,881	3,720
Recreation, conservation and heritage	3,210	2,718
Agency	3,467	3,431
Others	<u>3,307</u>	<u>2,212</u>
	<u>19,396</u>	<u>17,446</u>

5 – Other Operating Payments

	£'000	PREVIOUS YEAR £'000
Forest and estate management	10,245	9,943
Mechanical engineering services	7,888	7,729
Recreation, conservation and heritage	6,198	5,715
Harvesting contractors and services	18,401	16,803
Forest roads, contractors and services	3,384	3,968
Office and administration expenses	13,118	13,428
Grants to Universities	687	639
Others (including auditor's remuneration for 1992-93 of £13,450)	1,715	1,520
	<u>61,636</u>	<u>59,745</u>

6 – Other Receipts/(Payments) (net)

	NOTES	£'000	PREVIOUS YEAR £'000
Capital expenditure		8,411	14,823
Value Added Tax (net)		1,010	2,682
Pensions to retired staff	9	25,363	23,443
		<u>34,784</u>	<u>40,948</u>
Less			
Superannuation contributions from staff	9	1,206	1,060
Sale of land, buildings and forest estate	7	17,351	9,859
		<u>18,557</u>	<u>10,919</u>
		<u>(16,227)</u>	<u>(30,029)</u>

7 – Payments to Consolidated Fund

In accordance with the Ministerial direction given under Section 41(4A) of the Forestry Act 1967, disposal receipts from the sale of properties and the forest estate will be paid into the Consolidated Fund. Receipts in excess of the agreed Appropriation in Aid received in 1992-93 from the European Commission in respect of contributions towards eligible private woodland grants, and the excess Grant-in-Aid for 1992-93, are also payable to the Consolidated Fund.

	£'000	PREVIOUS YEAR £'000
Disposal receipts	17,088	10,096
EC private woodland contributions	480	–
Excess Grant-in-Aid 1992-93	–	5,100
	<u>17,568</u>	<u>15,196</u>

8 – Forestry Commissioners’ Remuneration

The remuneration of Forestry Commissioners is included as appropriate in the Department of Forestry and Forest Enterprise accounts and (excluding pension contributions) comprises:

	£’000	PREVIOUS YEAR £’000
Chairman	34	33
Highest paid Commissioner	67	64
Other Commissioners	204	195
Total emoluments of Commissioners	305	292
Travel and subsistence of Commissioners	46	48

The emoluments of the other Commissioners fell within the following ranges:

	NUMBER	PREVIOUS YEAR NUMBER
£5,001 to £10,000	6	6
£50,001 to £55,000	–	3
£55,001 to £60,000	3	–

The Commissioners’ remuneration is in accordance with Civil Service pay rates. The names of Commissioners are stated elsewhere in the Annual Report.

9 – Forestry Commission Pension Scheme

The Forestry Commission operates a defined benefit pension scheme. Legislation relating to the superannuation of the Forestry Commissioners and Commission staff is to be found in Part II of Schedule 1 to the Forestry Act 1967, as amended by the Superannuation Act 1972.

Superannuation benefits are met on a Pay-As-You-Go basis and benefits paid in the year are met from Grant-in-Aid. The superannuation benefits and contributions payable are identical to those of the Principal Civil Service Pension Scheme, except that such benefits are paid out of the Forestry Fund and not the Civil Superannuation Vote. The liabilities of the Forestry Commission Pension Scheme are revalued by the Government Actuary every three years.

There were 4,093 active serving members at 31 March 1994. The number of current pensioners and the value of pensions paid in the year ended 31 March 1994, excluding lump sums and transfer values, were as follows:

	NUMBER	£’000
Officers	4,576	18,404
Dependants	1,699	2,263
	<u>6,275</u>	<u>20,667</u>

In addition there were 1,508 former staff with preserved pensions.

The capital value of the unfunded past service superannuation liabilities at 31 March 1993 amounted to £400.5 million and was made up as follows:

	£ MILLION
Serving members and their dependants	166.3
Current beneficiaries and their dependants	218.6
Deferred beneficiaries and their dependants	<u>15.6</u>
Total future liabilities	<u>400.5</u>

These future liabilities are charged against the Forestry Fund and will be next revalued at 31 March 1996.

Statement of Commission's and Accounting Officer's Responsibilities

Under Section 44 of The Forestry Act 1967 the Commissioners are required to prepare accounts for each financial year in the form and on the basis directed by the Ministers, with consent of the Treasury. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

The Treasury has appointed the Director General of the Forestry Commission as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in 'Government Accounting' (HMSO).

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements on pages 51 to 55 which have been prepared in accordance with the requirements of Government Accounting and in a form directed by the Forestry Ministers and approved by Treasury.

Respective responsibilities of the Accounting Officer and auditors

As described on page 56 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Forestry Act 1967 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the accounts properly present the receipts and payments of the Forestry Fund for the year ended 31 March 1994 and have been properly prepared in accordance with Section 44 of the Forestry Act 1967.

I have no observations to make on these financial statements.

JOHN BOURN
COMPTROLLER AND AUDITOR GENERAL
24 OCTOBER 1994

NATIONAL AUDIT OFFICE
157-197 BUCKINGHAM PALACE ROAD
VICTORIA
LONDON SW1W 9SP

THE DEPARTMENT OF FORESTRY

FINANCIAL STATEMENTS AND ACCOUNTS

Foreword

1 – Status

The Forestry Commission is the Government Department responsible for forestry throughout Great Britain and, since 1992, has operated as two distinct entities – The Department of Forestry and Forest Enterprise.

The Department of Forestry implements the Government's forestry policy within the framework of legislation (principally the Forestry Acts 1967 and 1979, the Plant Health Act 1967, the Countryside (Scotland) Act 1967 and the Countryside Act 1968), and subject to the direction of Forestry Ministers.

The Forestry Commissioners administer the Forestry Fund which receives Grant-in-Aid drawn down from Class XIV, Vote 25. The Forestry Fund allocates Grant-in-Aid to the Department of Forestry and Forest Enterprise. These accounts cover the activities of the Department of Forestry and are prepared in accordance with a direction given by the Treasury in pursuance of Section 5(1) of the Exchequer and Audit Departments Act 1921. They are audited by the Comptroller and Auditor General.

The transactions of the Forestry Fund and Forest Enterprise are reported separately in their respective accounts.

2 – Functions and Aims

The Department of Forestry comprises the Policy and Resources Group and the Forestry Authority. The Policy and Resources Group is responsible for support and advice to Ministers, policy development, personnel, finance, internal audit and information systems, European and international liaison, and the administration of the Forestry Commission Pension Scheme.

The Forestry Authority is responsible for implementing the Government's forestry policy, including the control of tree felling, providing advice to private woodland owners, administering the payment of grants for approved planting, restocking and management schemes, research, and liaising with local authorities and forestry and countryside bodies. The Forestry Authority sets standards for the forest industry as a whole, and monitors the performance of Forest Enterprise in the same areas of operation as those which apply to the private sector.

The aims of the Forestry Authority are to ensure, by regulation, incentive and advice, that forests and woodlands in Great Britain are protected, managed, extended and promoted in a way which best serves the national interest in accordance with Government policy.

3 – Research and Development

The Forestry Authority research programme is currently giving priority to research into the possible effects of atmospheric pollution on tree growth and, the implications of climate change. Other high priority areas include the enhancement of biodiversity in the forest, wind damage to trees, the role of trees for carbon storage and reclamation at industrial waste sites. Each year a separate report on Forest Research gives a full account of the work carried out. The quality of the research work is monitored on a continuing basis by an independently constituted Advisory Committee on Forest Research.

4 – Review of Activities

Grant-in-Aid of £52,813,000 was £6,654,000 higher than the previous year. Net operating expenditure in 1993-94 rose by £8,570,000 million over the previous year, due mainly to a continuing increase in the level of private woodland grant payments and increased activity in advisory and regulatory functions. Future commitments and applications awaiting approval for planting and management grants at 31 March 1994 totalled £251 million, an increase of £48 million over the previous year's figure of £203 million.

5 – Employment Policies

The Forestry Commission's policies in relation to the employment of disabled persons, the provision of information to, and consultation with, employees, and the promotion of equal opportunities, are stated elsewhere in the Annual Report.

The names of Commissioners are also shown elsewhere in the Annual Report.

**T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994**

Department of Forestry

Statement of Income and Expenditure FOR THE YEAR ENDED 31 MARCH 1994

	NOTES	£'000	PREVIOUS YEAR (RESTATED) £'000
INCOME			
Planting grant recoveries from EC	2	2,700	1,700
Research income		1,139	850
Sundry income		470	560
		<u>4,309</u>	<u>3,110</u>
EXPENDITURE			
Grants to private woodland owners	3		
Woodland Grant Scheme		27,061	19,154
Other schemes (now closed to new applications)		<u>2,739</u>	<u>2,676</u>
		<u>29,800</u>	<u>21,830</u>
Management and administrative expenses			
	4		
Private woodland grant schemes		5,994	6,097
Licensing, regulatory and plant health services		1,407	1,095
Information and advisory services		6,277	5,312
Research and development		10,871	10,681
Forestry policy and departmental administration		<u>5,510</u>	<u>6,086</u>
		<u>30,059</u>	<u>29,271</u>
Net expenditure for year		<u>55,550</u>	<u>47,991</u>

The notes attached form part of these accounts.

Department of Forestry

Cash Flow Statement and Reconciliation to Grant-in-Aid FOR THE YEAR ENDED 31 MARCH 1994

	£'000	PREVIOUS YEAR (RESTATED) £000
Net expenditure for the year per Income and Expenditure Account	55,550	47,991
less items not involving cash in the year		
Depreciation and loss on sale of office machinery	(1,163)	(689)
Notional employers superannuation contributions	(2,626)	(2,603)
Movements in net current assets	662	(197)
	<u>(3,127)</u>	<u>(3,489)</u>
Add Capital Expenditure	397	1,662
less income from sales	(7)	(5)
	<u>(2,737)</u>	<u>(1,832)</u>
Grant-in-Aid for the year from the Forestry Fund Account	52,813	46,159

Statement of Assets and Liabilities AS AT 31 MARCH 1994

	NOTES	£'000	PREVIOUS YEAR (RESTATED) £000
Fixed Assets			
Office machinery and equipment	5	3,469	4,125
Current Assets			
Stocks		368	391
Debtors	6	1,314	842
Cash in hand		2	2
		<u>1,684</u>	<u>1,235</u>
less Current Liabilities:			
Creditors due within 12 months		534	747
Net Current Assets		<u>1,150</u>	<u>1,488</u>
Total Net Assets		<u>4,619</u>	<u>4,613</u>

The notes attached form part of these accounts.

T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994

Notes to the Accounts

1 – Accounting Policies

(i) These accounts are drawn up on an accruals basis in a form directed and approved by the Treasury. These accounts are audited by the Comptroller and Auditor General.

(ii) Accounting for Fixed Assets

Fixed Assets are shown in the accounts of the department responsible for their management. Charges are made to other departments for their use. The forest estate, other land, buildings, plant and machinery are shown on the Forest Enterprise Balance Sheet; central computer hardware is included in the Department of Forestry Statement of Assets and Liabilities. Other office machinery and equipment is stated according to its location in Forest Enterprise or the Department of Forestry.

(iii) Office machinery and equipment is revalued by Forestry Commission staff every three years. Between revaluations the asset values are updated annually using a general price index.

(iv) Depreciation is provided on office machinery and equipment over its expected useful life of two to twenty years.

(v) Superannuation contributions

The Department of Forestry expenditure includes employers' contributions as determined by the Government Actuary. These have been set at 16% for industrials and 17% for non-industrials.

2 – Planting Grant Recoveries from EC

The total contribution received for the year ended 31 March 1994 from the European Agricultural Guidance and Guarantee Fund toward eligible grants for woodlands in the private sector under the Forestry Action Programme was £5,814,000. Of this £2,700,000 was Appropriated in Aid and appears in these accounts. The extra receipts of £3,114,000 are surrenderable to the Consolidated Fund.

3 – Commitments to Pay Planting and Management Grants

Following approval of a management plan for planting proposals, the Department of Forestry undertakes to pay planting grants in three instalments. At 31 March 1994, the Department of Forestry was committed under signed plans to the payment of future instalments of planting and replanting grants amounting to £135 million (£108 million 1993).

Grants for the management of existing woodlands are payable annually in arrears during the five-year currency of an approved plan, so long as specific objectives and age criteria are met. Commitments to future payments in respect of approved plans amounted to £29 million at 31 March 1994 (£13 million 31 March 1993).

Applications for planting and replanting grants, awaiting approval at 31 March 1994, amounted to £87 million (£82 million 1993).

