



FORESTRY  
COMMISSION

*Annual Report and  
Accounts 1995-96*



Forestry Commission

Forest Enterprise

Forestry Authority

Forest Research

Forestry Commission  
**ARCHIVE**





**FORESTRY  
COMMISSION**  
*Annual Report and  
Accounts 1995-96*

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

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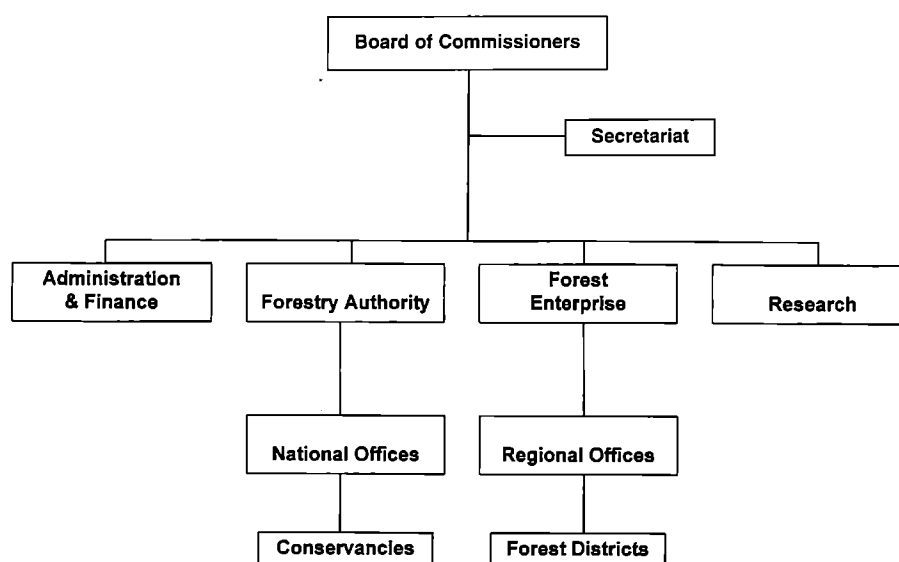
LONDON  
THE STATIONERY OFFICE



# Preface

The Forestry Commission is the Government Department responsible for forestry in Great Britain. It reports 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.

Our organisational structure is shown below:



As the Forestry Authority we protect Britain's forests and encourage good forestry practice by setting standards, giving advice, providing information, and by offering grants for expanding, regenerating and managing forests and woodlands.

Through our Forest Enterprise Agency we aim to deliver multiple benefits to the nation by the efficient and sustainable management of our public forest estate.

The Administration and Finance Group provides core central services including finance, personnel and internal audit.

The Secretariat provides advice and support to the Forestry Commissioners and is responsible for policy development, international liaison, Parliamentary and Ministerial support and media and public relations.

Our Research Division aims to deliver high quality scientific research to inform the development of forestry policies and practices and promote high standards of sustainable forest management.

# Forestry Commissioners and Senior Staff at 31 March 1996

## Board of Commissioners

Sir Peter Hutchison Bt CBE *Chairman*  
David Bills *Deputy Chairman and Director General*  
Bridget Bloom OBE  
John Edmonds  
Harry Fetherstonhaugh  
David Foot  
Robin Grove-White  
David Grundy  
Terence Mallinson CBE DL  
Sir Michael Strang Steel Bt  
Tim Rollinson *Secretary*

## Administration and Finance

Commissioner: David Grundy  
Director, Finance and Corporate Planning: Eddie Arthurs  
Director, Personnel: John McGough  
Head of Business Services: Alan Mitchell  
Head of Internal Audit: Liz Holmes

## Secretariat

Secretary: Tim Rollinson  
Director, Policy Studies: David Henderson-Howat  
Head of Parliamentary and Policy: Mike Garforth  
Head of International Policy: Willie Sheridan  
Head of Information: Colin Morton

## The Forestry Authority

Head: David Foot  
Head of Forestry Practice: Donald Thompson  
Head of Grants and Licences: Roger Herbert  
Chief Conservator, England: Richard Smith  
Chief Conservator, Scotland: Dr Alan Low  
Chief Conservator, Wales: Huw Davies

## Forest Enterprise

Chief Executive: Neil McKerrow  
Director, Business Enterprise: Dr Bob McIntosh  
Director, Corporate Services: Keith Gliddon  
Director, Estate Management: Peter Ranken  
Corporate Development Officer: Paul Hill-Tout  
Regional Director, North and East England: Geoff Hatfield  
Regional Director, South and West England: Roger Busby  
Regional Director, North Scotland: Graham Hamilton  
Regional Director, South Scotland: Gordon Cowie  
Regional Director, Wales: John Morgan

## Research

Director: Jim Dewar  
Chief Research Officer, Alice Holt Lodge: Professor Julian Evans  
Chief Research Officer, Northern Research Station: Dr David Rook

# Contents

Page

<b>Chairman's Foreword</b>	<b>7</b>
<b>Introduction</b>	<b>10</b>
<b>Forestry Commission</b>	<b>12</b>
Forestry Review	12
Research Scrutiny	12
Rural White Papers	13
Government Panel on Sustainable Development	13
Review of the Farm Woodland Premium Scheme	14
Finance	14
International Forestry	15
Timber Certification	15
Community Involvement in Forestry	16
Review of Consultation Procedures	16
A Strategy for the New Forest	16
Research	17
Awards	17
Commission Staffing	18
New Publications	20
<b>The Forestry Authority</b>	<b>21</b>
Promoting Multi-purpose Forestry	21
Protecting Trees, Woods and Forests	23
Promoting Woodland Recreation and Access	26
Supporting the Creation and Management of Native Woodlands	26
Enhancing the Economic Value of Woodlands	28
Promoting Health, Safety and Training in the Forest Industry	29
Promoting Public Understanding of, and Participation in, the Management of Woods and Forests	30
Improving our Efficiency	30
<b>Forest Enterprise</b>	<b>34</b>
Status of Forest Enterprise	34
Performance Targets and Outturns	34
Private Finance Initiative	34
Multi-purpose Forestry	34
Managing the Timber Growing Stock	35
New Planting and Restocking	35
Highways Vegetation Management	36
Harvesting and Marketing	36
Managing Property	38
Forest Enterprise Holidays	40
Promoting Recreational Use	40
Conserving the Natural Environment	41
Conserving our Built Heritage	43
Customer Service	43
Human Resource Development	43
Performance Measures and Outturns	45
Salient Facts	47
<b>Financial Statements and Accounts</b>	<b>49</b>
<b>Appendices</b>	<b>79</b>





## Chairman's Foreword

Soon after beginning my first year as Chairman, I became aware of the full significance of forestry for the future of Britain's countryside - and the vital role the Forestry Commission plays in shaping this future. As regulator and promoter, as direct manager of over a million



hectares of forest estate and in its research activities, the Forestry Commission has a profound effect on our land - few organisations can claim an influence that is so far reaching and long-term.

We have made changes in recent years to meet modern demands on our estate. One exciting development is the redesign of our own forests which will greatly enhance the rural infrastructure. We are encouraging the same process in the private sector so that forests will look more attractive, be richer in

biodiversity and offer wide-ranging recreational activities - from the traditional forest walks to more unusual activities such as open-air concerts.

Our forests still have a vital economic basis, adding to the productivity of the countryside and providing raw material for a modern and world competitive processing industry. Recent investment of more than £1.5 billion in modern sawmilling and paper and panel manufacturing plants has provided quality jobs in rural and semi-rural areas.

Our financial performance continued to improve. This year timber receipts from our forests rose to a new high of £97 million. Our net Grant-in-Aid requirement - which includes our grant-giving and promotional activities - was £59 million, down by over £5 million against the comparable figure last year. Forest Enterprise achieved the target cash surplus set for it by the Forestry Commissioners, with cash income exceeding total expenditure by £11.5 million - an improvement of £6.7 million over last year.

Meeting the needs of different interests can be a difficult job, and we do not work in isolation. Although the Commissioners have a statutory duty to balance the sometimes conflicting demands and pressures on our forests, we greatly value the liaison and joint projects we have with a wide spectrum of people and organisations, in the public and private sectors. These partnerships play a key role in the success of many forestry initiatives, as they too help shape our forests for the future.

Our effectiveness in managing change is largely due to the commitment and flexibility of our staff, and there have been a number of changes during the year. In particular, I welcome our new Director General and Deputy Chairman, David Bills, who has brought a fresh approach and much experience of forestry from his native Australia. I pay tribute to his predecessor, Robin Cutler, who retired in December 1995 and who gave wise leadership to the Commission through some difficult times. We thank him and the many long serving staff who left us during the year for their contribution.





THE  
DEPARTMENT  
OF FORESTRY

# Introduction

by the Director General, David Bills

I came to Great Britain from Australia in December 1995 knowing that in joining the Forestry Commission I was joining one of the world leaders in Government forestry. During my 27 years experience of forestry in various countries I had worked with many Government forestry departments.

Like many of these departments, the Forestry Commission has had to change to meet increasing and changing community demands on its forests. The Commission's 75 years of achievement and innovation, and its well-earned reputation as a leader of Government forestry bodies, make it well placed to meet these changes.

Demands on Britain's forests are particularly sharply focused, often competing and sometimes conflicting. This is because we are a densely-populated country with a history of deforestation culminating at the turn of the century when little more than 5% of our land was forested.

Since its beginning in 1919, the Commission has played the major part in doubling our forested area to more than 11%. Over the past 75 years public perception of the importance of forests has changed from one focused on timber production to one that also values forests for their beauty, for conservation and for recreation.

Appreciation of the global scale of conservation has also focused on forests as a terrestrial ecosystem under threat. Deforestation, climate change, impact on indigenous people, global trade and certification of forest products are now well and truly on the agenda, and are major elements in a debate which sometimes portrays forestry funded by timber production as being in conflict with other values. Yet ample evidence shows that sustainably managed forests can satisfy a broad range of demands and still have an economic basis. This means forestry can be a part of the solution to environmental degradation.

Great Britain is fortunate in having the climate and soils which support economic forestry and the blending of this economic forestry with conservation and amenity values is the challenge for British forestry as we approach the millennium.

What has this meant for the Forestry Commission? Clearly there has been a change in our role and focus, and our structure and skill base has begun to reflect the new demands.

During the year under review the work necessary for Forest Enterprise to successfully change to agency status was completed. Forest Enterprise is the part of the Commission which manages the public forests of Great Britain. It has defined targets which will bring recreation and conservation benefits as well as positive financial results. Using the forest design plan as a tool, Forest Enterprise is re-designing forests originally planted for timber production to create visually attractive forests richer in biodiversity and offering varied recreational opportunities. Forest Enterprise is also consulting with appropriate bodies to develop special management plans for the Sites of Special Scientific Interest (SSSIs) which cover 8% of its

forests. The accounts show that Forest Enterprise financial surpluses have been very influential in reducing the amount of Government Grant-in-Aid required to sustain our forestry programme.