4 – Management and Administrative Expenses (including total staff costs and numbers of employees)

	£'000	PREVIOUS YEAR £000
(i) Total staff costs		
Salaries	14,902	14,308
Wages	1,571	1,455
Social Security costs	1,300	1,140
Employers' superannuation costs	2,626	2,594
	<hr/>	<hr/>
	20,399	19,497
Travel and subsistence	2,869	3,257
Other expenses (including auditor's remuneration of £18,600)	9,823	8,467
Charges to Forest Enterprise (note (ii))	(2,676)	(2,605)
	<hr/>	<hr/>
	30,415	28,616

(ii) These charges cover the Forest Enterprise share of personnel, business systems, training and other support services at Headquarters, less the Department of Forestry share of finance services provided by Forest Enterprise.

(iii) The restated attribution of expenses in the previous year reflects an adjustment of £2,691,000 in respect of the cost of general private woodlands advisory work which should have been attributed to information and advisory services rather than to grant scheme administration, and the inclusion of a provision of £655,000 in respect of non-recoverable VAT payable to HM Customs and Excise.

(iv) The average number of employees during the year was as follows:

	AVERAGE NUMBER	PREVIOUS YEAR AVERAGE NUMBER
Industrial staff	132	136
Non-industrial staff	820	813
	<hr/>	<hr/>
	952	949

5 – Office Machinery and Equipment

	£'000	PREVIOUS YEAR £000
Net book value 31 March 1993	4,125	3,908
Additions	<u>397</u>	<u>1,662</u>
	4,522	5,570
Less Depreciation	(965)	(689)
Disposals/Transfers	(205)	(20)
Revaluation adjustment	<u>117</u>	<u>(736)</u>
Net book value 31 March 1994	<u>3,469</u>	<u>4,125</u>

6 – Debtors

Total debtors include amounts falling due after more than one year of £760,000 (£257,000 in 1992-93).

Statement of Commission's and Accounting Officer's Responsibilities

Under Section 5 of the Exchequer and Audit Departments Act 1921 the Treasury has directed the Forestry Commission to prepare a statement of accounts for the Department of Forestry for each financial year in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must present fairly the Department of Forestry's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Forestry Commission is required to :

- Observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements.

The Treasury has appointed the Director General of the Forestry Commission as the Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in '*Government Accounting*' (HMSO).

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements on pages 60 to 64 which have been prepared under the historical cost convention modified to include revaluation of fixed assets and the accounting policies set out on page 62.

Respective responsibilities of the Accounting Officer and auditors

As described on page 65 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit of those statements, and to report my opinion to you.

Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Act 1921 and the National Audit Office auditing standards, which include relevant auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly the net assets of the Department of Forestry at 31 March 1994 and its net expenditure and its cash flows for the year then ended and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and directions made thereunder by Treasury.

I have no observations to make on these financial statements.

JOHN BOURN
COMPTROLLER AND AUDITOR GENERAL
24 OCTOBER 1994

NATIONAL AUDIT OFFICE
157-197 BUCKINGHAM PALACE ROAD
VICTORIA
LONDON SW1W 9SP

F O R E S T E N T E R P R I S E

FINANCIAL STATEMENTS AND ACCOUNTS

Foreword

1 – Status

The Forestry Commission is the Government Department responsible for forestry throughout Great Britain and, since 1992, has operated as two distinct entities – The Department of Forestry and Forest Enterprise.

Forest Enterprise manages the forest estate placed at the Commissioners' disposal by Forestry Ministers.

The Forestry Commissioners administer the Forestry Fund which receives Grant-in-Aid drawn down from Class XIV, Vote 25. The Forestry Fund allocates Grant-in-Aid to Forest Enterprise and the Department of Forestry. The activities of the Forestry Fund and the Department of Forestry are reported separately in their respective accounts.

These accounts cover the activities of Forest Enterprise and are prepared in accordance with a direction given by the Treasury in pursuance of Section 5(1) of the Exchequer and Audit Departments Act 1921. They are audited by the Comptroller and Auditor General.

2 – Functions and Aims

The functions of Forest Enterprise are to develop and manage the Commission's forests and forestry estate as a multiple-use resource, supplying timber to the wood-using industries, restocking after felling, providing opportunities for recreation, and enhancing nature conservation and the forest environment.

Forest Enterprise aims to create and maintain attractive and productive woodlands, and to manage them for public benefits.

3 – Review of Activities

The long-term objective of Forest Enterprise is to reach a cycle of production where its income from timber is sufficient to cover its expenditure on the forest estate, including restocking the area harvested, forest maintenance and protection, and to provide a return on funds invested. Because of the relative immaturity of the forest estate, Forest Enterprise has not reached this stage in its cycle of production. The operating deficit of £15.4 million for the year ended 31 March 1994 (£24.5 million in 1992-93) comprises three parts – a deficit on the forest estate of £0.1 million (£9.2 million 1992-93), recreation, conservation and heritage net spending of £12.8 million (£13.4

million 1992-93) and a deficit on other activities of £2.5 million (£1.9 million 1992-93). In addition there was a deficit on sale of properties of £1.5 million (£4.7 million 1992-93).

Forest Enterprise's call on Grant-in-Aid of £12.0 million for 1993-94 fell by £17.0 million over the previous year and receipts from sales of properties under the disposals programme of £17.3 million in 1993-94 were £7.4 million higher than the £9.9 million in 1992-93. Together with movements in cash balances of £0.1 million in the previous year, the net cash inflow for 1993-94 is £24.3 million higher than in the previous year. This improvement arises from reductions of £10.9 million and £5.8 million in operating activities and capital expenditure and an increase in disposal receipts of £7.6 million.

4 – Financial Objectives

Forest Enterprise has been set a target rate of return of 3% in real terms on the forest estate and any new investment therein.

Based on individual appraisals carried out in each Forest District, the implied real rates of return on new planting and restocking during the year ended 31 March 1994 were 3.9% and 4.0% respectively.

Other financial objectives are described in the notes to the accounts.

5 – Employment Policies

The names of all Forestry Commissioners and the Forestry Commission's policies in relation to the employment of disabled persons, the provision of information to, and consultation with, employees, and the promotion of equal opportunities, are stated elsewhere in the Annual Report.

**T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994**

Accounting Policies

1 – Form of Accounts

In accordance with Section 5(1) of the Exchequer and Audit Departments Act 1921, the accounts are drawn up in a format agreed and approved by the Treasury. They are audited by the Comptroller and Auditor General. Without limiting the information given, the accounts meet the requirements of the Companies Acts and of the Financial Reporting Standards where relevant. The accounts are prepared under the historical cost convention modified by the inclusion of the valuation of assets.

The Income and Expenditure Account identifies the operating results for the forest estate, recreation, conservation and heritage, and other activities, and reflects the long-term objective of Forest Enterprise which is to reach a cycle of production where its income from timber is sufficient to cover all its expenditure on the forest estate, including restocking the area harvested, maintenance and protection of the whole forest estate, and provide a return on funds invested. Because of the relative immaturity of the forest estate, Forest Enterprise has not reached this stage in its cycle of production.

2 – Accounting for Fixed Assets

Fixed Assets are shown in the accounts of the department responsible for their management. Charges are made to other departments for their use. The forest estate, other land, buildings, plant and machinery are shown on the Forest Enterprise Balance Sheet; central computer hardware is included in the Department of Forestry Statement of Assets and Liabilities. Other office machinery and equipment is stated according to its location in Forest Enterprise or the Department of Forestry.

3 – Valuation of Assets

The forest estate is valued in these accounts on an open market value basis. It is revalued every five years by five regional valuation panels, taking account of the species mix, age, yield class and other relevant factors. The market value assessment is carried out on the basis of the forest estate being sold in an orderly manner as between a willing seller and a willing buyer in full accordance with public accountability and assuming its existing use. It is further assumed that no restraints exist, as they do in practice, from title, statute and environmental considerations. Each regional panel issues a Valuation Certificate, signed by each member of the panel, which follows the principles of RICS Statements of Asset Valuation Practice and Guidance Notes and Financial Reporting Standards. The regional panels are made up of two Chartered Surveyors who specialise in forestry valuation, and who have experience in the region, and the Regional Land Agent. The Chief Land Agent manages and co-ordinates the valuation.

The forest estate is subject to a 'desk valuation' at the mid, three-year point between formal five-year valuations. Between formal valuations, and in the absence of a forestry based index, in periods of low inflation the forest estate assumes constant prices. This is subject to regular review.

The forest estate was last revalued at 31 March 1993. The next full revaluation will be undertaken at 31 March 1998, with an interim desk valuation being carried out at 31 March 1996.

Every three years, other land and buildings and plant and machinery are revalued by professionally qualified staff employed by the Forestry Commission. Office machinery and equipment is revalued by Forestry Commission administrative staff. Commercial recreation assets are revalued by a specialist firm.

Between revaluations other tangible fixed asset values are updated annually using a general price index. The commercial recreation assets are updated annually in consultation with the specialist firm that provided the formal valuation.

All revaluation surpluses and deficits are taken to the Revaluation Reserve.

4 – Depreciation

Depreciation is provided on all tangible fixed assets – except the forest estate, and freehold and leasehold land – at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life:

- Freehold buildings – over 20 to 80 years.
- Leasehold buildings – over the lease term.
- Plant and machinery – over 3 to 16 years.
- Office equipment – over 2 to 20 years.

5 – Stocks

Finished goods and work in progress are valued as follows:

- (a) Timber at the cost of production.
- (b) Seed at the lower cost of collection or net realisable value.
- (c) Plants and livestock at net realisable value.
- (d) Consumable materials and supplies at current replacement cost.

Cost of production and collection comprises labour and attributable administrative expenses based on the normal level of activity. Net realisable value is based on estimated selling prices, less further costs expected to be incurred to completion and disposal.

6 – Corporation Tax

Forest Enterprise is not subject to Corporation Tax.

7 – Provision for Bad and Doubtful Debts

Specific provisions for bad and doubtful debts are set aside on the basis of a review of individual debts at the end of each year.

8 – Grant-in-Aid

Forest Enterprise receives Grant-in-Aid to meet payments not covered by timber and other receipts. Forest Enterprise does not receive any other subsidies and does not receive planting grants which are payable to the private sector.

Receipts from the disposal of land, buildings and the forest estate are surrendered to the Consolidated Fund. For accounting purposes these receipts represent a reduction in Government funding of Forest Enterprise and offset the Grant-in-Aid received.

9 – Employers' Superannuation Contributions

A notional employers' superannuation contribution calculated as a percentage of pensionable pay is included in the Income and Expenditure Account. The employers' contribution rates have been set at 16% for industrials and 17% for non-industrials.

Forest Enterprise

Income and Expenditure Account FOR THE YEAR ENDED 31 MARCH 1994

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
INCOME			
Forest estate			
Sales of timber		82.8	75.7
Other forest sales		1.5	1.4
		<hr/>	<hr/>
		84.3	77.1
Recreation, conservation and heritage		3.3	2.9
Other activities	9	13.6	13.4
		<hr/>	<hr/>
		101.2	93.4
EXPENDITURE			
Forest estate			
Harvesting and haulage of timber		45.5	47.1
Restocking after felling		11.3	11.7
Forest roads		13.7	14.6
Forest maintenance and protection		13.9	12.9
		<hr/>	<hr/>
		84.4	86.3
Recreation, conservation and heritage		16.1	16.3
Other activities	9	16.1	15.3
		<hr/>	<hr/>
		116.6	117.9
OPERATING SURPLUS/(DEFICIT)			
Forest estate		(0.1)	(9.2)
Recreation, conservation and heritage		(12.8)	(13.4)
Other activities	9	(2.5)	(1.9)
		<hr/>	<hr/>
		(15.4)	(24.5)
Surplus/(Deficit) on sale of properties	11	(1.5)	(4.7)
		<hr/>	<hr/>
NET SURPLUS/(DEFICIT) FOR THE YEAR		(16.9)	(29.2)
Transferred to Capital Account		(16.9)	(29.2)
		<hr/>	<hr/>

The accounting policies and notes form part of these accounts.

Forest Enterprise

Balance Sheet AS AT 31 MARCH 1994

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
FIXED ASSETS			
Forest estate at Open Market Value	1a	1,401.5	1,413.0
Other tangible assets	1b	125.2	126.2
		<hr/>	<hr/>
		1,526.7	1,539.2
CURRENT ASSETS			
Stocks	2	7.4	6.7
Debtors	3	17.7	19.1
Cash at banks and in hand	4	2.0	2.1
		<hr/>	<hr/>
		27.1	27.9
CREDITORS – amounts falling due within one year			
	5	8.7	9.4
		<hr/>	<hr/>
NET CURRENT ASSETS		18.4	18.5
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,545.1	1,557.7
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Capital Account	6	966.6	982.1
Revaluation reserve	7	578.5	575.6
		<hr/>	<hr/>
TOTAL CAPITAL AND RESERVES		1,545.1	1,557.7
		<hr/>	<hr/>

T R CUTLER
ACCOUNTING OFFICER
5 OCTOBER 1994

Forest Enterprise

Cash Flow Statement FOR THE YEAR ENDED 31 MARCH 1994

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
OPERATING ACTIVITIES			
Receipts from sales of timber		84.0	73.8
Other receipts		17.6	16.1
Salaries, wages and related expenses		(49.0)	(49.5)
Materials, contract services and general expenses		(54.2)	(52.9)
Net cash inflow/(outflow) from operating activities	8	(1.6)	(12.5)
INVESTING ACTIVITIES			
New planting (excluding book value of land)		(2.2)	(3.3)
Payments to acquire tangible fixed assets		(8.6)	(13.3)
Receipts from sale of properties		17.3	9.9
Receipts from sale of other tangible fixed assets		0.3	0.1
Net cash inflow/(outflow) from investing activities		6.8	(6.6)
Net cash (outflow) before financing		5.2	(19.1)
FINANCING			
Grant-in-Aid		12.0	29.0
less: Receipts from disposals programme		(17.3)	(9.9)
(Increase)/decrease in cash and cash equivalents		0.1	–
		(5.2)	19.1

Statement of Total Recognised Gains and Losses FOR THE YEAR ENDED 31 MARCH 1994

	£ MILLION	PREVIOUS YEAR £ MILLION
Net surplus/(deficit) for the year	(16.9)	(29.2)
Revaluation surplus/(deficit) on forest estate	–	(279.8)
Revaluation to current prices of other tangible assets	2.9	(20.7)
Total recognised gains/(losses)	(14.0)	(329.7)

Notes to the Accounts

1 – Fixed Assets

(a) Forest estate (land, roads and timber)

	£ MILLION	PREVIOUS YEAR £ MILLION
Valuation 882,534 hectares at 1 April 1993		
Open Market Value	1,413.0	1,700.0
Movements in year		
Add: New planting	2.6	4.6
Acquisitions	0.1	0.1
Deduct: Disposals and transfers (at book value)	(14.2)	(11.9)
	<u>1,401.5</u>	<u>1,692.8</u>
Revaluation adjustment	–	(279.8)
Open Market Value at 31 March 1994		
870,567 hectares	<u>1,401.5</u>	<u>1,413.0</u>

(b) Other tangible assets

	LAND AND BUILDINGS £ MILLION	MACHINERY PLANT AND EQUIPMENT £ MILLION	TOTAL £ MILLION
Valuation:			
At 1 April 1993	96.3	78.6	174.9
Additions	1.7	6.8	8.5
Disposals	(3.7)	(4.6)	(8.3)
Revaluation adjustment	<u>0.8</u>	<u>2.5</u>	<u>3.3</u>
At 31 March 1994	<u>95.1</u>	<u>83.3</u>	<u>178.4</u>
Depreciation:			
At 1 April 1993	–	48.7	48.7
Provided during year	2.0	7.2	9.2
Disposals	–	(4.3)	(4.3)
Revaluation adjustment	<u>(2.0)</u>	<u>1.6</u>	<u>(0.4)</u>
At 31 March 1994	<u>–</u>	<u>53.2</u>	<u>53.2</u>
Net Book Value:			
At 31 March 1994	95.1	30.1	125.2
At 31 March 1993	96.3	29.9	126.2

2 – Stocks

	£ MILLION	PREVIOUS YEAR £ MILLION
Timber	2.9	2.3
Plants and seed	1.8	1.7
Consumable materials, supplies and livestock	2.7	2.7
	<hr/> 7.4	<hr/> 6.7

3 – Debtors

	£ MILLION	PREVIOUS YEAR £ MILLION
Trade debtors	16.8	17.2
Other debtors	0.9	1.9
	<hr/> 17.7	<hr/> 19.1

Other debtors include amounts falling due after more than one year of £0.8 million (£1.3 million at 31 March 1993).

4 – Cash at Banks and in Hand

	£ MILLION	PREVIOUS YEAR £ MILLION
Balance with Paymaster General	1.7	1.6
Cash at commercial banks and in hand	0.3	0.5
	<hr/> 2.0	<hr/> 2.1

5 – Creditors: amounts falling due within one year

	£ MILLION	PREVIOUS YEAR £ MILLION
Payments received on account	0.4	0.4
Trade creditors	2.1	2.5
Other creditors including taxation and Social Security costs	6.2	6.5
	<hr/> 8.7	<hr/> 9.4

6 – Capital Account

	£ MILLION	PREVIOUS YEAR £ MILLION
Balance brought forward	982.1	985.5
Movement in year:		
Net surplus(deficit) for year	(16.9)	(29.2)
Employers' Superannuation contributions	6.7	6.7
Grant-in-Aid	12.0	29.0
Disposal receipts	<u>(17.3)</u>	<u>(9.9)</u>
	<u>(15.5)</u>	<u>(3.4)</u>
Balance carried forward	<u>966.6</u>	<u>982.1</u>

7 – Revaluation Reserve

	£ MILLION	PREVIOUS YEAR £ MILLION
Cumulative Revaluation Reserve brought forward	575.6	876.1
Revaluation surplus (deficit) for the year ended 31 March 1994		
Forest estate	–	(279.8)
Other tangible assets	3.7	(18.3)
Adjustment on resurvey and reclassification of properties	<u>(0.8)</u>	<u>(2.4)</u>
	<u>2.9</u>	<u>(300.5)</u>
Cumulative Revaluation Reserve carried forward	<u>578.5</u>	<u>575.6</u>

8 – Reconciliation of Income and Expenditure to Net Cash Inflow from Operating Activities YEAR ENDING 31 MARCH 1994

	£ MILLION	PREVIOUS YEAR £ MILLION
Surplus (deficit) of Income over Expenditure	(16.9)	(29.2)
Items not involving cash payments		
Notional employers' superannuation contributions	6.7	6.7
Depreciation charges	9.2	9.0
(Profit) Loss on sale of properties	(0.6)	3.0
(Profit) Loss on sale of other tangible fixed assets	–	0.1
Increase in stocks	(0.7)	0.8
Decrease in debtors	1.4	(3.6)
Decrease in creditors	(0.7)	0.7
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(1.6)	(12.5)

9 – Other Activities: Operating Surplus (Deficit) by Activity YEAR ENDING 31 MARCH 1994

	CAMPSITES AND CABINS £ MILLION	AGENCY £ MILLION	LAKE VYRNWY £ MILLION	ESTATE MANAGEMENT £ MILLION	TOTAL £ MILLION	PREVIOUS YEAR £ MILLION
Income	3.9	3.4	0.1	6.2	13.6	13.4
Expenditure	3.1	3.0	–	10.0	16.1	15.3
	<hr/>					
Operating Surplus (Deficit) for year	0.8	0.4	0.1	(3.8)	(2.5)	(1.9)
Notes	(i)	(ii)	(iii)	(iv)		
Operating Surplus (Deficit) for previous year	0.8	0.4	–	(3.1)	(1.9)	(1.0)

(i) The real rate of return on capital invested in cabins and campsites was 9.8% compared with a target rate in real terms of 6%.

(ii) Agency work is carried out on a full cost recovery basis.

(iii) Income of £79,336 was received for the year ended 31 March 1994 from the Severn Trent Water Authority in respect of the Commission's equal share in the surplus on the joint management scheme at Lake Vyrnwy in Wales.

(iv) This reflects the net cost of managing the non-forested estate which comprises offices, administrative and industrial buildings, houses, farms, agricultural land and all other lettings including those surplus assets which are being disposed of wherever possible in line with Government policy.

10 – Expenditure in the Income and Expenditure Account

FOR THE YEAR ENDING 31 MARCH 1994 INCLUDES

	£ MILLION	PREVIOUS YEAR £ MILLION
Hire of plant and equipment	1.4	1.3

11 – Surplus (Deficit) on Sale of Properties

	PLANTATIONS AND ASSOCIATED PROPERTIES £ MILLION	PREVIOUS YEAR £ MILLION
Proceeds	17.3	9.9
Less: Book value	(16.7)	(12.9)
Less: Disposal costs		
External costs	(0.9)	(0.7)
Administrative expenses	(1.2)	(1.0)
Surplus (Deficit) on sale of properties	<u>(1.5)</u>	<u>(4.7)</u>

12 – Management and Administrative Expenses

(a) Total management and administrative expenses comprise:

	£ MILLION	PREVIOUS YEAR £ MILLION
Staff costs		
Salaries	19.6	19.5
Wages	1.1	0.8
Social Security costs	1.6	1.6
Superannuation costs	3.4	3.4
	<u>25.7</u>	<u>25.3</u>
Other expenses (including Auditors' remuneration of £72,400)	7.7	9.3
Travel and subsistence	3.8	4.0
Charges from Department of Forestry (note (i))	2.7	2.6
	<u>39.9</u>	<u>41.2</u>
less Business Units included in operational costs	<u>(3.5)</u>	<u>(3.5)</u>
	<u>36.4</u>	<u>37.7</u>

(i) These charges cover the Forest Enterprise share of personnel, business systems, training and other support services at Headquarters, less the Department of Forestry share of finance services provided by Forest Enterprise.

(b) Management and administrative expenses were incurred as follows:

	£ MILLION	PREVIOUS YEAR £ MILLION
Forest Districts	22.2	22.1
Regional Offices	7.0	7.7
Headquarters	<u>7.2</u>	<u>7.9</u>
	<u>36.4</u>	<u>37.7</u>

(c) Allocated to the following activities in the Income and Expenditure Account:

Harvesting and haulage of timber	11.1	12.5
Restocking after felling	3.6	3.9
Forest roads	2.7	3.0
Forest maintenance and protection	5.3	4.4
Recreation, conservation and heritage	6.2	6.7
Other activities	<u>6.7</u>	<u>5.9</u>
	35.6	36.4
Capital		
New planting	<u>0.8</u>	<u>1.3</u>
	<u>36.4</u>	<u>37.7</u>

13 – Total Staff Costs and Numbers of Employees

(a) Total staff costs

	£ MILLION	PREVIOUS YEAR £ MILLION
Salaries	19.6	19.5
Wages	23.0	23.6
Social Security costs	3.4	3.1
Superannuation	<u>6.7</u>	<u>6.7</u>
	52.7	52.9
Travel and subsistence	<u>2.3</u>	<u>2.1</u>
	<u>55.0</u>	<u>55.0</u>

(b) The average number of employees during the year was as follows:

	AVERAGE NUMBER	PREVIOUS YEAR AVERAGE NUMBER
Industrial staff	2,051	2,227
Non-industrial staff	1,204	1,231
	<u>3,255</u>	<u>3,458</u>

14 – Financial Objectives

Forest Enterprise is set a target rate of return of 3% in real terms on the forest estate and any new investment therein. The long-term objective of Forest Enterprise is to reach a cycle of production where its income from timber is sufficient to cover its expenditure on the forest estate, including restocking the area harvested and maintenance and protection of the whole estate and provide a return on funds invested. Because of the relative immaturity of the forest estate, Forest Enterprise has not reached this stage in its cycle of production.

The operating deficit on the forest estate for the year ending 31 March 1994 was £0.1 million and the capitalised cost of new planting was £2.6 million. Although Forest Enterprise is not eligible to receive planting and restocking grants that are payable to the private sector, the equivalent of private sector grants for 1993-94 has been assessed at £9.1 million.

The Forestry Commissioners have set Forest Enterprise an immediate short-term financial objective to become self-financing by 1995-96. In 1993-94 the net public expenditure is £1.4 million. This represents Forest Enterprise's share of the Grant-in-Aid voted to the Forestry Commission of £12.0 million, plus employers' superannuation contributions of £6.7 million, which other departments pay over to the Civil Superannuation Vote; less disposal receipts of £17.3 million which are surrendered direct to the Consolidated Fund as privatisation proceeds.

15 – Capital Commitments

Future capital commitments authorised but not yet contracted for Other Tangible Fixed Assets in 1994-95 amounts to £8.2 million (£8.1 million for 1993-94).

16 – Contingent Liabilities

Contingent liabilities at 31 March 1994 for damages caused to other persons' property and for compensation for personal injury to employees amounted to an estimated sum of £0.7 million (£0.6 million at 31 March 1993).