The Commission's Forestry Authority sets standards and regulates and promotes forestry. It monitors Forest Enterprise and manages a consultation process which takes into account a wide range of views on where, and what kind of, forestry takes place. A similar role in managing consultation is undertaken for the private sector. The Forestry Authority also develops and administers the Woodland Grant Scheme, again in ways which not only promote production forestry but also encourage biodiversity, access for recreation and management of SSSIs.

The nation's forests need protecting from disease and the Forestry Authority works closely with the Forestry Commission's Research Division and Plant Health Branch to monitor forest health and to prevent the entry of pests and pathogens via imported timber.

With the increasing value put on forests it is important that we invest in research to provide technical solutions which enable us to increase the productivity of our forests, establish forests on difficult sites and protect all of our forests. At the same time we need to know more about the impact of forest management on biodiversity and conservation of rare or endangered species. The Forestry Commission carries out substantial research through its own Research Division and by commissioning work outside. Our Research Division is currently preparing the way to achieve agency status in April 1997. The agency ethic of customer and business planning will enable more effective use of resources and more rapid application of research into practical uses.

The various arms of the Commission cannot work in isolation and key core services such as personnel, information technology and finance are provided from the centre. These are being structured on a customer/client basis to provide cost-effective and responsive services.

The Commission has always had a key role in providing policy advice and Parliamentary support to Governments. The Commission's Secretariat has been restructured to cover policy development, international liaison, Parliamentary and Ministerial support and media and press relations. Secretariat is also the key to providing essential background information to the Board of Commissioners, which is responsible for the overall policy and direction of the Forestry Commission and advises the Government on national forestry policy.

The restructuring of the Commission, although difficult, has been carried out with professionalism and efficiency. That this has been achieved against the background of general cuts to public expenditure has been impressive and the effort made by all the people within all parts of the Commission deserves recognition.

I am looking forward to playing a part in the future of forestry in Great Britain. There is much to do, but the fundamentals of soil, climate and people are in place for forestry to assume an increasingly important part in the social and economic environment. A world competitive forestry industry, supported by forests which are cherished for their conservation and recreational values is an achievable objective, and will be of great value to the country.

# Forestry Commission

## Forestry Review

In our last Report we noted that, following the Forestry Review, the Government had proposed that Forest Enterprise should be established as an Executive Agency of the Forestry Commission. In March 1996, the Earl of Lindsay, Minister for Agriculture, Forestry and the Environment at the Scottish Office, announced the publication of the new Agency's Framework Document. The Agency formally came into existence on 1 April 1996.

In his announcement, the Earl of Lindsay gave the Government's response to consultation on *Our Forests - The Way Ahead* (Cm 2644) which set out the Government's conclusions from the Forestry Review. He also announced the publication of a new edition of *Access Guidelines*, which sets out the revised procedures for protecting continued public access to land sold by the Commission. The full text of the Government's announcement, which also outlines the main features of the new access guidelines, is set out in Appendix 4.

Forest Enterprise is now adapting to the challenges and opportunities of Agency status in meeting the environmental, financial, social and other outputs sought by Ministers and the Forestry Commissioners. In April 1996 Forest Enterprise published a Business Plan for 1996-97 which sets out its current strategies, the initiatives to be taken in 1996 for all its core activities, and the targets set under the Framework Document.

## Research Scrutiny

In its response to the Scrutiny of Public Sector Research Establishments, published in September 1995, the Government emphasised the importance of a clear separation between research customers and contractors and the development of an open market for research. Proposals for creating sectoral groupings were not accepted but the Government stated that a series of Prior Options Reviews of Public Sector Research Establishments would be carried out beginning in December 1995.

A team led by David Henderson-Howat, Director of Policy Studies Division, reviewed the Commission's Research Division and reported to forestry Ministers in early March 1996. The report was also submitted to the Agriculture and Plant Sciences Steering Committee which looked at opportunities for rationalisation across departments. The Steering Committee reported to Ministers at the end of March. In May 1996, Ministers announced that our Research Division would become an Executive Agency of the Commission, with an intended start date of 1 April 1997.

In keeping with the separation of customers and contractors the Research Division was separated from the Forestry Authority in November 1995 to become a free-standing unit within the Commission. The Forestry Authority will become the principal fundholder for

forestry research and will commission research from the best provider. It is envisaged that the Research Division will continue to be the main supplier of research to the Forestry Commission especially for long term experiments and monitoring but an increasing share of its expenditure is expected to be placed competitively.

## **Rural White Papers**

Forests and woodlands are increasingly being recognised as a means of supporting economic, environmental and social activity in rural areas. This was recognised in the Rural White Papers for England, Scotland and Wales published during the year.

The English Rural White Paper, *Rural England - a nation committed to a living countryside* (Cm 3016), stated that "The Government would like to see a doubling of woodland in England over the next half century and believes that this will be possible given the range of incentives already in place and the necessary future changes in the Common Agricultural Policy". It also said that, drawing on the results of a joint study commissioned by ourselves and the Department of the Environment, we would undertake a new programme to promote good woodland management.

The Scottish Rural White Paper, *Rural Scotland – people, prosperity and partnership* (Cm 3041) recognised the economic importance of forestry in Scotland and stated that the Government was keen to enhance the contribution that forestry can make to sustaining rural communities and to consider how to increase the scope for local community participation in forest management.

The Welsh Rural White Paper, *A Working Countryside for Wales* (Cm 3180), also spoke of the economic role of forestry in Wales. It stated that the Government aims to increase the woodland area in Wales by about 50% by the middle of the next century, given the necessary changes to the Common Agricultural Policy. It also said that we would explore with the forestry industry ways in which forest design plans might be applied more widely, and that we would examine the possibility of a community woodlands challenge scheme in Wales.

We look forward to implementing the Government's proposals in partnership with other interested agencies and organisations.

## **Government Panel on Sustainable Development**

In January 1996 the Government's Panel on Sustainable Development (chaired by Sir Crispin Tickell) published its Second Annual Report. On forestry, the Panel recommended that the Government should draw up a national forestry strategy, supported by regional strategies, containing targets related to the main economic, environmental and social benefits that forestry could provide and identifying incentives needed to meet those targets.

In its response to the Report, published in March 1996, the Government referred to its broad policy aims of sustainable, multi-purpose management and woodland expansion. It noted the approach taken in the three Rural White Papers and the need to engage in widespread discussion to develop these policies so that they can be implemented taking account of regional needs and differences. On incentives, the Government said that it would

develop existing mechanisms for targeting and consider the scope for challenge funding to target grants more effectively to meet regional aspirations. The Government shared the Panel's concern about the need to protect ancient and semi-natural woodlands and said that it would be asking local authorities to consult the Forestry Commission about development proposals that could cause damage to such woodlands. The paragraphs of the response relating to forestry are set out in Appendix 5.

## **Review of the Farm Woodland Premium Scheme**

The Farm Woodland Premium Scheme provides annual payments to farmers for converting agricultural land to woodland. A policy review of the scheme was undertaken by the four UK Agricultural Departments and the Forestry Commission. A report was laid before Parliament in July 1996 and a consultation document on proposed changes will be issued later in 1996. We will report on the outcome in our next Report.

## **Finance**

Settlement of the 1995 survey of public expenditure reflected the rigour of Government policy for continuing downward pressure on spending in future years. The Commission responded to this challenge in October 1995 with a review of the organisational structure and the introduction of a Voluntary Early Retirement Scheme. The aim is to reduce non-industrial staff numbers by 10 per cent by March 1997. The Commission's organisational structure, following these changes, is set out in the Preface to the Report.

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, by EC reimbursements of eligible expenditure and by receipts from sales of properties.

Key aspects of financial performance compared in 1995-96 were:

- With receipts from sales of properties counted in the Grant-in-Aid assessment for the first time, the amount voted by Parliament was £65.9 million of which the amount required was £58.9 million, a reduction of £5.4 million against the comparable figure last year.
- The amount required by the Department of Forestry was £51.0 million, and for the Forestry Commission Pension Scheme £25.8 million. Compared to 1994-95, these requirements represented a reduction of £1.0 million, and an increase of £2.6 million respectively.
- Forest Enterprise provided a net contribution of £17.9 million, an improvement of £7.0 million over last year. Excluding the exceptional costs arising from the Voluntary Early Retirement Scheme, Forest Enterprise achieved the target cash surplus set for it by the Forestry Commissioners. In 1995-96, cash income exceeded total expenditure by £11.5 million, an improvement of £6.7 million over last year.
- Timber receipts increased by £5.9 million and other operating receipts by £1.9 million.



- Private woodland grant payments reduced by £0.9 million and other operating payments, including pension payments, increased by £5.0 million.
- EC reimbursements appropriated in aid increased by £1.4 million.
- Capital expenditure fell by £1.4 million and receipts from the sale of properties increased by £2.7 million.

All Forestry Commission payments and receipts, including Grant-in-Aid, are recorded in the Forestry Fund. The Forestry Fund accounts are on pages 51 to 57. Accounts for the Department of Forestry are on pages 58 to 64 and for Forest Enterprise on pages 65 to 78.

## **International Forestry**

### *Intergovernmental Panel on Forests*

In 1995 the United Nations Commission on Sustainable Development (UNCSD) established the Intergovernmental Panel on Forests (IPF) to work over the next two years on a range of global forestry issues. The first meeting of the Panel in September 1995 focused on setting out a programme of work. The IPF's fourth and final session will take place in early 1997 when it is expected to produce recommendations on global action for sustainable forest management in its report to the fifth session of the UNCSD in April 1997.

### *European Union*

In a busy year for forestry the European Union's (EU) Standing Forestry Committee discussed a range of issues including the certification of forest products; the monitoring and review of Regulation 2080/92 on the afforestation of agricultural land; co-ordination of the collection of forestry statistics; and the first draft of the EU/International Co-operative Programme's Forest Condition Report. The Agriculture and Rural Committee of the European Parliament produced a report on forestry in the EU which drew on previous work in this area to provide a basis for the Parliament to consider new initiatives.

## **Timber Certification**

The interest in timber certification and labelling schemes which we noted in our last Report has continued to grow. Certification and labelling are potentially useful tools, among many others, to promote sustainable forest management and a number of global, regional and national initiatives are underway. Given the high standards of management that apply to British forests, woodland owners in this country are, in principle, well placed to take advantage of the market's interest in such schemes. The standards used to assess woodlands for certification could prove crucial in determining market access. If the standards are too onerous, they may deter investment in woodland expansion and management. One way of preventing unfair discrimination due to differences between standards that apply in different countries would be for Governments to develop an international framework of

standards. We are encouraging other European countries to work towards such a framework, building on the Rio Principles and the Helsinki Guidelines and taking account of standards developed by other governmental and non-governmental initiatives. We are seeking a way forward through the United Nations Intergovernmental Panel on Forests and the European Union working group on timber certification that will complement the Government's programme for sustainable forestry in Great Britain.

## **Community Involvement in Forestry**

As part of our involvement in the Forests and People in Rural Areas Initiative, reported in further detail on page 30 of this Report, we commissioned research by Aberdeen University to look at the aspirations of local rural communities in relation to their local forests. This revealed that communities welcome involvement in their local forests, and were generally supportive of the role of Forest Enterprise locally, but that there were concerns about the costs and commitment associated with community ownership or community management. On the other hand, a number of existing community-based initiatives were confident of their ability to participate successfully in the management of their local forests.