Statement of Commission's and Accounting Officer's Responsibilities

Under Section 5 of the Exchequer and Audit Departments Act 1921 the Treasury has directed the Forestry Commission to prepare a statement of accounts for Forest Enterprise for each financial year in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Forest Enterprise state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Forestry Commission is required to :

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that Forest Enterprise will continue in operation.

The Treasury has appointed the Director General of the Forestry Commission as the Accounting Officer for Forest Enterprise. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in '*Government Accounting*' (HMSO).

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements on pages 69 to 81 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 69 to 71.

Respective responsibilities of the Accounting Officer and auditor

As described on page 82 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Act 1921 and the National Audit Office auditing standards, which include relevant auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of Forest Enterprise at 31 March 1994 and of its deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and with the directions made thereunder by the Treasury.

I have no observations to make on these financial statements.

JOHN BOURN
COMPTROLLER AND AUDITOR GENERAL
24 OCTOBER 1994

NATIONAL AUDIT OFFICE
157-197 BUCKINGHAM PALACE ROAD
VICTORIA
LONDON SW1W 9SP



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Appendix I

Statutory and Other Committees Appointed by the Forestry Commission: Membership at 31 March 1994

National Committees

ENGLAND

Mr T.S. Mallinson (*Chairman*), Miss B.M. Bloom, Mr R.T. Bradley, Professor G.R. Dickson, Mr R.B. Grove-White, Mr C. Stratton, Mrs R. Thomas. *Secretary to the Committee:* Mr G.F. Inglis. The Committee had no meetings during the year.

SCOTLAND

Sir Michael Strang Steel (*Chairman*), Dr J. Balfour, Mr R.T. Bradley, Mr A.D.M. Farquharson, Mr G.H. Laird, Mr H.A. Waterson. *Secretary to the Committee:* Mr T. Lees. The Committee had no meetings during the year.

WALES

Mr C.R. Woosnam (*Chairman*), Mr R.T. Bradley, Mr D.M. Hughes, Mr M.A. McLaggan. *Secretary to the Committee:* Mr P.D. Finch. The Committee had no meetings during the year.

Regional Advisory Committees

ENGLAND

Northumberland & Durham, Cumbria & Lancashire and Greater Yorkshire Conservancies

Professor G.R. Dickson (*Chairman*), Mr R.J.S. Addison, Mr I. Brodie, Mr R.N. Cartwright, Mr J.A. Derham, Mr T.R. Fetherstonhaugh, Mr N.C. Forbes Adam, Lady Kirk, Mr A.A. Macdonald, Mr D. Stewart, Mr J.T. Todd, Mr P. Veitch. *Secretary to the Committee:* Mr B.P. Easton. The Committee met in May and July 1993 and January 1994.

East Midlands, East Anglia, Thames & Chilterns, Hampshire & West Downs and Kent & East Sussex Conservancies

Mr C. Stratton (*Chairman*), Mr D. Baker, Mr N.A. Braden, Mr J. Broatch, Mr T.R. Cook, Mr N.G. Halsey, Mr J. Niles, Mr A. Prater, Dr C. Watkins, Mr D. Whicher, Mr L. Woodham, Mr A.J.K. Wordie. *Secretary to the Committee:* Mr B.P. Easton. The Committee met in June and November 1993.

West Midlands, Wye & Avon and The West Country Conservancies

Mrs R. Thomas (*Chairman*), Mr N.D. Anderson, Mr N. Atkinson, Lord Courtenay, Mr A. Darby, Mr C.A. Eade, Mr A. Fooks, Mr R. Jarman, Mr A. Lawson, Mr J.T. Perry, Mr G.E. Smith, Mr J.H.B. Workman. *Secretary to the Committee:* Mr B.P. Easton. The Committee met in June and October 1993 and March 1994.

SCOTLAND

Highland and Grampian Conservancies

Mr A.D.M. Farquharson (*Chairman*), Mr B.E. Crabtree, Lord Cromartie, Mr R. Dennis, Mrs J. Durham, Professor

C.H. Gimingham, Councillor F.R.M. Keith, Mr A.N.G. Laing, Mr M.F.B. Leslie, Professor H.G. Miller, Mr M. Pottinger. *Secretary to the Committee:* Mr W.J. Anderson. The Committee met in June and November 1993.

Strathclyde and Perth Conservancies

Dr J. Balfour (*Chairman*), Councillor J.F.G. Anderson, Mr A.W. Barbour, Mr P.M. Fairweather, Mr J.A. Fell, Mr J. Hodgson, Dr P.S. Maitland, Ms W. Mattingley, Mr J. McNaughton, Mr P.S. Murray, Mr P. Wormell. *Secretary to the Committee:* Mr W.J. Anderson. The Committee met in June and November 1993.

Dumfries & Galloway and Lothian & Borders Conservancies

Mr H.A. Waterson (*Chairman*), Mr D.B. Crawford, Mr J.F.S. Gourlay, Mr L. Griffiths, Ms J. Harden, Mr D.I. Liddell-Grainger, Mr D.W. Minns, Captain J.W.N. Mitchell, Mr T.S. Smith, Mr A. Sommerville, Councillor A.L. Tulley, Mr H. Wilson. *Secretary to the Committee:* Mr W.J. Anderson. The Committee met in April and October 1993.

WALES

North Wales, Mid Wales and South Wales Conservancies

Mr M.A. McLaggan (*Chairman*), Mrs S.A.G. Ballance, Mr J.W. Donovan, Dr G.K. Elliott, Mrs D. Garnons-Williams, Mr J.R. Lloyd Jones, Mr M.J. Morgan, Mr S.K. Neale, Colonel P.C. Ormrod, Mr M. Oxnard, Mr G. Roberts, Mr J. Robinson. *Secretary to the Committee:* Mr P.D. Finch. The Committee met in July and October 1993 and February 1994.

Home Grown Timber Advisory Committee

Sir Mark Russell (*Chairman*)

Mr A.F. Bloomfield

Mr W.S. Brack

Dr J.D. Brazier

Mr A.J. Brownlie

The Hon James Bruce

Mr T.A. Bruce Jones

Mr R.A.C. Byatt

Mr A. Christie-Miller

Mr R.E. Duffield

Dr G.K. Elliott

Mr H.G. Fetherstonhaugh

Mr M. Gale

Professor C.H. Gimingham

Mr J.H. Holt

Mr K. Lyden

Dr J.S. Macdonald

Mr G.M. McRobbie

Mr A. Penrose

Dr. C.D. Pigott

Mr E. Rowlands

Mr J.T. Todd

Mr G. Waugh

Mr P.H. Wilson

Secretary: Mr S.A. Goodall

The Committee met in June, September and December 1993 and March 1994. The Annual Report of the Committee is at Appendix II.

Environment Sub-Committee of the Home Grown Timber Advisory Committee

Mr R.A.C. Byatt (*Chairman*)
Mr C.J.S. Burd
Mr R.F. Callander
Mr J. Holt
Mr R. Leslie
Mr A. Mattingly
Mr G.M. McRobbie

Mr S.R. Pepper
Dr G.F. Peterken
Mr L.E. Taylor
Mr R.M. Turner
Mr A.R. Williams
Mr J.M.A. Yerburgh

Secretary: Mrs M. Gallacher

The Sub-Committee met in April, July and October 1993 and January 1994.

Supply and Demand Sub-Committee of the Home Grown Timber Advisory Committee

Mr J. Fletcher (*Chairman*)
Mr R.H. Adam
Mr P.T.G. Beadle
Mr A.F. Bloomfield

Mr C. Burd
Mr H. Macleod
Mr D. Thompson
Mr W.A. Willis

Secretary: Mr A.P.S. Johnson

The Sub-Committee met in May, August and December 1993.

Technical Sub-Committee of the Home Grown Timber Advisory Committee

Dr J.D. Brazier (*Chairman*)
Mr R.H. Adam
Professor W.B. Banks
Mr W.S. Brack
Mr A. East
Mr R.M. Fitter

Mr J.A. Kissock
Mr G.B. Little
Mr M.D. Oxnard
Mr S.E. Quigley
Dr D.C. Wood

Secretary: Dr J. Webber

The Sub-Committee met in April and October 1993 and January 1994.

Advisory Committee on Forest Research

Dr J.P. Dempster (*Chairman*)
Professor E.C. Cocking
Professor R.M. Cormack
Dr M.P. Denne
Professor D. Henderson

Professor J.M. Hirst
Professor H.G. Miller
Dr W.E.S. Mutch
Dr M.B. Usher

Secretary: Dr J. Evans

The Committee met in May and November 1993.

Forestry Research Co-ordination Committee

Mr R.T. Bradley (<i>Chairman</i>)	}	Forestry Commission
Mr D.A. Burdekin		
Dr T.W. Hegarty		The Scottish Office Agriculture and Fisheries Department
Dr P.A. Costigan	}	Ministry of Agriculture, Fisheries and Food
Dr J.M. Dinwoodie		Building Research Establishment
Mr P.J.W. Saunders		Department of the Environment
Dr S. Webster		
Dr O.W. Heal		Natural Environment Research Council
Dr K. Kirby		English Nature
Professor H.G. Miller		Forestry Universities
Dr P. Mapelstone		Agricultural and Food Research Council
Dr C. McCulloch		Economic and Social Research Council
Dr P. Maryan		Department of Trade and Industry
Mr P.J. Wood	Overseas Development Administration	

Secretary: Dr J. Evans

The Committee met in June, September and December 1993 and February 1994. The Annual Report of the Committee is at Appendix IV.

Forestry and Arboriculture Safety and Training Council

Mr J.G. Machin (*Chairman*)

Employer Members

Mr I. Millward	}	Association of Professional Foresters
Mr M. Crichton Maitland		Timber Growers Association
Mr J. Conroy		Local Government Management Board
Mr J. Fulcher		Association of District Councils
Mr T. Walsh		Association of Metropolitan Authorities
Mr W. MacLachlan		Forestry Authority
Mr J. Wade		
Ms E. Ramsay		Forest Enterprise

Employee Members

Mr J. Hodgson	General Municipal and Boilermakers' Allied Union
Mr J. Clark	National Union of Civil and Public Servants
Mr W. Brack	Transport and General Workers' Union

Education and Training Members

Mr R. Shapland	Craft/Diploma Courses (Forestry) (England and Wales)
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Education and Training Members(contd.)

Mr W.J. Hedley

Craft/Diploma Courses (Forestry and Arboriculture) (Scotland)

Mr J. Kenyon

Craft/Diploma Courses (Arboriculture) (England and Wales)

Dr A. Petty

Degree Level Courses

Forestry Society etc. Members

Mr R.J. Evans

Institute of Chartered Foresters

Mr E.H.M. Harris

Royal Forestry Society of England and Wales

Mr J. Brown

Royal Scottish Forestry Society

Mr G.B. Little

British Timber Merchants' Association

Mr P.R. Higginbotham

United Kingdom Softwood Sawmillers' Association

Mr M. Henderson

United Kingdom Wood Processors' Association

Mr T. Preston

Mr P. Collis

}

Arboricultural Association

Technical Secretary: Mr T.E. Radford

The Council met in June and November 1993. The Annual Report of the Council is at Appendix III.

Appendix II

Home Grown Timber Advisory Committee

Annual Report for the Year Ended 31 March 1994

The Committee held four meetings during the year, in June, September and December 1993 and March 1994.

During the year, the Committee considered the implications for British forestry of the review of the effectiveness of the current incentives for forestry investment and of options for the ownership and management of Forestry Commission woodlands, announced by the Secretary of State for Scotland on 30 March 1993. Following their June meeting, the Committee submitted evidence to the Forestry Review Group and discussed the progress of the review at their subsequent meetings.

At the meeting in September, the Committee was brought up to date on the proposed Sustainable Forestry Programme which the Government had declared it would produce as a follow up to the *Statement of Forest Principles* adopted at the Earth Summit at Rio in 1992. In December the Committee was informed that, in view of the forestry review, the Programme would not contain new planting targets but that it would set out the Government's forestry policy more fully than before. The Programme was launched in January and the Committee discussed it at their meeting in March. The Committee was concerned that a national forestry strategy had not been developed despite repeated advice from the Committee that such a strategy was essential for the proper future development of the forest industry.

At the December meeting, the Committee discussed a background paper on timber certification and eco-labelling. Concern was expressed that environmental groups were attempting to set up certification schemes which met their own principles and that pressure was being put on the timber industry to subscribe to a scheme promoted by the Soil Association, with the support of the Forest Stewardship Council, which was both poorly conceived and over-ambitious. The Committee set up a working group to consider timber certification and eco-labelling schemes. The working group reported to the Committee in March and recommended that the Forestry Commission should continue to take a lead role in international discussions aimed at agreeing criteria as indicators of sustainable forestry. The Committee welcomed the Forestry Commission's announcement that it would prepare a booklet which explained how wood products from British forests accorded with the Government's policy for sustainable forestry. In addition to this the Committee agreed that they would write to the Forestry Commission Chairman and ask him to represent their views to Ministers. The Committee noted and welcomed the initiative of the Forestry Industry Council of Great Britain to introduce a 'woodmark' scheme based upon the existing regulations and controls operated by the Forestry Authority.