In February 1996, the Secretary of State for Scotland visited Laggan, in Invernessshire, where the local Community Association has shown an interest in having a much greater say in the management of the Forestry Commission's Strathmashie Forest. He presented the Community Association with a range of options for a pilot community forestry project, one of which was community purchase. We are working with the Community Association to identify opportunities and to evaluate the options.

During the year our Urban and Community Forestry Advisory Panel drew together the many lessons learned in community woodlands into a Forestry Practice Guide *Involving Communities in Forestry*. The guidance will be of value to all owners and managers seeking to stimulate community involvement in forestry.

## **Review of Consultation Procedures**

During the year, we completed the review of our procedures for consulting on planting and felling proposals. In May 1996, Ministers announced revised consultation arrangements which will both provide greater openness and streamline the administration of forestry schemes. Although strictly outside the year under report, the full terms of the Government's announcement is set out at Appendix 6. We are pleased with the outcome of the review which will make it easier for people to create well-designed woodlands and to manage existing woodlands responsibly while maintaining the present high standards of environmental protection. The new arrangements came into effect in August 1996.

## **A Strategy for the New Forest**

Towards the end of the year we looked forward to the launch by the New Forest Committee (a co-ordinating forum comprising key New Forest organisations, including the

Commission) of its Strategy for the New Forest setting out a policy framework for the future management of the New Forest Heritage Area. The strategy is based on four principal aims:

- to promote the conservation of the New Forest through the effective co-ordination of policy and action;
- to maintain and enhance the traditional character of the New Forest landscape and the diversity and distribution of the habitats and wildlife within it;
- to ensure that the social and economic needs of the New Forest community are met in a manner which is compatible with the traditional character of the New Forest;
- to ensure the use of the Forest for tourism and recreation does not prejudice the quality of its traditional character, or the pursuit of quiet enjoyment.

The New Forest is a very special part of our estate and we are committed to ensuring that priority is given to the conservation of the Forest's traditional character. The strategy will now be taken forward through a five-year rolling plan which will set the framework for detailed work programmes.

## **Research**

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.

## **Awards**

We were pleased that the work of the Commission and staff was recognised by a number of awards during the year.

- Our Director General, Robin Cutler, and Commissioner Terence Mallinson, were made CBEs in recognition of their services to forestry. OBEs were awarded to Arthur Barlow, Deputy Surveyor of the New Forest, David Hughes, Chief Conservator Wales, and Geoff Machin, the Chairman of the Forestry, Arboriculture, Safety and Training Council. Alan Maisey, former District Manager in Wales, Robert Howes, Forest Officer at Wykeham Nursery, John Bryant, Leading Research Worker at Bedgebury, and George Beaton, Roads Foreman in north-east Scotland, all received MBEs.
- Honorary Chairs were awarded to Professors Julian Evans and Clive Brasier of our Research Division by the University of Wales, Bangor and Imperial College, London respectively.
- Business Commitment to the Environment Awards were won by Forest Enterprise's Ceredigion and Dolgellau Forest Districts, for their Cwmlerwyn Holistic and Abergynolwyn Forest Designs respectively.

- A Prince of Wales Award for the restoration of mineral mines in Gwydyr Forest was given to Llanwrst Forest District, Forest Enterprise Wales.
- The Roger Williams Ellis Challenge Cup for Woodland Management was presented to Paul Sherrington, South East Wales Forest District, Forest Enterprise Wales.
- Gold Medals for the Best Outdoor Machinery Display and the Best Overall Forestry Display at the Royal Welsh Show 1995 were won by Mid-Wales Conservancy, Forestry Authority Wales.
- The W.E. Day Memorial Challenge Cup for the Best Stand at the Monmouth Show 1995 was won by South Wales Conservancy, Forestry Authority Wales.
- An award in the communications category of the 1995 Landscape Institute Awards for the series of three landscape guideline publications was won by Simon Bell.
- The James Cup for 1995 for the Best Article in the Royal Forestry Society Quarterly Journal of Forestry was awarded to Neville Danby.
- The Annual Silvicultural Prize of the Institute of Chartered Foresters was awarded to Ralph Harmer in recognition of his three papers published in Forestry.
- John White was runner-up in the Natural World Book of the Year Award for his book *Forest and Woodland Trees in Britain*.

## **Commission Staffing**

### *Numbers*

The Commission employed 1,796 non-industrial staff at 31 March 1996 compared with 1,934 the previous year. Much of this reduction has been achieved through the introduction of the Voluntary Early Retirement Scheme. The number of industrial staff employed during the same period fell from 1,987 to 1,850 as a result of further improvements in efficiency and the greater employment of contractors.

### *Senior Staff*

In December 1995 David Bills was appointed Director General and Deputy Chairman following the retirement of Robin Cutler CBE.

Neil McKerrow was appointed Chief Executive of Forest Enterprise. His predecessor, David Foot, became Head of the Forestry Authority.

Steve Quigley, Director Corporate Services Division, John McSorley, Head of Internal Audit, and Frazer Lindsay, Head of the Public Information Division retired and were replaced on a temporary basis by Keith Gliddon, Liz Holmes and Colin Morton.

David Hughes, Chief Conservator Wales, retired in June 1995. His successor, Colin Bancroft, retired in March 1996 and was replaced on a temporary basis by Huw Davies.

### *Voluntary Early Retirement Scheme*

In November 1995 we announced the introduction of a Voluntary Early Retirement Scheme with the aim of resolving anticipated staff surpluses. The Scheme was open to all non-

industrial staff who would reach age 50 before 30 March 1997 and who were eligible for early retirement benefits. By 31 March 1996, 80 staff had retired under the terms of the Scheme and a further 111 applications had been approved for 1996-97.

#### *Management Development and Assessment Centres*

During the year the Management Development Programme was opened up to all junior and middle management levels. Participants in the programme are required to draw up personal development plans to structure their development through planned work experience, open learning, courses and workshops and coaching by line managers.

The second Assessment Centre for the Forest Officer Group took place during 1995 with the aim of selecting staff from junior grades with senior management potential. Four Forest Officers were selected and are now participating in the Fast Stream Development Programme.

#### *Employee Participation*

The Commission's re-launched staff suggestion scheme, Forestry Ideas and Rewards Scheme (FIRS), has been running successfully for two years. The participation rate for 1995 increased to 9% (from less than 2% prior to the relaunch) and we will strive to involve all our employees in the continuous improvement of the business.

#### *Pay and Grading*

Work has continued on preparing for the delegation from HM Treasury of responsibility for pay and grading from 1 April 1996. In December 1995 the Commission signed an agreement with the non-industrial Trade Unions on the framework and procedures within which the pay negotiations would take place. It is proposed to review the pay and grading systems in 1996-97, to ensure that they fully support the Commission's business needs.

#### *Equal Opportunities*

Despite contracting staff numbers we have continued to improve the diversity of the workforce when opportunities have arisen. A review of the Programme for Action on Disability, in the light of the new Disability Discrimination Act, is in its early stages. Monitoring of staff with disabilities, both industrial and non-industrial, has been a high priority. The annually collated statistics from the Staff Reporting System have been an important part of the process in helping prevent discrimination against women. A review of the programme for Action on Women will be considered in the coming year.

#### *Recruitment*

Permanent appointments to the Forestry Commission are made on the basis of fair and open competition with selection on merit. The procedures followed are in accordance with the guidance laid down by the Civil Service Commissioners. During the year a total of 74 new staff were recruited to the Forestry Commission across a wide range of grades. Information on the recruitment exercises conducted is provided in Table 13, page 108.

## **New Publications**

Several new publications were produced during the year. Among the technical publications were a handbook on *Creating and Managing Woodlands Around Towns* which brings the multi-purpose, multi-benefit concept of forestry to the urban situation, and a fourth edition of *The Use of Herbicides in the Forest*, an essential reference and practical guide for weed control in newly established woodlands. Bulletins were issued on *Forests and Wind: Management to Minimise Damage*, *Alternative Silvicultural Systems to Clear Cutting in Britain*, and *Analysis of the Changes in Forest Condition in Britain 1989-1992*.

# The Forestry Authority

## Promoting Multi-Purpose Forestry

### *Planting of Woodlands on Set-Aside*

In July 1995 a new EC Council Regulation came into force which allows farmers to count arable land entered into the Woodland Grant Scheme and the Farm Woodland Premium Scheme towards their set-aside obligations. This change was welcomed by forestry and countryside organisations as a way of encouraging more planting on improved agricultural land.

### *Forest Enterprise Forest Design Plans*

The Forestry Authority acts as the regulatory body for forestry in Great Britain whether it is carried out by private companies or by the Forest Enterprise. Forest Enterprise design plans, which lay out the harvesting and regeneration strategies for woodlands, require approval by the Forestry Authority. We consult local authorities and other public bodies on these plans. During the year our Conservators arranged field based seminars to help our consultees better understand the design processes on which the plans are based. By 31 March 1996, we had approved 418,000 hectares of forest design plans.

### *Woodland Awards*

One of our major objectives is to promote multi-purpose forestry. During the year a number of awards were made to forest owners in recognition of the quality and range of management objectives in their Woodland Grant Scheme plans. Nineteen Centres of Excellence Awards were made in England and nine Merit Awards were given in Wales culminating in the presentation of the National Award.

### *National Forest Tender Scheme*

The National Forest Tender Scheme is run by the National Forest Company (NFC) in partnership with the Forestry Commission and the Department of the Environment. The NFC was set up to create the National Forest and administer the Tender Scheme in the Forest area covering some five hundred square kilometres of mixed farmland and derelict industrial land in the Midlands. The overriding aim is to create an area of multi-purpose woodland which will produce good quality timber, enhance the landscape, enrich wildlife interest and create opportunities for recreation and access. Farms, open land, towns and villages will exist within this area of working woodland.

Under the Tender Scheme landowners are invited to submit plans for woodland creation indicating the total amount of grant which they believe will be necessary to implement their plans. Additional funding is available if this amount is greater than the grant available

under the Woodland Grant Scheme. The first tender round was completed in 1995-96; 14 contracts were approved for the creation of 180 hectares of woodland, significantly above what has been achieved in the area in the past.

### *Planting Levels*

Almost 15,000 hectares of new planting were carried out by private landowners. New broadleaved woodlands make up 56% of this area. These include many small woods on farms as well as larger mixed woodlands. Approvals for new planting were about the same as last year at just over 18,000 hectares.

There is still a high level of interest in the new native pinewood scheme with some 2,700 hectares planted during the year. This was almost twice the area planted in 1993-94. Work to create a further 1,460 hectares of native pinewoods using natural regeneration was also carried out. Grant aid for work to encourage the creation of new woodlands by natural regeneration was given on 4,106 hectares of native species, almost all in Scotland.

Most industrial timber demand is for softwood and conifer planting forms the basis of the commercial forestry sector. There has been a steady decline in conifer planting over the last 10 years, both as a result of reduced Forest Enterprise new planting and because of declining land availability, which reflects the relative prosperity of agriculture and the greater emphasis on conserving areas of upland semi-natural habitats.

The decline is of serious concern to us and to the industry. This was recognised in the Government's consultation paper *Our Forests - the Way Ahead* published in August 1994. The Government want to encourage further planting of conifers, in mixed forests, particularly on improved agricultural land. The consultation paper announced an increase in the grants for conifer planting, particularly through an increase in the Better Land Supplement. It is disappointing to record that these grant increases have not resulted in improvement in the level of new planting. Aside from the new native pinewood scheme, the overall extent of new planting of conifers by private landowners was 4,627 hectares in the year under report. During the period since August 1994, agricultural land prices have further increased and are acting as a strong disincentive to transferring land to tree planting.

The Government's Rural White Papers note that the desired forestry expansion will not be achieved without a reform of the Common Agricultural Policy. The English Rural White Paper stated that, "The key to a major expansion of forestry lies in changes to the Common Agricultural Policy. If production related support for farming is progressively reduced, as we propose, forestry will be able to compete for land use on more equal terms with farming".

It is clear that constraints on the availability of land and the extent of new planting will exist for some time to come and that the existing mainly tariff based incentives for new planting are not producing the level of new planting desired. The Commission recognises that progress on this will be slow. Together with the many bodies interested in land use, we intend to identify areas where opportunities exist, both in terms of land availability and the delivery of public benefits from new planting. We see a gradual trend away from mainly



tariff based grants to incentives specifically targeted at these identified opportunities. Such grants are already available in support of planting in community forests and the National Forest, and are referred to separately in this Report.

The level of restocking showed only a slight decrease of 400 hectares to just under 5,700 hectares. Conifers accounted for about 60% of this area, the great bulk of which was planted in Scotland. Over half of the total area of broadleaved restocking was planted in England.

The Annual Management Grant is intended to help towards some of the cost of work to maintain and improve existing woodlands. Since it was introduced in September 1994, some 32,000 hectares of grant have been approved. This brings the total area of woodland under some sort of grant-aided management agreement to an impressive 280,000 hectares.

## **Protecting Trees, Woods and Forests**

### *Safeguarding and Enhancing the Environment*

An introductory booklet on forest and woodland management is provided to all applicants to the Woodland Grant Scheme. This publication *The Forest Environment* was completely revised during the year. We also published guidance in the form of *Forests and Archaeology Guidelines* and *Woodlands in Designed Landscapes* to assist woodland owners to preserve historical landscape features.

### *Biodiversity*

The Government is committed to conserving biodiversity in response to international agreements reached at the 1992 Earth Summit in Rio de Janeiro, with the publication in 1994 of *Biodiversity: The UK Action Plan*, followed by *Biodiversity: The UK Steering Group Report* in December 1995. *Sustainable Forestry: The UK Programme*, published in 1994, recognises that forestry has a major part to play in conserving biodiversity. Our Forestry Authority Biodiversity Initiative (FABI) aims to identify the important components of woodland biodiversity and how they function. This knowledge will be used to develop advice to managers on woodland biodiversity conservation, as part of modern sustainable forestry.

The Biodiversity Research Programme (BRP), an important part of FABI, has been running for one year. It focuses on ways of enhancing biodiversity in Britain's extensive and commercially important coniferous plantation forests. The current three-year programme of research will improve our understanding of the value of plantation forests for biodiversity, identify potential indicators of forest biodiversity, develop forest monitoring techniques, and characterise the ecological processes and habitat features which forest management should aim to enhance. Methods are being developed to better incorporate ecological information into the landscape design of our forests.

Through our membership of the UK Biodiversity Steering Group we contributed during the year to the preparation of Biodiversity Action Plans for rare and threatened species and habitats. The Steering Group's proposals were published in December 1995. The Government's response to them was published in May 1996 and will be covered in our next Report. We will play a constructive role in the implementation of agreed action plans through the work of the Forestry Authority, Forest Enterprise and our Research Division.

#### *The Deer Initiative and Squirrel Forum*

These two initiatives continued to develop during the year. They bring together a wide range of land owning and managing interests and provide a focus for securing consensus on the management of deer and grey squirrels as well as the conservation of red squirrels. Both initiatives are playing an increasingly important role in supporting local activity by facilitating the exchange of information and examples of best practice.

#### *Felling Permissions*

As the regulatory body for forestry in Britain, the Forestry Commission controls tree felling. Most felling is now approved under the Woodland Grant Scheme and felling is conditional on the restocking of the felled area. In addition to these approvals over 2,400 felling licences were issued during the year.

Public concern about illegal tree felling continues to increase. Over 400 reports of tree felling were received, an increase of some 30% over the previous year. The majority of these did not contravene the felling licence regulations, but 111 were subject to detailed investigation. Successful prosecutions were brought in 27 cases and investigations continue or proceedings are pending in a further 35 cases. Warning notices were issued in 26 less serious cases. Notices requiring the restocking of illegally felled areas were served in 19 cases.

#### *Plant Health - Import Inspection*

Over 5,000 inspections of timber imports were carried out in 1995; 126 incidents required interception and a number of cases required written warnings. A high number of the interceptions involved goods shipped from the Baltic States and Russia, continuing the trend set in 1994. In anticipation of this, we sited pheromone traps baited for the eight-toothed spruce bark beetle, *Ips typographus*, at ports known to be handling goods from the Baltic states. The warm spell at the beginning of May triggered a high number of catches. Closer inspection of timber revealed cases where packs had been deliberately constructed in order to conceal poorer-quality and undebarked boards, many of which had been produced from infested trees. Following a staff suggestion from one of our Plant Health Officers, our inspectors are now using industrial endoscopes to examine the inside of packs without the need to dismantle them.

Our Plant Health Order was amended to give effect to two European Commission Directives amending the areas of the Community designated as protected zones. The amendment also introduced a new requirement on importers to give advance notification

of the arrival of ships. This has enabled us to target consignments for inspection and to be present before discharge. In the event that a serious risk to plant health is identified we are now able to order the re-export of consignments thus significantly reducing the risk of accidental pest introduction. A number of cases were found where the wooden packaging material (dunnage) used in shipping non-timber cargoes such as steel and copper was found to be infested. Remedial action was ordered in these cases, either by burning the dunnage or fumigating the consignment.

We also strengthened the requirements for forestry traders to meet the conditions attached to the issue of plant passports for material traded within the Community. A third amendment to the order (SI 1996 No 751, which came into force on 2 April 1996) gives effect to a Council Directive governing the issue of licences for normally prohibited material for trial or scientific purposes or for work on varietal selection and to Commission Directives further amending the protected zones.

#### *Plant Health - EC Protected Zones*

In order to comply with EC Directives, and to retain our protected zone status within the Single European Market, we carried out surveys at a number of sites to look for quarantine pests. No evidence was found to suggest the presence of any of the pests against which we have protection (all bark beetles associated with conifer tree species). The EC's Plant Health Standing Committee completed a review of the various protected zones during the year and we are pleased to report that the UK has retained its status on a permanent basis, subject to satisfactory surveys in the future. This means that we may continue to require protective measures to be taken in most other Member States before conifer wood can be consigned into this country.

The surveys also demonstrated that the area designated as free from the great spruce bark beetle, *Dendroctonus micans*, has, with one exception, remained free of this pest. One isolated outbreak was discovered just outside the boundary delineating the infested area and about 250 trees were felled in an effort to eradicate it.

#### *Plant Health - Gypsy Moth*

In recent years, we have been monitoring the level of damage attributed to gypsy moth, *Lymantria dispar*, on the continent and alerted our Plant Health Officers to the possibility of egg masses being introduced into the country on lorries or other vehicles. In June 1995, gypsy moth larvae were found in a private garden in South Woodford, London, close to Epping Forest. With the Ministry of Agriculture, Fisheries and Food's Plant Health and Seeds Inspectorate we mounted an immediate intensive survey and eradication programme. Within a matter of a few days a contiguous block of 107 gardens and much of the surrounding area had been surveyed and all of the gardens had been sprayed with an appropriate pesticide. No further egg masses were found in surveys carried out over the winter. We will mount a fresh publicity campaign in Spring 1996 when any larvae will be evident and we will again survey gardens in South Woodford. Traps will also be set up in the outbreak area, including Epping Forest.

## **Promoting Woodland Recreation and Access**

### *Woodland Improvement Grant*

In August 1995 we introduced a Woodland Improvement Grant to provide financial assistance to help encourage informal public recreation in existing woodlands. Grants have so far been approved for 330 hectares. This project will continue until 1997-98.

### *Walkers Welcome*

By the end of the year nearly 700 woodland owners had received our *Walkers Welcome* package which encourages private owners to welcome people walking in their woods. In support of this package we have produced a booklet which gives examples of good practice for signing walks.

### *Community Woodland Supplement*

The Community Woodland Supplement, which is intended to encourage the creation of new woodlands for recreation near to cities and towns, continued to attract attention throughout the country. During the year some 950 hectares of new woodlands were created with the benefit of the Supplement and we approved the planting of a further 1,600 hectares of new community woodlands. Since it was introduced we have approved over 900 applications for the creation of nearly 7,000 hectares of community woodlands.

### *Community Forests*

The Community Forest Programme is an initiative sponsored jointly by the Forestry Commission and the Countryside Commission to create new woodlands on the fringe of large urban areas in England. The aim is to improve local environments and provide opportunities for leisure and recreation. In addition to our standard planting grants and the Community Woodland Supplement, a Locational Supplement of £600 per hectare was introduced in April 1995 to promote new planting in these specially targeted areas. In 1995-96, a total of 463 hectares of new woodlands were created. It is interesting to note that the Woodland Grant Scheme has directly supported a 5% expansion in the woodland area of the metropolitan areas of Great Britain since 1980.

## **Supporting the Creation and Management of Native Woodlands**

### *National Parks*

We have continued to develop the aims of our Concordat with the Association of National Parks, through a series of local accords. These seek to promote opportunities to create new native woodlands and to manage existing areas. Local accords were completed for the Lake District, Peak District and North York Moors during the year. Last year we reported on a major conference on native woodlands which was held at Bangor in Wales. Since then a further two accords have been agreed to promote an extension of native woodlands in the Welsh National Parks.

### *Native Pinewoods and Birchwoods*

The Advisory Panel on Native Woodlands in the Highlands met four times during the year and completed their first three-year term. Their work this year included papers on:

- *Developing a framework for native woodlands in Scotland;*
- *Forests and forestry in the Cairngorms area;*
- *Forestry Commission research on native woodlands and native species;*
- *Native woodlands and deer;*
- *Treeline and high elevation forests.*

An earlier Panel initiative on collating information on the native woodland resource in the Highlands was published as a Forestry Commission Technical Paper. So too was a paper on the *Boreal Forests of Scotland* by Richard Worrell, one of our Panel members. We believe that both these publications in their separate ways make a significant contribution to the growth of information and knowledge of ecological processes as an aid to woodland conservation and management.

At the end of their first term, the Forestry Commissioners expressed their appreciation for the work put in by Panel members. The Panel has contributed greatly to our understanding of practical issues involved in the expansion and management of native woods and to the substantial progress being made on the ground through the Woodland Grant Scheme and by Forest Enterprise, mentioned elsewhere in this Report.