The Committee was informed in June that Ministers had been pressing the European Commission to accept woodland planting as a permitted use of non-rotational set-aside land. The Committee expressed their support and at the December meeting they agreed to write to the Chairman of the Forestry Commission and request him to pass their support on to the Minister of Agriculture. In March the Committee noted that the Minister had replied, stating her intention to maintain pressure on the European Commission.

At their June meeting, the Committee were brought up to date on the introduction of Pine Wood Nematode control measures. The Forestry Commission was following the requirement laid down in the EC Plant Health Directive that coniferous wood (except cedar) imported into the UK from North America should be heat treated. After a proposal had been put forward by the European Commission that Member States should be authorised to derogate from the heat treatment requirement in respect of non-pine imports for a period of 12 months, a majority of Member States voted in favour of a four-month derogation. As of that time conifer imports were still required to be treated. In September the Committee was informed that following discovery of *Monochamus*, the vector of Pine Wood Nematode, the European Commission had revoked the four-month derogation.

Following on from the previous year the Committee discussed the proposals made by certain local authorities in England and Wales that the forestry industry should be charged for any damage caused to rural roads by timber traffic. At its June meeting the Committee were informed that, although Department of Transport Ministers had stated that their Regional Officers would discuss the issue with the local authorities concerned, there had been no tangible progress. In September it was agreed that the Forestry Commission and the Timber Growers Association should meet to discuss the way forward and the Forestry Commission made representations to Ministers on the subject. The Parliamentary Secretary in the Ministry of Agriculture wrote to the Minister for Roads to seek his agreement to a mechanism for funding local authorities to maintain rural roads used by the forestry industry. The Minister for Roads replied suggesting that the problem was not widespread and should be resolved between the timber growers and the local authorities. The Forestry Commission agreed to make further representations to Ministers.

At the December meeting, the Committee discussed trials which had taken place using unbaited hoppers to control the grey squirrel population. In March the Committee was informed that the Forestry Commission had been attempting to persuade the Ministry of Agriculture, Fisheries and Food (MAFF) and English Nature that the squirrel legislation should be amended to extend the areas where warfarin use was permitted. The Committee were further informed that MAFF had given approval to the Forestry Commission for field trials of baited hoppers in warfarin restricted zones.

In September, the Committee considered a paper setting out the initiatives the Forestry Commission had taken on hardwood marketing. A series of articles would be placed in the *Forestry and British Timber* magazine to encourage an exchange of information on the marketing of small dimension hardwoods; a conference would take place on 19-20 April 1994 to review the data and report on studies funded by the Commission; and consultancy contracts had been let to look at various aspects of hardwood marketing. At the meeting in December the Committee were informed that Mr Vince Thirkettle had been appointed by the Forestry Commission as Marketing and Development Officer.

The main theme of the Technical Sub-Committee's work throughout the year was crop timber and quality. In the area of softwoods two special needs were foreseen: to improve future crops and to establish the quality as well as volume out-turn from standing crops. A Technical Sub-Committee steering group was set up to examine methods to assess quality of standing crops and how this related to sawmill out-turn. A discussion document was issued which considered how the UK resource of hardwoods could be better utilised. The Technical Sub-Committee recommended, and the HGTAC endorsed, the need for a sustained programme of provenance and progeny testing to improve the broadleaved resource. Current research on forest products was reviewed and support given to studies to improve machine stress grading and on new end-jointing techniques for solid wood. The work of the Forestry Commission's Technical Development Branch, with its wide ranging programme on harvesting and other machinery evaluation, was commended and current developments concerning plant health noted.

The Supply and Demand Sub-Committee kept the main Committee well informed throughout the year with reports

on the forestry market and prospects for the future. In March the Sub-Committee gave a full report to the main Committee. Imports from Canada were reduced during 1993, but this volume was replaced by Scandinavian wood which became more competitive after the Swedish Krona and Finnish Mark devaluations. Wood demand in Britain in 1993 was split on a north-south basis. In the north supplies met demand. In the south demand was very strong, especially in the second half of the year. Demand for conifer and hardwood outweighed available supply resulting in the importation of both roundwood and sawmill residues. At the December meeting the Sub-Committee organised the carrying out of the Sawmill Survey and also discussed the National Woodland Inventory with respect to the Private Sector Production Forecast. Papers were also produced discussing the supply and demand balance.

Now in its second year, the Environment Sub-Committee consolidated and built upon the framework of interests it had developed. During the year the Sub-Committee drew up and agreed a statement of forestry principles which was endorsed by the HGTAC and also identified and made recommendations on the scope and potential benefits of floodplain forest restoration. The Sub-Committee examined the need for greater integration of supply and consumption planning as part of the sustainable development of forests and will prepare a paper on this topic for consideration by the Supply and Demand Sub-Committee. As part of an ongoing task the Sub-Committee considered draft management guidelines submitted by the Forestry Commission on forest deer management and the design of forest roads.

Mr Janes retired as Chairman of the Committee following the meeting in March. The Chairman of the Forestry Commission took the opportunity to thank Mr Janes for his outstanding service to the HGTAC over a fourteen year period, the last twelve as Chairman. He was replaced as Chairman by Sir Mark Russell.

The Committee is greatly indebted to the Sub-Committees for the high standard of advice they continue to provide, and would like once more to express its thanks for this valuable support.

Appendix III

Forestry and Arboriculture Safety and Training Council

Annual Report for the Year Ended 31 March 1994

Following its inception in December 1992 the Council met in June and December of 1993. The Council's membership is listed in Appendix I. There have been regular meetings of the Council's Management, Health and Safety and Qualifications and Standards Committees. The Safety and Training Council works in close contact with the Forestry Authority Safety and Training Branches.

In December 1993 the Council ratified a four-year Development Plan which is an essential framework to determine the Council's activities to 31 March 1998. The wide circulation of the Plan will publicise the Council's work in training and safety provision for the forestry and arboriculture industries. The Plan will be subject to annual revision.

Vocational Qualifications and Records

Having successfully applied for reaccreditation of the current Vocational Qualifications (VQs) in Forestry until May 1996, the main priority of the Qualifications and Standards Committee has been to ensure that the revision of Level 1 and Level 2 standards and the development of Level 3 and Level 4 standards are achieved by the new deadline. To this end the Committee commissioned a revision of the Functional Map and Occupational Analysis for forestry to ensure that the VQs developed are comprehensive and relevant to the needs of the forest industry.

The Qualifications and Standards Committee approved the introduction of Records of Training and Achievement in place of Certificates of Attendance, issued by the former Forestry Training Council. These Records are a more meaningful statement of the trainee's attainment and are recognised by the industry as a means of enabling new entrants to consolidate training prior to assessment against national standards of competence, particularly in respect of chainsaw operation. In addition the Committee has clarified the regulations governing registration as an approved instructor. A revised Register will be published in June 1994.

Forestry & Arboricultural Safety Guides

The Health and Safety Committee has met bimonthly and concentrated on the revision and development of Safety Guides previously issued by the Forestry Safety Council and the Arboriculture Safety Council. Wherever possible these have been integrated to produce definitive advice equally applicable to forestry and arboriculture. The first Safety Guides in their new format are scheduled for publication in May 1994.

Relationship with the Arboriculture Industry

The Forestry and Arboriculture Safety and Training Council is not the Industry Lead Body (ILB) for arboriculture although it is the Industry Training Organisation (ITO) for the arboricultural sector. It does not set competence standards for arboriculture but is responsible for training and safety provision for the industry. During the year the Council has established a Joint Working Group with the ILB for arboriculture, namely Amenity Horticulture. The Joint Working Group is chaired by the Council's Management Committee Chairman. The principal aim of the working group is to secure VQ competence standards for arboriculture which address the needs of all sectors of the

industry. A subsidiary aim is to develop joint or transferable units of competence for the two closely related industries. This work is supported by the Department of Employment and the National Council for Vocational Qualifications (NCVQ). It parallels the Council's participation in the Plants, Animal and Land Sector (PALS) Consortium which is seeking to maximise the number of common units of competence across the whole of the land based sector. The Council has commissioned a Labour Market Information Survey as a part of its contribution to the Joint Working Group.

Relationship with Other Bodies

The Council is a member of the joint awarding partnership for Forestry VQs together with the National Examinations Board in Agriculture, Horticulture and Allied Industries (NEBAHAI) and the National Proficiency Tests Council (NPTC). Together with the latter the Council continues to co-operate in monitoring and development of stand alone competence tests in chainsaw operation. Council representation on other awarding and accrediting bodies and college advisory committees assists it to reflect properly the concerns and serve the interests of the forestry and arboriculture industries.

In addition to this formal role, Council officers and members maintain a close liaison with other agencies, executives, societies and associations with an interest in training and safety matters in forestry and arboriculture. The Council recognises and appreciates the help and co-operation it receives from these bodies and the many individual contributions to its discussions.

Appendix IV

Forestry Research Co-ordination Committee

Annual Report for the Year Ended 31 March 1994

Introduction

The Forestry Research Co-ordination Committee (FRCC), which brings together all the Government Departments and organisations sponsoring research on forestry, met four times during the year. The Research Users' Forum, established last year, met on two occasions. The Forum represents the timber industry, farming, land use, environmental and conservation interests, and has assisted FRCC through identifying research priorities concerned with four topics: land use, low-intensity silviculture, deer and squirrel research needs, and marketing low quality broadleaves. The Forum fulfils an important part of the technology foresight process.

New Working Group

The FRCC has appointed Dr John Rodwell, Department of the Environmental Sciences, University of Lancaster, to chair its Forestry and Conservation Working Group. This Sub-Committee helps to co-ordinate research and identify priorities by bringing together senior scientists from the Institute of Terrestrial Ecology, the Forestry Commission and English Nature (also representing the interests of Scottish Natural Heritage and the Countryside Council for Wales).

Overall Expenditure on Forestry Research

Nearly £21 million was spent on forestry and related tree research in Britain in 1993-94. This is a small increase over 1992-93 following the inclusion of projects funded by agencies not previously included in the annual collation of research. Research on environmental and conservation aspects continues to attract increased support. For the first time since FRCC began collating research in 1982, half of all research in 1993-94 concerned broadleaved tree species, predominantly oak, ash, beech, birch, sycamore, poplar and willow. Research linked to new woodland initiatives, notably planting on farmland and community forests, continues to play an important role.

Methods of Operation

FRCC continues to operate through the appointment of Review Groups consisting of acknowledged experts in the particular field of research. Five years after the publication of the initial Review Group Report, a follow-up Action Report is produced detailing the action or lack of it which has taken place. This procedure has served FRCC well but the Committee now finds that the process is becoming less productive in certain areas where the research is long-term. This consideration led to the formation of standing Working Groups on new areas of interest such as farm forestry, poplar cultivation, and the general area of forestry and nature conservation.

New Systems

This new approach has enabled FRCC to be more proactive. It has led, for example, to the creation of a special topic research fund for farm forestry and a conference to discuss the results of the sponsored research. A high-profile conference on carbon storage by trees is also being arranged for November 1994 to take forward the Review Group Report on that subject.

FRCC Users Forum

A very successful Research Users' Forum has been introduced which has set up Working Groups to produce recommendations on areas of research which users feel required to be looked at. These Working Groups have produced some very stimulating reports which will be discussed by the full Users' Panel before final presentation to FRCC.

New Constitution

The FRCC has during the past year discussed whether to reconstitute itself as an Inter-Agency Committee similar to those created for Global Environment Change (IGEC) or for Marine Science and Technology (IACMST). On balance it was concluded that this change of constitution would not materially improve its ability to co-ordinate forestry research so no further action was taken.

Appendix V

Fifty-sixth Report from the Committee of Public Accounts 1992–93:

Forestry Commission: Timber Harvesting and Marketing

PAC conclusion (i): We are concerned that nearly half of the Commission's trees have been felled at an age when they do not produce their maximum return... We note that the Commission attribute this situation to their statutory obligations and Ministerial policy which require them to harvest their trees in ways which are compatible with their environmental objectives.

There are a number of reasons why trees may be felled at an age when they do not produce their maximum return. These include the effects of storm damage, adjustments to reflect differences between expected and actual levels of timber stocks, the creation of felling areas which are operationally efficient, and environmental reasons.