Several Native Woodland Initiatives have been very active. The Tayside Native Woodlands Initiative published the results of their survey of native woodlands in Tayside. Highland Birchwoods secured European funding for a demonstration project on birch woodland management. The Caledonian Forest Partnership, also supported by European funding, has taken over development work on native woodland survey techniques and the creation of a database of native woodlands in line with the Forestry Authority and Scottish Natural Heritage agreement.

At the beginning of the year we welcomed the establishment of the Millenium Forest for Scotland (MFS) Trust, set up to administer the Forest under a contract from the Millenium Commission. MFS aims to promote the restoration of native woodlands in Scotland. About 45 sub-projects were approved by the Millenium Commission in the first phase costing an estimated £11.5 million, of which 50% will come from the Millenium Commission, with the balance being sourced locally. The Forestry Commission's Woodland Grant Scheme will be used as complementary funding. Our Forestry Authority officers have valued their involvement with the Trust and have given guidance on a number of the projects.

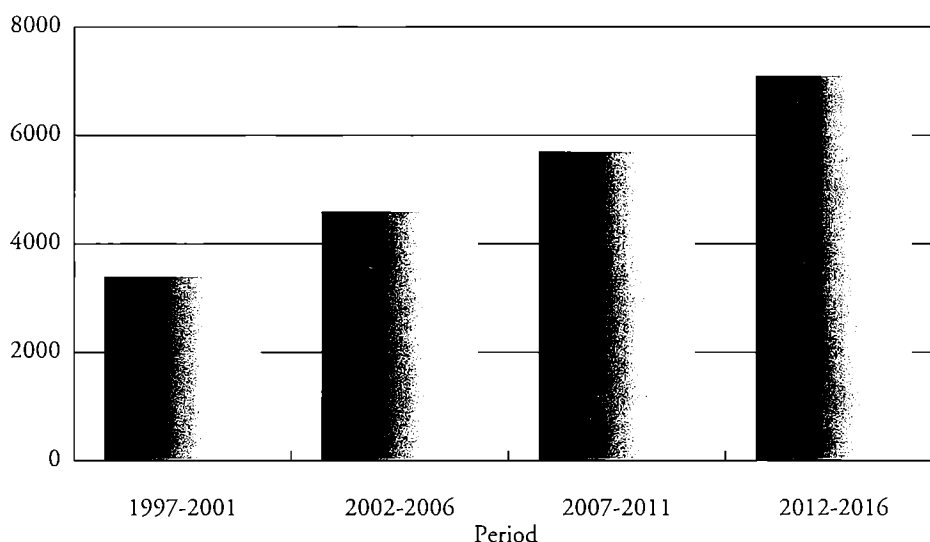
## Enhancing the Economic Value of Woodlands

### *Woodland Market Development*

In January 1996 we produced a new assessment of softwood availability from private woodlands over the next 20 years. This was presented to the Supply and Demand Committee of the Home Grown Timber Advisory Committee and published in *Forestry and British Timber*. A summary of the assessment is shown in the graph below.

#### Softwood Availability Assessment - Private Sector

Volume in thousands of cubic metres overbark standing per annum



The assessment relies heavily on advice from the Timber Growers Association about timber harvesting in the private sector. This is combined with our national survey data in a computer model. The result, when combined with the forecast of production from Forest Enterprise forests, provides an important basis for forward planning by the major wood processors and will assist in attracting further inward investment. This latest forecast shows a potential doubling of the national harvest over the next 20 years with output from the private woodlands overtaking that from Forest Enterprise forests in 15 years' time.

### *Effectiveness of Woodland Initiatives*

During the year we joined forces with the Department of the Environment to sponsor a study into the effectiveness of woodland initiatives. The study sought to examine the achievements of some of the many local initiatives in Britain and review their successes and failures as a guide to future initiatives of this kind. The study demonstrated a need for initiatives to have properly structured business plans and clear performance indicators. The study also recommended that there should be better co-ordination and networking between the individual initiatives to avoid unnecessary duplication of effort. We are now working with the Department of the Environment and the National Small Woods Association to take forward the study's recommendations.

### *Woodlots*

One of the key features of effective woodland management is sound marketing of woodland and forest products. Larger woodlands and forests are usually well managed through effective sales of timber into the market and mechanisms to support this are well known. With smaller woodlands, often with a very diffuse ownership base, effective timber marketing is often difficult through lack of co-ordination or market knowledge on the part of growers. As reported last year we launched a simple magazine *Woodlots* in association with East Sussex County Council. This provides a mechanism for sellers of wood (from a few trees to modest sized parcels of timber) to advertise their sales free of charge. The magazine is circulated widely to purchasers who can then easily locate the material they are seeking. During the year the catchment area for *Woodlots* has grown and now takes adverts from most of England. Whilst the magazine is still at an early stage of development, we believe the concept is well proven and we will be looking to develop it further in the year ahead.

## **Promoting Health, Safety and Training in the Forest Industry**

### *Development of Vocational Qualifications*

The Forestry and Arboriculture Safety and Training Council (FASTCo) successfully involved all sectors of the tree industry in producing comprehensive training standards. A series of workshops were held during the year and as a result of this intensive effort it was possible to provide the preferred awarding bodies B Tech and SCOTVEC with the necessary information for the new award structures.

The standards and proposed awards are now with the National Council for Vocational Qualifications for accreditation. Their approval is imminent and we expect to have them in place by the autumn of 1996.

### *Health and Safety*

The programme of developing new, and revising existing, safety guides for the tree industry is well advanced. A further 11 guides and associated checklists were produced during the year as well as a comprehensive guide relating to electricity at work in forestry and arboriculture.

Risk assessment training was provided for the industry in accordance with the requirements of The Management of Health and Safety at Work Regulations. Training was carried out extensively within the Forestry Commission and each area will now be audited to ensure compliance with the Regulations. Training is also being provided for the private sector. The training programme includes provision of a comprehensive package of documentation for use in carrying out assessments to the satisfaction of the Health and Safety Executive inspectors.

### *Training in Environmental Awareness*

The Machine Operator Training Centre at Ae, which was refurbished during the year, has provided a very successful series of training courses on environmental issues related to forest machinery. Forest Enterprise, together with a number of private companies and organisations, have shown particular interest in the courses on forestry and water. We believe that these courses are making a real contribution to the spread of good practice among harvesting contractors and operators in the industry.

## **Promoting Public Understanding of, and Participation in, the Management of Woods and Forests**

### *Forest Education Initiative*

The Forest Education Initiative (FEI) has played a central role in building links between educationalists and those in the forestry industry. Its two publications, *The Wonder of Wood* and *Investigating Trees and Timber*, have been well received. During the year the FEI has continued to develop further local clusters providing teachers and school children practical opportunities to use the publications in forest and industry settings. The founding members of the Initiative completed a wide ranging review of its aims and activities and have completed the preparation of a business plan which will guide its activities up to 1999.

### *Educational Materials*

We supported the development of several resources for schools and youth groups. These include a series of wildlife posters and factsheets for primary schools and *The Tree Trunk*, developed in partnership with Scottish Natural Heritage and the Central Scotland Countryside Trust.

### *Forests and People in Rural Areas*

The Forests and People in Rural Areas Initiative (FAPIRA) is an informal partnership established in 1994 between the Forestry Authority, Highlands and Islands Enterprise, Rural Forum Scotland, Scottish Natural Heritage, The Scottish Office and the World Wide Fund for Nature. During the year, we continued to work with our partners in this Initiative to further the aim of maximising the social benefits from woods and forests in rural areas, particularly for local people. *Forests and People in Rural Scotland*, a booklet commissioned by the partnership, was published in October 1995 and work continued on preparations for a major conference in April 1996.

## **Improving our Efficiency**

### *Glean*

*Glean* is a newsletter giving information to people who regularly make applications to the Woodland Grant Scheme. It was produced following a request from our Customer Representative Group for agents to be given more detail on aspects of the grant schemes. Launched in November 1995, the first issues have received a very favourable response and



*Glean* will be circulated with the newsletters of the main agents' organisations. Copies are also available direct from our Conservancy offices.

#### *Woodland Grant Scheme Charter*

The Forestry Authority continues to improve the efficiency with which Woodland Grant Scheme applications are processed aiming to meet the standards set out in our Applicant's Charter; 87% of applications not requiring consultation were processed to draft contract stage within six weeks of receipt; 85% of applications that required consultation were processed within ten weeks of receipt.

#### *Plant Health Charter*

Our Plant Health Branch published its Charter Standard in February 1995 and set a target for clearing timber imports, either on the day of notification that they are ready for inspection, or the next working day. We recorded a 92% success rate in achieving this standard. A complaints procedure is incorporated into the Charter Standard. No complaints were lodged.

#### *Tree Felling Charter*

A Citizen's Charter Standard for tree felling was launched in December 1995. It will ensure a fast service for clients. Written enquiries about licences will receive a response within ten working days and applications will be acknowledged within three working days. Technical advice can be offered to those applying for licences. If a site visit is necessary before a licence can be issued, this will be carried out within 28 working days. Applicants will be kept informed about the progress of their application and any requirement to restock the land will be discussed with the applicant.

The aim is to issue licences within six weeks of application if they have not been subject to consultation, and ten weeks if they have. We will report on our performance against the Charter in next year's Report.

#### *Forestry Authority Organisational Structure*

During the year we reviewed our staffing structure to see what gains in efficiency could be made whilst at the same time enhancing the effectiveness of our service delivery. As a result of the review we plan to reduce the number of Conservancies in England from eleven to seven. We also decided to move the national office for Scotland from Glasgow to our Headquarters in Edinburgh. We now have advanced proposals to make greater use of contractors for some of the routine aspects of our work thereby enabling our experienced staff to concentrate on higher quality work. In addition, we expect increased use of contractors will give us greater flexibility to respond to seasonal fluctuations in our workload.

We have also reviewed the way in which we discharge our statutory duties for plant health and have begun to implement a number of changes aimed at improving overall efficiency. To ensure that we maintain a core of skill and experience, we are setting up a dedicated

Plant Health Service to be managed from our Headquarters. Our full-time Plant Health Officers will be responsible for all decisions about the fate of consignments found to present a risk to plant health. However, the more routine aspects of the work, such as insect trap monitoring and timber import inspections, will be carried out by contractors who will have limited powers in terms of right of entry, search and seizure.

We shall in future be charging for some of these activities.

Under the European Communities (Designation) Order 1996 the Forestry Commissioners were granted powers to introduce charges for certain plant health functions, including services equivalent to those for which the Agriculture Departments already impose fees.



FOREST  
ENTERPRISE

# Forest Enterprise

## Status of Forest Enterprise

As noted earlier, preparation of the Framework Document continued throughout the year, culminating with the launch of Forest Enterprise as an Agency of the Forestry Commission on 1 April 1996. In the interim period, Forest Enterprise staff embraced the challenges and disciplines associated with Agency status.

## Performance Targets and Outturns

The Forestry Commissioners set Forest Enterprise a number of targets for the year based on the performance measures agreed in the Framework Document. The performance measures and their method of application are set out in Forest Enterprise's Business Plan 1996-97 published in May 1996. The 1995-96 performance targets and outturns are shown on pages 45 and 46.

## Private Finance Initiative (PFI)

Our policy of marketing an increasing proportion of our annual harvesting programme as standing trees has increased private sector involvement in our operational activities. During the year the equivalent of £39 million of private capital was engaged in harvesting and marketing timber from our forests across the country. As part of our ongoing efficiency programme we have commissioned consultants to advise us on the opportunities to use PFI projects for road building, harvesting machinery, Forest Enterprise Holidays and forest recreation.

## Multi-purpose Forestry

The national forest estate, amounting to 1,080,048 hectares, is distributed throughout Great Britain and is well placed to supply multiple benefits and respond to future demands. These benefits are considerable - 4.3 million tonnes of timber are produced each year, a wide range of recreational opportunities are available and the forests are being developed as an unrivalled environmental resource.

### *Forest Design*

Progress towards our objective of producing comprehensive forest design plans for the whole of the forest estate has continued on target. Forest design plans are the means by which we chart the future structural changes in a forest, particularly through plans for felling and restocking. The design planning process, which involves a careful appraisal of the physical and environmental constraints and opportunities, continues to be valued by consultees.

### *Production Forecast*

We publish a new forecast of future wood production from our forests every five years thereby ensuring that all sectors of the forest industry are aware of the scale and nature of our wood production programmes. The forecast covers a 20 year period and contains information on tree species and ages and the predicted volumes for the major product groupings. This information is of considerable value to the timber processing sector.

The 1995 forecast indicates that wood production from Forestry Commission forests will rise steadily from the current level of 4.3 million cubic metres per year to reach 6.5 million cubic metres per year by 2012. Most of the increase will be in the production of sawlogs, which will increase in volume by some 60% over the forecast period, compared with small roundwood availability which will increase by only 6%.

## **Managing the Timber Growing Stock**

Our objective is to maximise the timber producing and economic potential of the growing stock in a manner consistent with current forest design plans.

### *Option Appraisal*

To quantify the financial consequences of different management regimes more readily, a team was formed to identify ways of improving the information available to Forest District managers. Our intention is to enable managers, through the use of a geographical information system, to bring together the sub-compartment database, forest design plans and the production forecasting system in a way that will enable them to quantify the implications of different management options.

## **New Planting and Restocking**

Our objective is to establish, in a cost effective manner, healthy and productive tree crops in line with forest design plans. Our new planting programme has declined in recent years because our acquisition of plantable land has greatly reduced and it now makes a very small contribution to the national planting objective. Consequently restocking after felling dominates our planting programme.

### *1995-96 Programme of Work*

Despite unusually severe weather late in the year, normally the optimum time for planting in many of our upland forests, we managed to restock some 7,500 hectares. A small programme of around 400 hectares of new planting was also completed.

### *Genetically Improved Stock*

Partly as a result of a better than expected yield from our seed orchards (established as a result of the Forestry Commission's ongoing tree breeding programme), and partly through improved propagation methods, our aim of having 30% of plants supplied from genetically

improved stock was achieved well ahead of target. In the light of this excellent result we intend to revise future target levels upwards.

### *Technology*

The development of techniques to allow us to cultivate steep ground previously considered inaccessible to machines continued apace during the year with the successful adaptation of walking excavators. These machines have the capability of climbing 40 degree slopes and handling wet, heavy and peaty soil without slipping. A further improvement in establishment technology came with the introduction of routine root electrolyte leakage tests for all planting stock prior to despatch from the nursery. This ensures that only plants in good physiological condition are delivered to planting sites.

## **Highways Vegetation Management**

Our expertise in planting and maintaining trees and shrubs enables us to offer a vegetation management service to other public sector bodies. This year saw changes in the organisation of the Highways Agency (HA) and some uncertainty about the future of our working relationship with them. A joint working party reviewed the future direction and nature of the service we offer to HA. Arising from this review we have restructured the vegetation management service in England in order to reflect the HA's requirements. The unit is located at Bristol and reports to the Regional Director for South and West England.

## **Harvesting and Marketing**

We produce 50% of the timber harvested in Great Britain and around 65% of British-grown softwood. Our products take the form of sawlogs (55%) and small roundwood (45%). Our customers convert sawlogs into sawn timber for construction, packaging, pallet and fencing markets while small roundwood is used for the manufacture of paper, paperboard and woodbased panels. Our objective is to obtain the best financial return we can within the framework of approved forest design plans.

### *Market Review*

Although buoyant market conditions prevailed during the previous year, we experienced some dramatic swings in market demand in 1995-96. These swings were reflected in the price indices for our sales of softwood sawlogs and standing timber. The standing sales index continued to climb from the previous year, but then fell back over the last six months of the year to end 6% up for the year while the log index fell from its high at 31 March 1995 to end 10% down for the year.

Following a period of unprecedented demand and high prices at the end of the previous year, the market for sawlogs turned down at the beginning of 1995-96 with the expectation of rapidly falling prices and demand. This trend continued throughout the summer and autumn months until the market reflected the health of the construction industry with demand, but not prices, showing signs of recovery. One positive factor emerging during

the year was an increase in demand from the construction market for dry-graded sawn wood.

Trading conditions were difficult for the packaging and pallet sector. The market was subject to periods of over-supply due to cheap imports of pallet wood from the Baltic states and redirection of material from British carcassing mills.

Fencing markets, which are seasonal, remained relatively buoyant during 1995, although demand became sluggish in the period January-March 1996. This is a cause for concern as the market is usually building up at this time to service higher demand in the spring and summer months.

The market for small roundwood was also buoyant in all sectors through to Christmas 1995. Demand in the last quarter began to diminish and had fallen back badly by the year end. This was in part due to the declining market for paper and board products, but also the result of a build-up of roundwood stocks at mills.

Two of our small roundwood customers, Noranda UK and Glunz UK, announced that they would merge to form CSC Forest Products. The new company will be the largest UK manufacturer of panel products, producing a range of engineering timber-based board products for construction, furniture and DIY industries. Meanwhile Kymmene Corporation and Repola Ltd, the parent companies of Caledonian Paper plc and Shotton Paper Company plc respectively, announced that they too would merge to form the UPM-Kymmene Corporation. This merger, due to take effect from 1 May 1996, will create Europe's largest paper company.

#### *1995-96 Programme of Work*

A total of 4.3 million cubic metres was harvested from our forests; 2.2 million cubic metres were produced by direct working, either with our own men and machines or by using contractors. The balance came from the sale of standing trees. About two-thirds of the total production came from clear felling sites with the balance from thinning operations. The average size of tree harvested was 0.19 cubic metres.

#### *Period Contracts*

Period contracts are designed to ensure continuity of supply to sawmillers for periods of three to five years. We successfully launched the concept by entering into agreements with those of our customers who purchase over 300,000 cubic metres per year. This initiative furthers our aim of providing a responsive service to our customers' needs.

#### *Cable Crane Review*

A review of cable crane operations was completed. The review concluded that the existing cable crane resource, although adequate, was in urgent need of reinvestment.

### *Technology*

In September we began a twelve month review, under licence, of a software system, developed in New Zealand, which enables forest managers to predict the optimum financial product mix from crops prior to harvesting taking place.

We commissioned an evaluation of the use of purpose-built harvesters for thinning. This suggested that silviculturally, ergonomically and cost-effectively, the purpose-built machines gave improved performance over existing excavator-based thinning harvesters. We have since purchased two purpose-built machines.

We have also taken a major environmental step throughout our direct working operations by introducing biodegradable oil on all chainsaw bars and chains, both in our motor manual system and on automated harvesters. We also operated the first forwarder in the country to be run with a biodegradable hydraulic oil system.

### *Civil Engineering*

During the year we built 142 kilometres of new roads, upgraded a further 90 kilometres and constructed 17 road bridges and 9 footbridges. A major planning exercise was undertaken to obtain a clear understanding of the future requirement for road construction work in our forests. This showed that 2,400 kilometres of roads remain to be constructed and a further 1,200 kilometres upgraded.

### *Machinery and Vehicle Management System*

Work started on the development of a computerised management system for our machine and vehicle fleet. This system will maintain the asset records of the fleet and will integrate with both our mechanical engineering workshop job control and our financial information systems.

## **Managing Property**

Our objective is to manage the land and building assets in a commercial, efficient and cost effective manner.

### *Acquisitions - National and Community Forest Initiatives*

We acquired 29 hectares at Spoutcross Farm in the Central Scotland Initiative Area bringing our acquisitions since 1992 in this initiative to a total of six, amounting to 364 hectares. It is unlikely that further significant acquisitions will be made in Central Scotland and we see our pump-priming role as coming to an end. In England the prospects for acquisitions progressively decreased with the continuing escalation of land prices. We have pursued several opportunities but some of our offers failed by large margins. Good progress however was made in our negotiations with Nottinghamshire County Council and British Coal to develop a partnership to plant and manage over 700 hectares of redundant land in the Midlands. It is hoped to complete this deal in 1996.



### *Freeholds*

We purchased 13 freeholds covering 2,108 hectares of forests in which we currently have only a leasehold interest. Of particular significance were acquisitions at Kilburn, North Yorks (327 hectares), the Glynn Estate, Cornwall (300 hectares) and Slebech, West Wales (466 hectares). Opportunities for public access and recreation can now be developed in these areas.

### *Disposals*

The market for selling woodland has been difficult throughout the year. We sold 8,217 hectares of woodlands, and 871 hectares of other, mostly agricultural, land, raising a total income of £14.8 million. The controversy over the disposals programme continued and there was difficulty achieving some of our reserve prices, with many properties remaining on the market for some time. The latter part of the year saw growing interest by local communities in some of our sales in Scotland prompted in part by the well publicised interest of the community at Laggan in Inverness-shire.

We reduced our stock of surplus housing by 68, of which 34 were sold to sitting tenants.

### *Commercial Development Opportunities*

An appeal by Rank Holidays and Hotels Ltd against the rejection of their application for a holiday village located on our property at Westwood in Kent, was successful although it was followed immediately by an application by local protestors for a judicial review.

We are exploring opportunities for other land sales, including the sale of a former nursery at Tair Onen in south Wales for housing. Other development opportunities, which include minerals, hydropower and windpower, were all pursued vigorously with the emphasis on forward planning and early identification of sites to ensure that opportunities were recognised in local authority development plans.

The level of capital invested reflected the scarcity of funds. A notable success in our search for external sources of finance was the attraction of 70% of the funds for the redevelopment of the Glenmore Visitor Centre. Work on this will begin in 1996. We are also investigating the prospects for financing other major projects at Westonbirt Arboretum and Bedgebury Pinetum from the private sector through sponsorship, partnership and national lottery funds.