The Forestry Commission (the Commission) has a statutory duty to seek to achieve a reasonable balance between the needs of forestry and the environment. The Government's forestry policy encourages the restructuring and landscaping of even-aged plantations to create more varied forests with a mixture of types and ages of trees. This policy is now being implemented in Commission forests on a more formal basis, through the preparation of integrated forest design plans.

PAC conclusion (ii): We assume that the Commission's operating plans made provision for a sensible balance between felling trees when they produce an optimum output and the need to have regard to environmental objectives. We are therefore concerned that half of the timber earmarked for felling by local managers was in areas outside those planned for harvesting by the Commission.

PAC conclusion (iii): We note that an explanation for this departure from plans in 1990-91 was that one-third of the harvesting programme constituted the salvage of windthrow material following storm damage.

Timber production plans are formally reviewed on a five-year cycle but during the currency of any plan new circumstances can arise. There were two major storms in 1987 and 1990 which necessitated trees being felled outside the scope of current plans. The recession also necessitated changes to plans for marketing reasons. Nevertheless, the Commission notes the Committee's concern about trees felled in areas outside plans and is strengthening its procedures to monitor and evaluate changes to plans.

PAC conclusion (iv): We note that the Commission have delegated to local managers the freedom to depart from operating plans in the light of local circumstances ... However, we emphasise that, in making these downward transfers of authority, the Accounting Officer's responsibility for demonstrating to Parliament and this Committee that the Commission's affairs have been well and properly managed is not diminished.

PAC conclusion (v): We do not consider it enough for the Accounting Officer simply to rely on local

management's judgment ... We expect the Accounting Officer to be in a position to satisfy himself about the reasons which lie behind any decisions taken locally which have a significant effect on the economic and environmental performance of the forests.

The Commission has issued instructions to forest managers on environmental requirements and the consequent revenue they can forego without reference to higher management. The Commission accepts that increased delegation from the Accounting Officer to line managers should go hand in hand with improved monitoring and control systems and the Commission is therefore introducing procedures to augment its existing controls.

PAC conclusion (vi): ... we are concerned that the Commission manage their forests with less readily available information than some of their overseas counterparts ... on matters such as differences between harvesting plans and actual production.

PAC conclusion (vii): ... we endorse their intention to review the extent and nature of the information their inventory contains.

PAC conclusion (viii): We note ... that the Commission have decided to introduce computerised mapping, and that they expect to recover the costs of doing so within seven years.

The Commission accepts the case for considering cost-effective additions to their inventory and, as noted by the Committee, is reviewing the extent and nature of its inventory information. The Commission has also embarked on the introduction of computerised mapping and confirms that it expects to recover the costs within seven years.

PAC conclusion (ix): We note that the Commission have a statutory responsibility to develop the wood industry and that the price which the Commission receive from it is mainly determined by the major international producers. The Commission's income is also affected by their own efficiency and costs, of course, and they will need to continue to seek the most cost-effective and profitable methods for their marketing as for their other operations.

The Commission's marketing strategy during the last 20 years has been largely successful, and the Comptroller and Auditor General recognised this in his recent report. As noted by the Committee, wood prices in Britain are largely determined by the international markets. The Commission acknowledges the Committee's conclusion that its income is also affected by its own efficiency and costs and will continue to seek the most cost-effective and profitable methods for its harvesting.

Appendix VI

Recommendations of the Advisory Panel on Native Woodlands in the Highlands 1993-94

Panel's Terms of Reference

- To advise the Forestry Commissioners on ways of stimulating and encouraging initiatives intended to promote the establishment and management of native woodlands in the Highlands.
- To advise the Forestry Commissioners on associated land use issues.
- To advise the Forestry Commissioners on the need for collecting further data about native woodlands in the Highlands and for commissioning supportive research.
- To report progress annually to the Forestry Commissioners on the establishment of native woodlands in the Highlands.

Recommendations

The Panel has recommended:

- 1: A classification to be adopted for the main types of native woodlands in the Highlands.
- 2: The publication of a report for the Panel on the extent and character of native woodlands in the Highlands.
- 3: The establishment of a comprehensive site related database of the native woodland resource in the Highlands.
- 4: The main elements of a guide to be produced to help standardise surveys of native woodlands.
- 5: A set of native woodland statistics to be produced annually covering planting, regeneration, felling and other management.
- 6: The arrangements for the conservation of native broadleaved woodland in the Highlands should be strengthened to form part of a comprehensive framework of native woodland policies with a distinct Highland identity.
- 7: The publication of a paper on the Boreal Forests of Scotland.
- 8: Greater recognition of the importance of native woodlands in any new edition of the Forestry Commission's Biodiversity booklet.
- 9: A comprehensive framework of measures to conserve the genetic integrity of native woodlands in the Highlands.

- 10: The production of a Highland Guide to the Good Management of Native Woodlands, and of a Highland Native Broadleaved Woodland Management Handbook.
- 11: A range of changes to current forestry incentives so as to provide a more comprehensive and appropriate package of measures to promote native woodlands in the Highlands.
- 12: Measures to support the establishment of two major native forests in the Cairngorms area.
- 13: The place of native species in second and subsequent generations of existing forests should receive adequate attention.
- 14: The Forestry Commission should discuss socio-economic matters with the Scottish Office Agriculture and Fisheries Department in an attempt to gain better arrangements for farm native woodlands, through voluntary landlord/tenant agreements, or if necessary through review of the agricultural holdings legislation.
- 15: Care should be taken to avoid duplication of effort in initiatives to promote the utilisation of native and broadleaved timber.
- 16: Due attention should be given to the relationship and interactions between native woodlands and deer.
- 17: New research into the history of native woodlands in the Highlands and the lessons to be learnt from it.
- 18: The Forestry Authority works, along with other bodies, to develop and co-ordinate a network of initiatives in the field of native woodland management and promotion.

Appendix VII

Agreement between the Association of National Parks and the Forestry Commission on the Native Woodlands in National Parks

Semi-natural woodlands are important elements in the landscapes and ecosystems of all National Parks. Their extent has reduced dramatically in historic times and their condition is often unsatisfactory and their future uncertain. In recent years there has been a number of initiatives on the part of National Park Authorities and others to examine and address these matters. The opportunity now exists to set out a framework between the Forestry Commission's Forestry Authority and the Association of National Parks:

- To encourage the appropriate management of semi-natural woodland.
- To encourage the extension of semi-natural woodland.
- To identify areas or circumstances where it is appropriate to encourage the establishment or re-establishment of new woodland which emulates semi-natural woodland in composition and structure.

The National Parks and the Forestry Authority believe that there is scope for a substantial increase in native woodlands in the Parks and it is intended that this framework be a helpful, clarifying and catalytic device. Each National Park will have its own balance of priorities between the conservation and extension of existing woodlands and the encouragement of new woodlands. The framework will not inhibit present or future arrangements between particular National Parks and their respective Forestry Authority Conservancy officers in this area, or on woodlands in general.

To these ends the Forestry Authority will:

- Publish, maintain and promote guidelines on the management and extension of semi-natural woodland and the establishment of new woodland which emulates semi-natural woodland in composition and structure.
- Hold technical seminars on the opportunities for and means of achieving a significant establishment of new semi-natural woodland.
- Continue to consider the grant-aid requirements of these types of woodland when further developing the Woodland Grant Scheme, and bring to the attention of the agriculture departments further development of the Farm Woodland Premium Scheme which might be helpful in this regard.
- Undertake further research into the silviculture and management of semi-natural woodland and the types of extension envisaged so that programmes are achieved as cost-effectively as possible.
- Deploy appropriate staff resource time towards the achievements of the objectives of this Agreement within the National Parks.

To these ends the Association of National Parks will:

- Encourage the use wherever appropriate of Indicative Forestry Strategies and policies within the National Park

Plan to identify the opportunities for a significant extension of semi-natural woodland and the establishment of new woodland emulating the semi-natural in composition and structure;

- Encourage the development of a database of initiatives in these areas within National Parks so that experience, both good and bad, is widely shared, both within the National Parks network and with other parties and interests.
- Apply available staff resources to the ends of this Agreement and seek where possible to encourage their increase.
- Promote within each National Park the needs and opportunities for these types of woodland and their extension.

Jointly the Forestry Authority and the Association of National Parks will:

- Sponsor a conference in the autumn of 1994 to review developments in these areas and promote the joint interest.
- Keep in place fully effective and comprehensive local liaison and consultation arrangements, co-ordinating resources wherever appropriate, recognising the benefits of the involvement of all interested parties at the earliest stage of any initiative or proposal.
- Consider joint experiments, case studies, demonstrations or pilot projects which demonstrate the principles of good practice in the establishment and management of semi-natural woodlands.

Appendix VIII

Minister's Mandate on the New Forest

Confirmed in a letter from the Minister of Agriculture, Fisheries and Food on 22 December 1992 to the Chairman of the Forestry Commission

Objectives

The New Forest is regarded as a national heritage and has received international recognition and designation. The Forestry Commission will in its management of the Crown land give priority to the conservation of the Forest's traditional character.

Ancient and Ornamental Woodlands

These woodlands will be conserved as currently without regard to timber production, felling being kept to the minimum necessary to promote effective regeneration and limited to single trees or clumps of trees; consultation with English Nature and other interested bodies will precede a programme of regenerative measures.

Inclosures

- a. The inclosures will continue to produce timber, and will be managed in such a way as to conserve their historic character, biological richness and landscape importance.
- b. The present overall balance between broadleaves and conifers will at least be maintained.
- c. No broadleaves will be felled to make way for conifers.
- d. The broadleaved areas should be managed with an emphasis on amenity, i.e. on a rotation of at least 200 years with felling limited to single trees or small groups in areas not exceeding about one acre.

Open Forest

- a. The Open Forest will continue to be managed actively for the benefit of common grazing.
- b. A wide diversity of age, structure and distribution of vegetation will be sought for the protection of populations of nationally scarce wildlife in consultation with English Nature and other interested bodies.

Visitors and Recreation

A balance will continue to be sought between the needs of the public for access and recreation and the protection of the vegetation, wildlife and physical fabric of the Forest.

Management Plan

The Forestry Commission's Management Plan will be renewed setting out how this Mandate will be implemented. The Plan will also reflect the approved recommendations of the New Forest Review Group as set out in *The Future for the New Forest* published in 1990.

Consultation

The present consultation between the Forestry Commission, the Verderers and the Consultative Panel on the annual programmes of work in implementing this Mandate should continue.

Review

The provisions of this Mandate will be subject to another comprehensive review by the Forestry Commission not later than the end of 2002. This review should take into account views expressed by members of the New Forest Committee and the New Forest Consultative Panel.

Appendix IX

New Publications

The following titles were published during the year ended 31 March 1994:

Reports

73rd Annual Report and Accounts of the Forestry Commission 1992-93 (£14.40)

Report on Forest Research 1992 (£16.00)

Sustainable Forestry – The UK Programme (£6.50)

Bulletins

No. 109 The Value of Birch in Upland Forests for Nature Conservation (£5.95)

No. 112 Creating New Native Woodlands (£8.95)

Guidelines

Forests and Water Guidelines (Third Edition) (£5.75)

Field Books

No. 9 Classification and Presentation of Softwood Sawlogs (Second Edition) (£2.00)

No. 13 Invertebrate Animals as Indicators of Acidity in Upland Streams (£11.95)

Technical Papers

No. 1 Black Grouse and Forestry: Habitat Requirements and Management (£3.00)

No. 2 Deterioration of Fine Tree Roots During Cold Storage in Two Contrasting Winters (£3.00)

No. 3 Forest Nursery Herbicides (£3.00)

No. 4 The Carbon Content of Trees (£3.00)

Forest Visitor Information

The following leaflets, etc., were produced at various prices:

Guidemaps (Various) and Birds of Kielder Guidebook

Information Leaflets (The Woodlands of Middle England, The Forests of Inverness, Gwydyr Forest Park, Glencoe Campsite, Exmoor Grey Squirrel Campaign, etc.)