### *Continued Public Access*

During the year 27 woodlands were sold with public access agreements. These ranged from the 444 hectares of White Cow Wood in Grampian Region down to 5 hectares at Penwenallt in Dyfed. Altogether these woodlands represent an area of 1,260 hectares which have been safeguarded for future public access. Local authorities have been noticeably selective when choosing woodland as appropriate subjects for access agreements and they were not convinced in respect of some 60 other disposals covering 2,315 hectares. We sold a further

82 woodlands, totalling 4,642 hectares, where agreements could not be offered to local authorities because of legal restraints or third party interests.

In last year's Report, we noted that the Government's Forestry Review had concluded that the access arrangements should be strengthened. Revised Access Guidelines setting out the new arrangements were published in March 1996. The existing level of public access of all woodlands selected for sale will now be classified in a more rigorous and consistent way, and there is a general presumption against the sale of woodlands where access is important. The consultation period with local authorities has been lengthened and Forest Enterprise will now pay local authorities' reasonable legal costs of drawing up access agreements.

## **Forest Enterprise Holidays**

We aim to satisfy the demand for overnight accommodation in a forest environment by operating a number of self-catering cabins and cottages and camping and caravan touring sites throughout Britain. These operate under the brand name Forest Enterprise Holidays. The close association with the forest means that we can offer a unique product and we enjoy a high level of customer loyalty.

### *Cabins and Cottages*

We offer 166 cabins located at 4 sites and 7 cottages. This was the first year the cabins and cottages were managed as a single unit under a manager based at our head office. The benefits became immediately apparent with a more strategic, planned approach to development, a more cost-effective use of resources, and greater consistency of both brand image and site standards.

Despite forward bookings being initially sluggish we secured a 5% increase in occupancy over the previous year. Turnover was 5% up on 1994-95 at £1.2 million.

To keep standards in line with customer expectation we began a major cabin refurbishment programme. A total of 14 cabins have now been refurbished, and we are reviewing sources of capital in order to continue with the refurbishment programme.

### *Campsites*

We manage 28 campsites ranging from the informal to those with modern shower blocks and a shop. Campsites benefited from the very good summer with income up 5% on 1994-95 levels. Some limited refurbishment was carried out and again external sources of capital are being explored. In December 1995 our site at Glencoe was sold to the National Trust for Scotland.

## **Promoting Recreational Use**

We provide free public access for recreation to the forests and woodlands we manage wherever this does not conflict with legal restrictions or where dangers might arise from forestry operations. Where appropriate, car parks and other facilities are provided to

enhance visitors' experience and many forests provide opportunities for specialist forms of recreation, such as orienteering, cycling and horseriding. Our recreation ranger services provide educational and information programmes in many areas.

#### *Access on Foot*

Following a review of the way in which we disseminate information to the general public, we have looked at opportunities for producing comprehensive walking guides which are available through booksellers or other outlets in urban areas, where previously there has been little or no information available. In association with Ordnance Survey and Jarrolds Publishers, we are developing a series of illustrated guides to our forest walks. Ordnance Survey has also agreed to identify Forestry Commission land where access is permitted on future editions of the 1:50,000 Landranger maps. This will be of great value to the public who like to walk in our woodlands.

#### *Monitoring Visitor Numbers*

Our ability to monitor visitor numbers to woodlands was enhanced significantly with the installation of vehicle and pedestrian counters at key sites across Britain. Data from these counters will be used to compile an annual index of changes in the numbers of visitors to a sample number of Forestry Commission woodlands. At the same time, we have been developing methodologies for conducting visitor surveys. The surveys are designed to obtain visitors' opinions and so help to ensure that, wherever possible, we meet visitor expectations for forest recreation.

## **Conserving the Natural Environment**

The national forest estate is a major habitat and species resource containing a variety of forest types and habitats. We manage 371 Sites of Special Scientific Interest. Each Forest District has a conservation plan which records all known sites of special conservation value and which is used by managers to avoid disturbance during forestry operations. Large areas of our estate lie within National Parks, National Scenic Areas and Areas of Outstanding Natural Beauty and we are committed to managing them in harmony with the objectives and character of these areas. The estate also contains a particularly valuable and relatively undisturbed built heritage covering a wide range of periods from the prehistoric to the industrial revolution.

#### *Endangered Habitats*

We held valuable meetings during the year with Scottish Natural Heritage, English Nature, the Countryside Council for Wales and the Biodiversity Challenge Group including the Royal Society for the Protection of Birds, the Royal Society for Nature Conservation, Friends of the Earth, Plantlife, Butterfly Conservation and the World Wildlife Fund for Nature. These meetings provided the groundwork to enable us to develop our own practical conservation performance measures as well as contributing to the UK Biodiversity Action Plan.

Key endangered habitats on Forestry Commission land are lowland heath, native pinewoods and ancient semi-natural broadleaved woodlands. We have put programmes in hand for enhancing the environmental value of each of these key habitats.

Our forest design plans give considerable attention to the management of heathland forests. On the ground this involves techniques such as ride widening, ground disturbance, forage harvesting and grazing regimes. During the year we successfully completed the first phase of our Dorset forest and heathlands project.

A major project commenced during the year involving the Ancient and Ornamental Woodlands of the New Forest. The project is sponsored by Esso under their Living Trees campaign and, over the next three years, will establish the current state of the woodlands and their prospects for natural regeneration. Other work undertaken on ancient semi-natural woodlands on our estate included trials to secure regeneration of oaks in upland woodlands in the Lake District, the removal of conifers and the trialing of appropriate coppice management techniques in woods on limestone pavements (the favoured habitat of High Brown Fritillary butterflies), and the restoration of birch-oak woodlands on a site which is host to a number of endangered invertebrate species.

We continued work to enhance and expand the native pine and broadleaved woodlands of our estate in the Highlands of Scotland. This is being taken forward in association with the Caledonian Partnership and the Millennium Forest for Scotland with the support of some funding from the European Union LIFE programme. A further five Caledonian Forest Reserves were designated during the year.

#### *Species Conservation*

We continued to monitor woodlark and nightjars in our heathland forests with every indication that populations are still rising. Goshawks are well established over much of our upland estate and are increasing in range and numbers in the lowlands of southern England. We have helped in the development of new guidelines to avoid disturbance to their nests. A pair of Montagu Harriers bred successfully on our land in the south of England for the first time in 30 years and a woodland in the Weald holds over 30 pairs of nightingales, making it a top national site. We even reached agreement with the RAF to limit low flying around eagle nesting sites in Galloway.

Our efforts to conserve red squirrel populations continued and our Forest Districts maintain contact with local Red Alert groups. Research has suggested that some pine or larch trees in otherwise pure spruce crops can make a significant difference to red squirrel populations. Butterfly species distribution has also been given a key priority and we have worked closely with Butterfly Conservation throughout the year. All these conservation measures are increasingly linked into our forest design planning process.

#### *Sites of Special Scientific Interest*

Work continued to maintain and improve the conservation value of our Sites of Special Scientific Interest (SSSIs) in line with management plans for each site. A number of SSSIs

have been submitted as proposed Special Areas of Conservation under the European Habitats Directive.

## **Conserving our Built Heritage**

Meetings were held during the year with Historic Scotland, English Heritage and CADW aimed at establishing practical measures for safeguarding the archaeological heritage on the estate. On the ground the task of preparing management plans for scheduled ancient monuments got underway, including such diverse subjects as a medieval castle mound, a tin mining site, and a couple of Highland clearance villages.

## **Customer Service**

In all our services we are fully committed to the customer service principles of the Citizens' Charter. We prepared a statement of the general service standards to be applied throughout Forest Enterprise together with an action plan for implementation of these standards. The statement was distributed with the Framework Document on 1 April 1996.

## **Human Resource Development**

Our aim is to recruit, develop and retain the quality and quantity of staff necessary to deliver Forest Enterprise objectives effectively and safely.

### *Organisation*

We reviewed our organisational structure in relation to our core activities and strategic objectives. The review made four main recommendations: to strengthen corporate policy development and strategic planning in our head office; to centralise blocks of financial accounting work to streamline the service and take advantage of the forthcoming new financial information system; to amalgamate some Forest Districts to reflect reducing programmes or estate and to obtain benefits of scale (some offices will be retained as outstations to meet objectives and maintain a local presence); and to reduce management costs in response to a number of management initiatives, locally reducing programmes and declining numbers of industrial staff. These recommendations will be implemented in 1996.

### *Health and Safety*

The Management of Health and Safety at Work Regulations requires us to assess the risks to health and safety of employees while they are at work. Following a major training exercise in 1994-95, field managers have this year developed and used risk assessment as a means of managing health and safety.

This year we introduced a Hand Arm Vibration Syndrome Health Surveillance programme for employees who use vibrating hand tools.

### *Accidents at Work*

The incidents of reportable accidents (those causing incapacity of more than 3 days) for the Forestry Commission as a whole has reduced to 3.6 per 100 employees. This compares with figures of 3.8 (1994-95), 4.7 (1993-94) and 4.8 (1992-93).

### **Performance Measures**

Information on performance measures and other salient facts are provided on the following pages. These give details of key financial and physical achievements for Forest Enterprise.

SIR PETER HUTCHISON, *Chairman*  
DAVID BILLS, *Deputy Chairman and Director General*  
BRIDGET BLOOM  
JOHN EDMONDS  
HARRY FETHERSTONHAUGH  
DAVID FOOT  
ROBIN GROVE-WHITE  
DAVID GRUNDY  
TERENCE MALLINSON  
SIR MICHAEL STRANG STEEL

TIM ROLLINSON, *Secretary*  
FORESTRY COMMISSION  
231 Corstorphine Road  
Edinburgh EH12 7AT

# Forest Enterprise

## Performance Measures and Outturns

### Financial Measures

#### Cash Surplus

Target: £7.5 million

*Achieved. Outturn: £11.5 million. Neither the target nor the outturn figures include the exceptional costs of voluntary early retirements resulting from the major staffing and structure review.*

#### Profit

Target: £10.2 million

*Achieved. Outturn: £13.0 million*

#### Volume of Wood Harvested

Target: 4.3 million m<sup>3</sup> ± 5%

*Achieved. Outturn: 4.25 million m<sup>3</sup>*

#### Income from Disposals

Target: £20.0 million

*Not achieved. Outturn: £14.8 million. Outturn fell short of target by £5.2 million. Progress on disposals was slow throughout the year with sales proving elusive. There was a considerable area and value of properties placed on the market, however, many of the larger blocks representing potentially sound forestry investment did not elicit much interest and buyers proved selective. These areas remain on the market.*

#### Rate of Return on Capital Employed for Forest Enterprise Holidays

Target: 8.0%

*Achieved. Outturn: 9.9%*

### Environmental, Social and Other Measures

#### Annual Changes to Number of Visitors to Sample Commission Forests in Relation to Underlying Trends of Visitor Numbers to Equivalent Countryside Attractions

Target: To install and test systems for monitoring annual changes to the numbers of visitors to sample Commission forests, in order to establish the baseline for trends in 1996-97 and monitor trends from 1997-98.

*Achieved.*

### **Percentage of Estate Covered by Forest Design Plans**

Target: 40% (440,000 hectares)

*Achieved. Outturn: 44% (482,000 hectares)*

### **Percentage Compliance with Forest Design Plans as monitored by the Forestry Authority**

Target: To develop with the Forestry Authority a scoring system designed to identify degrees of compliance for a hierarchy of stated design plan objectives and relevant environment guidelines with effect from 1/4/96.