The Forestry Authority Scotland Community Woodlands Programme Leaflets (Various)

Forest Cycling Leaflets (Various)

'What's On' Leaflets (Various)

Research Information Notes

- No. 230 Revised Windiness Scores for the Windthrow Hazard Classification: the Revised Scoring Method
- No. 231 The Effects of Revised Windiness Scores on the Calculations and Distribution of Windthrow Hazard Classes
- No. 232 Grey Squirrel Control Using Modified Hoppers
- No. 233 Rhododendron Control by Imazapyr
- No. 234 Root Growth in Sitka Spruce Grown in Filtered and Unfiltered Air
- No. 235 Red Squirrel Supplementary Food Hopper
- No. 236 Forest Condition 1992
- No. 237 Using Household Surveys to Estimate Forest Visitor Numbers
- No. 238 A Long-term Carbon Dioxide Enrichment Experiment Examining the Interaction with Nutrition in Sitka Spruce
- No. 239 Black Poplar: the most Endangered Native Timber Tree in Britain
- No. 240 The Marketing of British Grown Hardwood as Dimension Stock
- No. 241 The Conservation Management of Deadwood in Forests
- No. 242 Setting up Tree Planting and Woodland Demonstrations

Miscellaneous

The following free publications were produced:

- Forestry Facts and Figures 1992-93
- Forestry Review 1992-93
- Forest Life No. 9
- Forest Life No. 10
- Biodiversity in Britain's Forests
- Securing a Future for Welsh Native Woodlands
- Research Advisory Service Leaflet
- Caravan and Camping Brochure
- Cabins and Cottages Brochure

Appendix X

Statistical Tables

The Forestry Authority

FORESTRY COMMISSION GRANT SCHEMES POSITION AT 31 MARCH 1994

Table 1

Area in hectares

	England		Wales		Scotland		Great Britain	
	Number	Area	Number	Area	Number	Area	Number	Area
Basis I and II Dedication Schemes	990	74,478	309	16,233	503	108,220	1,802	198,931
Basis III Dedication Schemes	138	6,370	72	4,790	232	36,301	442	47,461
Woodland Grant Schemes	13,724	281,516	1,804	27,757	5,164	244,265	20,692	553,538
Woodland Grant Schemes associated with FWPS*	1,997	7,837	163	855	855	13,216	3,015	21,908
Total	16,849	370,201	2,348	49,635	6,754	402,002	25,951	821,838

*FWPS: The Farm Woodland Premium Scheme

- Notes:
1. The areas shown are the gross areas managed under the schemes as at 31 March 1994 and include existing woodlands, areas awaiting planting and areas to be left unplanted.
 2. No figures are shown for areas managed under the Forestry Grant Scheme, the Broadleaved Woodland Grant Scheme and the Farm Woodland Scheme. All plans of operations for these schemes have now expired.
 3. The Farm Woodland Premium Scheme is administered by the Agriculture Departments, but eligibility for entry depends on planting proposals being approved by the Forestry Commission for grant-aid under the Woodland Grant Scheme. Such cases are distinguished from other Woodland Grant Schemes in this table.

AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS
WERE PAID IN THE YEAR ENDED 31 MARCH 1994

Table 2

Hectares

	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
In Dedication Schemes												
Conifer	5	134	139	0	4	4	0	69	69	5	207	212
Broadleaved	0	55	55	0	4	4	1	10	11	1	69	70
Total	5	189	194	0	8	8	1	79	80	6	276	282
In Forestry Grant Scheme												
Conifer	5	17	22	2	0	2	209	7	216	216	24	240
Broadleaved	7	12	19	2	0	2	31	4	35	40	16	56
Total	12	29	41	4	0	4	240	11	251	256	40	296
In Broadleaved Woodland Grant Scheme												
Conifer	-	-	-	-	-	-	-	-	-	-	-	-
Broadleaved	15	62	77	1	0	1	8	36	44	24	98	122
Total	15	62	77	1	0	1	8	36	44	24	98	122
In Woodland Grant Scheme												
Conifer	548	1,258	1,806	103	275	378	4,399	2,464	6,863	5,050	3,997	9,047
Broadleaved	5,511	2,162	7,673	518	158	676	4,532	1,724	6,256	10,561	4,044	14,605
Total	6,059	3,420	9,479	621	433	1,054	8,931	4,188	13,119	15,611	8,041	23,652
Total												
Conifer	558	1,409	1,967	105	279	384	4,608	2,540	7,148	5,271	4,228	9,499
Broadleaved	5,533	2,291	7,824	521	162	683	4,572	1,774	6,346	10,626	4,227	14,853
Total	6,091	3,700	9,791	626	441	1,067	9,180	4,314	13,494	15,897	8,455	24,352

- Notes: 1. The Woodland Grant Scheme figures in the above table include new planting grant-aided in association with the Farm Woodland and Farm Woodland Premium Schemes administered by the Agriculture Departments.
2. It is estimated that the following areas were planted without grant-aid:

	<i>New Planting</i>	<i>Restocking</i>
England	170	43
Wales	10	5
Scotland	<u>4</u>	<u>0</u>
Great Britain	<u>184</u>	<u>48</u>

These figures were compiled from a large number of local estimates of small areas of planting.

AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS
WERE PAID IN THE 10-YEAR PERIOD 1 APRIL 1984 TO 31 MARCH 1994

Table 3

Hectares

Year ended 31 March	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
1985	976	1,767	2,743	918	122	1,040	14,135	1,177	15,312	16,029	3,066	19,095
1986	984	2,346	3,330	743	434	1,177	17,292	1,559	18,851	19,019	4,339	23,358
1987	1,219	2,644	3,863	708	280	988	17,220	1,547	18,767	19,147	4,471	23,618
1988	1,679	2,718	4,397	945	476	1,421	21,197	1,660	22,857	23,821	4,854	28,675
1989	1,752	2,330	4,082	923	256	1,179	22,433	2,248	24,681	25,108	4,834	29,942
1990	3,366	3,871	7,237	552	270	822	11,488	1,984	13,472	15,406	6,125	21,531
1991	4,363	3,970	8,333	510	296	806	10,563	2,840	13,403	15,436	7,106	22,542
1992	3,966	4,042	8,008	356	579	935	9,825	3,210	13,035	14,147	7,831	21,978
1993	5,052	3,811	8,863	429	654	1,083	9,814	3,609	13,423	15,295	8,074	23,369
1994	6,091	3,700	9,791	626	441	1,067	9,180	4,314	13,494	15,897	8,455	24,352

Note: This table includes planting grant-aided under the Woodland Grant Scheme in association with the Farm Woodland and the Farm Woodland Premium Schemes. Planting done without Forestry Commission grants is not included.

Forest Enterprise

LAND USE AT 31 MARCH 1994

Table 4

	England	Wales	Scotland	Great Britain
				Hectares
Forest Land				
Under plantations	210,824	121,340	494,400	826,564
Other woodland	15,238	3,591	25,173	44,002
To be planted	242	256	2,740	3,238
Total	226,304	125,187	522,313	873,804
Other Land				
Agricultural and grazing	8,967	3,261	39,423	51,651
Unplantable and miscellaneous (includes nursery land)	33,241	7,347	133,487	174,075
Total	42,208	10,608	172,910	225,726
Total area	268,512	135,795	695,223	1,099,530

- Notes:
1. Other woodland is managed chiefly for amenity purposes.
 2. Agricultural and grazing land includes forest workers' holdings and tenanted land comprising part of the Commission's long-term plantable reserve.

LAND ACQUIRED DURING THE YEAR ENDED 31 MARCH 1994

Table 5

	England	Wales	Scotland	Great Britain
Number of acquisitions	0	2	6	8
Area of acquisitions (hectares)				
Plantable land	0	0	349	349
Woodland	0	6	6	12
Other land	0	2	16	18
Total area	0	8	371	379

Note: Other land includes land acquired for access, road widening, etc.

FREEHOLD INTERESTS ACQUIRED DURING THE YEAR ENDED 31 MARCH 1994

Table 6

	England	Wales	Scotland	Great Britain
Number of freeholds acquired	3	1	0	4
Area of freeholds acquired (hectares)	521	23	0	544

Note: These are freeholds of land managed by the Forestry Commission under lease which have been acquired to allow the Commission to develop the land for recreation and to manage it more efficiently.

LAND DISPOSED OF DURING THE YEAR ENDED 31 MARCH 1994

Table 7

	England	Wales	Scotland	Great Britain
Number of disposals	53	87	92	232
Area of disposals (hectares)				
Forestry land	1,091	1,223	12,105	14,419
Other land	80	94	357	531
Total area	1,171	1,317	12,462	14,950
Receipts (£ million)	3.4	2.6	11.4	17.4

- Notes: 1. Forestry land includes woodland and associated land, and land acquired for new planting but not yet planted.
2. Other land includes agricultural land, land sold with houses, etc.

PLANTING IN THE YEAR ENDED 31 MARCH 1994

Table 8

Hectares

	New Planting	Restocking	Total
England			
Conifer	59	2,191	2,250
Broadleaved	37	506	543
Total	96	2,697	2,793
Wales			
Conifer	0	1,782	1,782
Broadleaved	0	171	171
Total	0	1,953	1,953
Scotland			
Conifer	1,150	2,908	4,058
Broadleaved	139	346	485
Total	1,289	3,254	4,543
Great Britain			
Conifer	1,209	6,881	8,090
Broadleaved	176	1,023	1,199
Total	1,385	7,904	9,289

Note: Restocking includes new natural regeneration.

AREA PLANTED ANNUALLY BY THE COMMISSION IN THE
10 YEAR PERIOD 1 APRIL 1984 TO 31 MARCH 1994

Table 9

Hectares

Year ended 31 March	England			Wales			Scotland			Great Britain		
	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total	New Planting	Re-stocking	Total
1985	167	2,171	2,338	161	1,300	1,461	4,777	2,445	7,222	5,105	5,916	11,021
1986	246	2,156	2,402	49	1,778	1,827	4,038	3,363	7,401	4,333	7,297	11,630
1987	138	2,784	2,922	138	1,935	2,073	5,066	3,319	8,385	5,342	8,038	13,380
1988	178	2,609	2,787	157	2,041	2,198	4,617	3,527	8,144	4,952	8,177	13,129
1989	130	2,895	3,025	61	1,736	1,797	3,914	3,844	7,758	4,105	8,475	12,580
1990	198	2,717	2,915	96	1,364	1,460	3,787	3,784	7,571	4,081	7,865	11,946
1991	34	2,486	2,520	15	1,472	1,487	3,466	3,664	7,130	3,515	7,622	11,137
1992	70	2,858	2,928	55	1,774	1,829	2,874	3,628	6,502	2,999	8,260	11,259
1993	43	2,850	2,893	0	1,774	1,774	2,313	3,850	6,163	2,356	8,474	10,830
1994	96	2,697	2,793	0	1,953	1,953	1,289	3,254	4,543	1,385	7,904	9,289

AREAS OF PLANTATIONS AND VOLUMES OF TIMBER FELLED
AND THINNED IN THE YEAR ENDED 31 MARCH 1994

Table 10

Area in hectares
Standing volume in thousands of cubic metres overbark

	Felled		Thinned		Total Volume Felled and Thinned
	Area	Volume	Area	Volume	
England					
North and East	2,285	707	5,058	306	1,013
South and West	516	144	7,385	392	536
Total	2,801	851	12,443	698	1,549
Wales	1,825	592	4,731	278	870
Scotland					
North	2,539	830	4,752	344	1,174
South	1,678	572	2,720	130	702
Total	4,217	1,402	7,472	474	1,876
Great Britain	8,843	2,845	24,646	1,450	4,295

SALES OF TIMBER IN THE YEAR ENDED 31 MARCH 1994

Table 11 Standing volume in thousands of cubic metres overbark

Description	England	Wales	Scotland	Great Britain
Trees sold standing	844	343	773	1,960
Converted				
Round timber and sawlogs	381	279	557	1,217
Telegraph and other selected poles	3	0	2	5
Posts and stakes	2	14	4	20
Pulpwood and boardmill material	306	232	530	1,068
Firewood.	8	2	10	20
Miscellaneous	5	0	0	5
Total	705	527	1,103	2,335

PUBLIC RECREATIONAL FACILITIES
AT 31 MARCH 1994

Table 12 Number

	England	Wales	Scotland	Great Britain
Camping and caravan sites	19	1	9	29
Picnic places	348	93	188	629
Forest walks and forest nature trails	328	94	319	741
Cycle trails	49	11	83	143
Horse trails	51	5	8	64
Orienteering and wayfaring courses	34	11	12	57
Visitor centres	13	6	10	29
Arboreta and forest gardens	13	4	4	21
Forest drives	7	1	5	13
Forest cabins and holiday houses	107	0	67	174
Wildlife hides	20	5	8	33

Note: The Commission offers a wide range of facilities in addition to those listed above, including, for example, fishings, backpacker sites, play areas, forest classrooms and youth campsites.

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS
– ENGLAND

Table 13

Region	Land use at 31 March 1994 (hectares)					During Year 1993-94		
	Total Area of Forest	Under Plantations	Other Woodlands	To be Planted	Other Land	Planting (hectares)		Pro- duction (000 cu m)
						New Planting	Re- stocking	
NORTH AND EAST ENGLAND								
Kielder	61,233	47,463	858	9	12,903	0	730	399
Lakes	16,051	11,861	778	3	3,409	44	142	89
North York Moors	27,000	23,202	648	17	3,133	0	170	110
Northants	7,301	6,739	407	3	152	24	13	37
Rothbury	11,734	10,055	153	16	1,510	0	79	31
Sherwood and Lincs	13,259	11,038	874	0	1,347	7	81	64
Suffolk	4,250	3,754	236	0	260	0	219	13
Thetford	20,856	19,852	373	1	630	0	406	270
TOTAL	161,684	133,964	4,327	49	23,344	75	1,840	1,013

SOUTH AND WEST ENGLAND

Chilterns	3,595	3,033	447	39	76	0	6	20
Cornwall and North Devon	7,470	6,863	369	0	238	0	109	53
Dean and Three Counties	16,547	14,447	847	50	1,203	0	39	95
Dorset	8,527	7,178	421	0	928	0	54	46
Marches	7,166	6,461	413	35	257	8	37	50
Midlands	6,413	5,584	452	61	316	0	29	49
New Forest	26,715	7,518	5,414	0	13,783	0	22	39
Somerset and South Devon	9,587	8,152	738	0	697	0	120	75
South Downs	13,237	11,680	852	6	699	0	99	69
Weald	7,329	5,944	958	2	425	13	342	39
Westonbirt	242	0	0	0	242	0	0	0
TOTAL	106,828	76,860	10,911	193	18,864	21	857	536

- Notes: 1. Dean and Three Counties Forest District includes the whole of the former Dean and Three Counties Forest District and most of the former Wiltshire and Avon Forest District.
2. Dorset Forest District includes the whole of the former Dorset Forest District and the remaining part of the former Wiltshire and Avon Forest District.
3. South Downs Forest District includes the whole of the former South Downs Forest District and the whole of the former West Downs Forest District.

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS
– WALES

Table 14

Region	Land use at 31 March 1994 (hectares)					During Year 1993-94		
	Total Area of Forest	Under Plantations	Other Woodlands	To be Planted	Other Land	Planting (hectares)		Production (000 cu m)
New Planting						Re-stocking		
WALES								
Ceredigion	17,414	15,520	271	222	1,401	0	148	85
Dolgellau	18,595	17,127	219	7	1,242	0	191	167
Llandovery	21,201	19,733	640	2	826	0	557	158
Llanrwst	21,671	18,320	381	3	2,967	0	400	132
Morgannwg	29,292	24,988	1,144	12	3,148	0	360	90
Newtown	14,235	13,754	140	0	341	0	190	154
SE Wales	13,387	11,898	796	10	683	0	107	84
TOTAL	135,795	121,340	3,591	256	10,608	0	1,953	870

Note: Llanrwst includes the whole of the former Llanrwst Forest District plus the whole of the former Clwyd Forest District.

LAND USE, PLANTING AND TIMBER PRODUCTION BY FOREST DISTRICTS
- SCOTLAND

Table 15

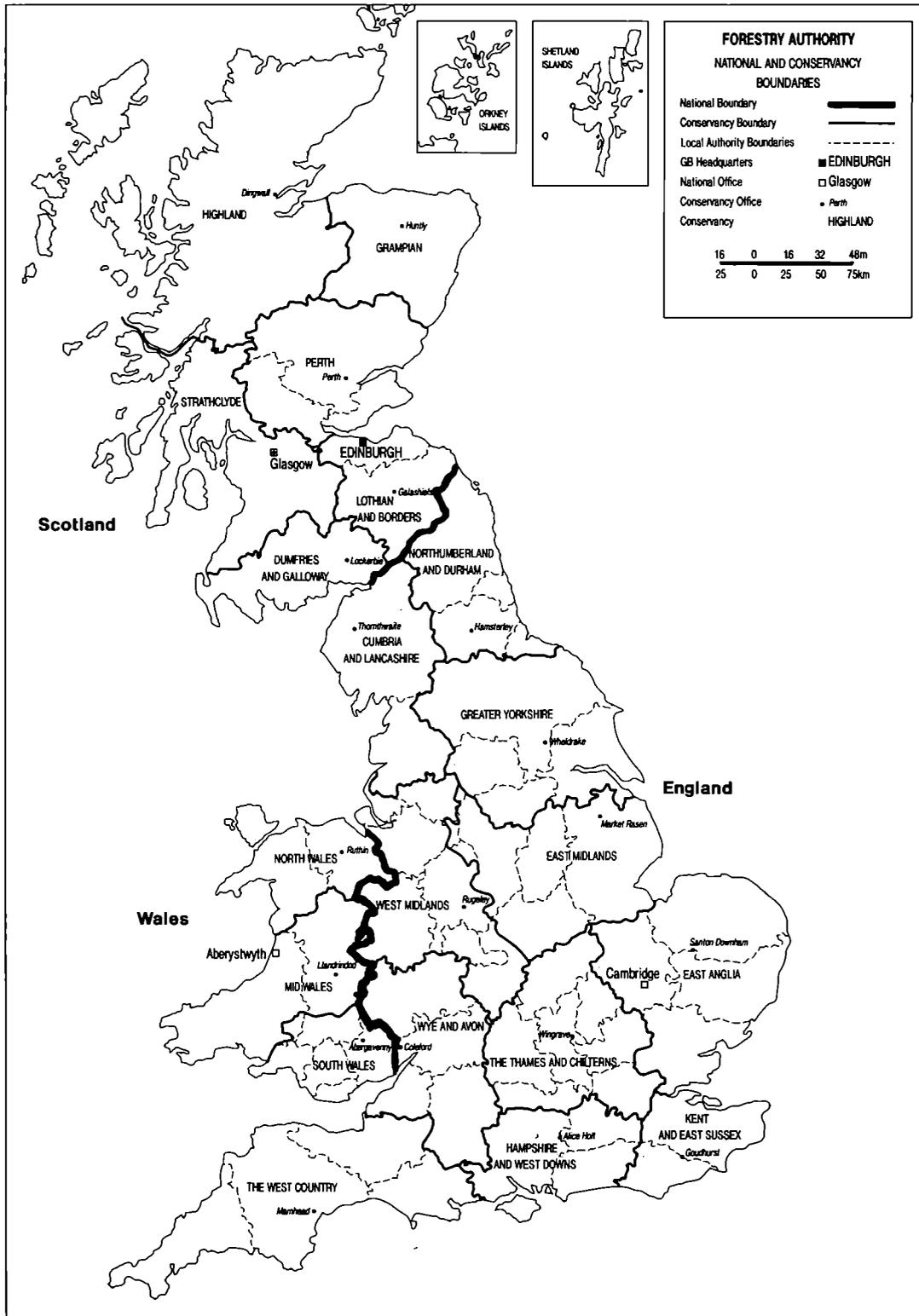
Region	Land use at 31 March 1994 (hectares)					During Year 1993-94		
	Total Area of Forest	Under Plantations	Other Woodlands	To be Planted	Other Land	Planting (hectares)		Pro- duction (000 cu m)
						New Planting	Re- stocking	
NORTH SCOTLAND								
Buchan	24,031	20,722	253	139	2,917	85	214	185
Dornoch	65,219	45,354	763	523	18,579	276	50	96
Fort Augustus	39,988	17,418	6,716	26	15,828	0	145	54
Inverness	33,305	24,697	1,619	52	6,937	0	179	130
Kincardine	14,260	12,965	262	0	1,033	0	122	107
Kintyre	32,044	23,851	1,741	7	6,445	0	140	83
Loch Awe	34,544	26,510	1,266	0	6,768	35	216	146
Lochaber	47,571	23,988	2,154	106	21,323	37	135	60
Lorne	50,994	33,398	1,980	42	15,574	0	242	75
Moray	23,301	21,900	405	0	996	0	85	108
Tay	35,719	28,656	1,684	9	5,370	90	104	87
Wester Ross	30,749	17,092	591	371	12,695	0	160	43
TOTAL	431,725	296,551	19,434	1,275	114,465	523	1,792	1,174

SOUTH SCOTLAND

Aberfoyle	38,024	29,477	1,362	138	7,047	0	132	137
Ae.	30,571	26,749	606	15	3,201	36	459	145
Ayrshire and Arran	44,350	29,748	536	951	13,115	518	40	40
Borders	18,799	16,059	338	6	2,396	0	288	73
Castle Douglas	33,138	26,735	274	6	6,123	90	230	121
Cowal	35,329	21,558	1,664	6	12,101	0	148	53
Lothian and Tweed	14,501	13,258	251	80	912	32	51	45
Newton Stewart	48,786	34,265	708	263	13,550	90	114	88
TOTAL	263,498	197,849	5,739	1,465	58,445	766	1,462	702

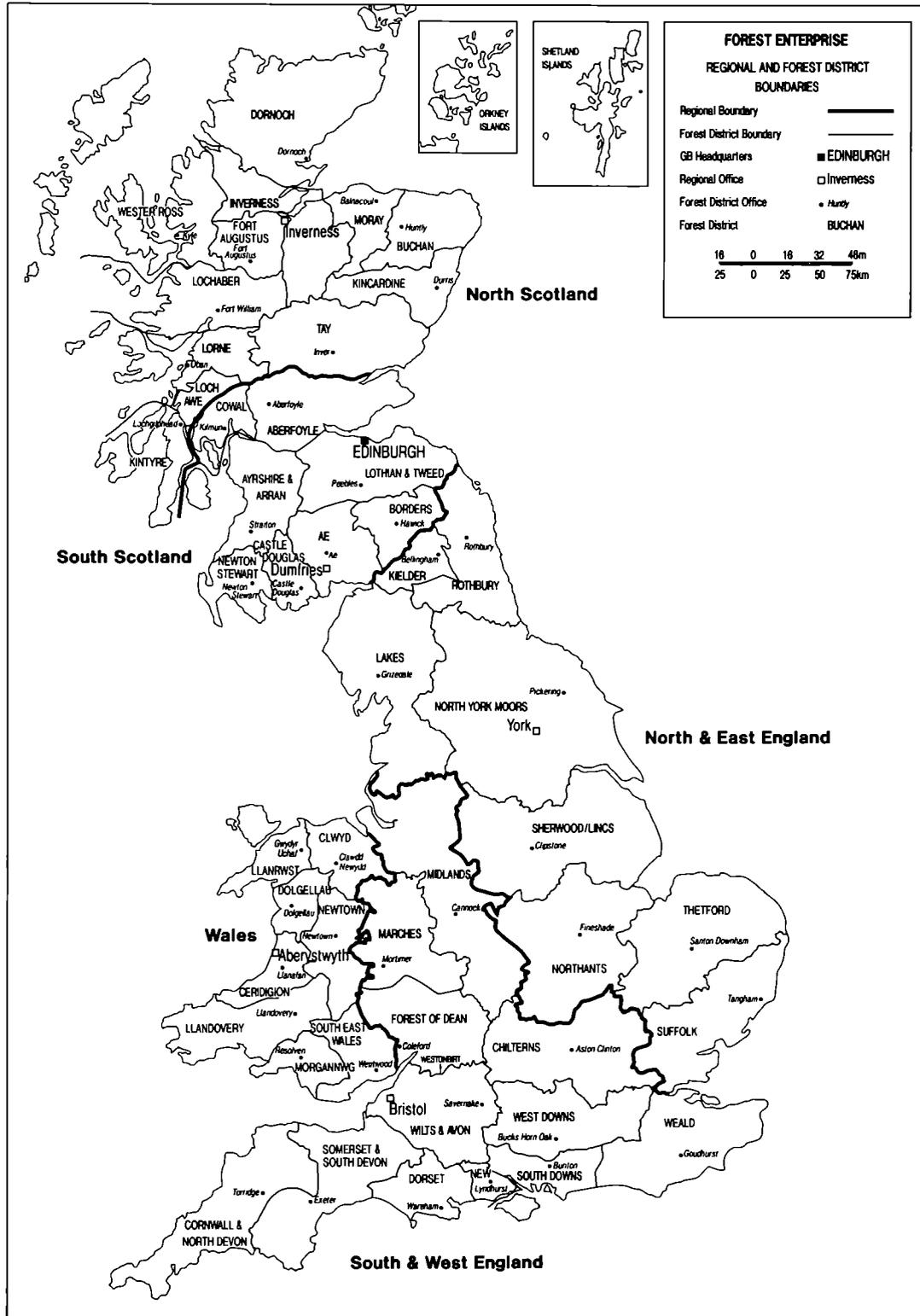
Appendix XI

Map of Forestry Authority National and Conservancy Boundaries at 31 March 1994



Appendix XII

Map of Forest Enterprise Regional and Forest District Boundaries at 31 March 1994



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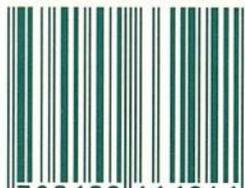
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