*Achieved.*

### **Percentage of SSSIs Managed in Accordance with Plans Endorsed by Statutory Conservation Agencies**

Target: 75% (298 sites)

*Achieved. Outturn: 77% (306 sites)*

### **Percentage of Land Comprising Endangered Habitats Managed in Accordance with Plans Endorsed by Relevant Authorities**

Target: To identify the area of endangered habitats, and establish agreements with relevant authorities and the format of plans in order to launch the measure and first plans in 1996-97.

*Not achieved. Meetings held with the Forestry Authority and conservation agencies established a high degree of agreement on the way forward. Formal agreements and format of plans were deferred however until the Agency was launched and Framework Document was clear to the other bodies.*

### **Percentage of Scheduled Ancient Monuments Managed in Accordance with Plans Endorsed by Statutory Heritage Agencies**

Target: To establish agreements with heritage agencies and the framework for plans early in 1995-96 and proceed to implement target of 10%.

*Not achieved. Meetings held with heritage agencies established a high degree of agreement on the way forward. Formal agreements and format of plans were deferred however until the Agency was launched and Framework Document was clear to the other bodies.*

## **Efficiency Measures**

### **Percentage Compliance with the Citizens' Charter Standards Statement**

Target: To publish a framework statement of service standards which will be applied throughout the Agency, and introduce systems and train staff in order to achieve 90% compliance with those standards later in 1995-96.

*Not achieved. A framework statement of general service standards was prepared for distribution initially as an insert in all copies of the Framework Document at the time of the formal launch of the Agency. The development of compliance and validation methodologies continued. The compliance target was not achieved because of the delayed publication of the Framework Document.*



# Forest Enterprise

## Salient Facts

		Year ended 31 March:			
		1993	1994	1995	1996
<b>Total area managed</b>	thousands hectares	1,115	1,100	1,089	1,080
<b>Forest land</b>	thousands hectares	888	874	863	852
<b>Disposals programme</b>					
Area sold	hectares	10,589	14,950	10,808	9,088
Total receipts	£('96) million	10.7	18.1	12.4	14.8
<b>Sales of timber</b>	£('96) million	81.9	86.7	93.6	95.0
<b>Timber production</b>					
	million cubic metres	4.1	4.3	4.3	4.3
Gross surplus (income less direct costs) from sales of timber	£('96) per cubic metre	10.84	11.81	13.76	14.70
Net harvesting surplus (gross surplus less management and administrative costs)	£('96) per cubic metre	7.55	9.10	11.02	11.95
<b>Forest management</b>					
New planting - area planted	thousands hectares	2.4	1.4	0.9	0.4
Forest cost (excluding fertiliser)	£('96) million	1.4	1.0	0.7	0.6
	£('96) per hectare	634	733	860	1,602
Restocking - area planted	thousands hectares	8.5	7.9	7.9	7.5
Forest cost	£('96) million	8.5	8.1	7.8	8.3
	£('96) per hectare	996	1,022	1,014	1,105
<b>Roads</b>					
New construction - programme	kilometres	149	133	138	142
Forest cost	£('96) million	4.7	4.6	4.8	4.4
	£('96) per metre	31.74	34.65	34.57	30.77
Upgrading - programme	kilometres	160	139	109	90
Forest cost	£('96) million	2.2	1.9	1.2	1.0
	£('96) per metre	14.03	13.66	11.27	11.03
<b>Forest Enterprise Holidays</b>					
Rate of return achieved on capital employed	%	10.9	9.8	12.1	9.9
<b>Recreation, conservation and heritage (net expenditure)</b>					
	£('96) million	14.5	13.5	13.5	13.3
<b>Staff numbers</b>					
Industrial	average for year	2,227	2,051	1,901	1,791
Non-industrial	average for year	1,231	1,204	1,152	1,094
<b>Grant-in-Aid</b>	£('96) million	31.4	12.5	1.2	-

2885





FINANCIAL  
STATEMENTS  
AND  
ACCOUNTS

# Contents

Page

## **Forestry Commission: Forestry Fund**

Foreword	51
Receipts and Payments Account	53
Statement of Balances	53
Notes to the Accounts	54
Statement of Commission's and Accounting Officer's Responsibilities	56
The Certificate and Report of the Comptroller and Auditor General	57

## **The Department of Forestry**

Foreword	58
Statement of Income and Expenditure	60
Cash Flow Statement and Reconciliation to Grant-in-Aid	60
Statement of Assets and Liabilities	61
Notes to the Accounts	62
Statement of Commission's and Accounting Officer's Responsibilities	63
The Certificate and Report of the Comptroller and Auditor General	64

## **Forest Enterprise**

Foreword	65
Accounting Policies	67
Income and Expenditure Account	69
Balance Sheet	70
Cash Flow Statement	71
Statement of Total Recognised Gains and Losses	71
Notes to the Accounts	72
Statement of Commission's and Accounting Officer's Responsibilities	77
The Certificate and Report of the Comptroller and Auditor General	77

# Financial Statements and Accounts

## Foreword

### *1. Constitutional Status*

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.

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.

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.

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*

The Commission operates as two distinct entities with separate departmental and forest management roles below Commissioner level:

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 and 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.

Forest Enterprise which is a trading body responsible for the management of Forestry Commission forests. The Enterprise has a multi-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 1995-96 of £58,875,000 was £17,503,000 lower than the requirement of £76,378,000 in 1994-95. The Department of Forestry's requirement was reduced by £1,075,000; the Pension Scheme requirement increased by £2,635,000, primarily due to the payment of lump sums under the Voluntary Early Retirement Scheme; in contrast to the £1,203,000 Grant-in-Aid requirement in 1994-95, Forest Enterprise contributed a surplus of £17,860,000, a net funding reduction of £19,063,000. A significant proportion of the reduction in Forest Enterprise funding was due to 1995-96 disposal receipts of £14,804,000 being counted in the net Grant-in-Aid requirement for the first time, whilst the remainder was mainly due to increased timber receipts.

### *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.



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996

**FORESTRY COMMISSION: FORESTRY FUND**

**Receipts and Payments Account for the year ended 31 March 1996**

	NOTES	£'000	PREVIOUS YEAR £'000
Central Government grants			
Grant-in-Aid	2	65,865	87,906
EC receipts	3	8,928	12,851
		74,793	100,757
Operating receipts			
Sales of timber		96,848	90,970
Other operating receipts	4	24,283	22,336
		195,924	214,063
Operating payments			
Salaries and wages		62,749	62,890
Travel, subsistence and staff transfer expenses		4,488	4,856
Grants to private woodland owners		31,883	32,807
Other operating payments	5	65,799	60,805
		164,919	161,358
Surplus from operations		31,005	52,705
Other receipts/(payments) (net)	6	(23,087)	(22,845)
Surplus for the financial year		7,918	29,860
Appropriations			
Payments to Consolidated Fund	7	21,376	16,520
Excess (shortfall) of receipts over payments for the financial year		(13,458)	13,340

**Statement of Balances as at 31 March 1996**

Cash and bank balances			
Balance at 1 April		21,376	8,036
Add(deduct): Excess (shortfall) of receipts over payments for the financial year		(13,458)	13,340
		7,918	21,376



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996

## 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 1995-96 was £73,865,000 (Class XIV, Vote 22). After deducting Appropriations in aid of £8,000,000, the net provision paid to the Forestry Fund as Grant-in-Aid was £65,865,000. This was applied as follows:

	<b>PREVIOUS YEAR</b>	
	<b>£'000</b>	<b>£'000</b>
Grant-in-Aid (Class XIV, Vote 22)	65,865	87,906
Less excess to be surrendered	(6,990)	(11,528)
	<u>58,875</u>	<u>76,378</u>
Allocated to:		
Department of Forestry	50,945	52,020
Forest Enterprise	–	1,203
Forestry Commission Pension Scheme	25,790	23,155
	<u>76,735</u>	<u>76,378</u>
Forest Enterprise surplus	(17,860)	–
Net application of funds	<u>58,875</u>	<u>76,378</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. £8,000,000 was Appropriated-in-Aid and the extra receipts of £928,000 will be paid to the Consolidated Fund in 1996-97.

### 4. Other Operating Receipts

	<b>PREVIOUS YEAR</b>	
	<b>£'000</b>	<b>£'000</b>
Forest and estate management	8,319	7,556
Forest Holidays	4,177	3,846
Recreation, conservation and heritage	4,470	3,666
Agency	2,629	2,844
Others	4,688	4,424
	<u>24,283</u>	<u>22,336</u>

### 5. Other Operating Payments

	<b>PREVIOUS YEAR</b>	
	<b>£'000</b>	<b>£'000</b>
Forest and estate management	11,817	10,709
Mechanical engineering services	7,429	7,507
Recreation, conservation and heritage	7,280	6,493
Harvesting contractors and services	17,497	17,518
Forest roads, contractors and services	3,816	4,059
Office and administration expenses	15,549	12,193
Grants to universities	717	666
Others (including auditors remuneration for 1994-95 of £14,000)	1,694	1,660
	<u>65,799</u>	<u>60,805</u>



## 6. Other Receipts/(Payments) (net)

	NOTES	£'000	PREVIOUS YEAR £'000
Capital expenditure		12,120	13,568
Value Added Tax (net)		(19)	(1,797)
Pensions to retired staff	9	27,051	24,292
		<hr/>	<hr/>
		39,152	36,063
Less			
Superannuation contributions from staff	9	1,261	1,137
Sale of land, buildings and forest estate		14,804	12,081
		<hr/>	<hr/>
		16,065	13,218
		<hr/>	<hr/>
		(23,087)	(22,845)

## 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 were, until 31 March 1995, payable into the Consolidated Fund. Although the direction was withdrawn with effect from 1 April 1995, when disposal receipts were included in the net Grant-in-Aid requirement, the balance unpaid during 1994-95 remained to be paid in 1995-96. In addition, receipts in excess of the agreed Appropriation-in-Aid received in 1994-95 from the European Commission in respect of contributions towards eligible private woodland grants, and the excess Grant-in-Aid for 1994-95, were also payable to the Consolidated Fund during 1995-96.

	£'000	PREVIOUS YEAR £'000
Disposal receipts	3,606	11,435
EC private woodland contributions	6,242	3,114
Excess Grant-in-Aid 1994-95	11,528	1,971
	<hr/>	<hr/>
	21,376	16,520

## 8. Forestry Commissioners' Remuneration

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

	£'000	PREVIOUS YEAR £'000
Chairman	37	36
Highest paid Commissioner	79	72
Other Commissioners	168	212
	<hr/>	<hr/>
Total emoluments of Commissioners	284	320
Travel and subsistence of Commissioners	35	44

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

	NUMBER	PREVIOUS YEAR NUMBER
£5,001 to £10,000	6	6
£55,001 to £60,000	-	2
£60,001 to £65,000	2	1

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 are 3,688 active serving members at 31 March 1996. The number of current pensioners and the value of pensions paid in the year ended 31 March 1996, excluding lump sums and transfer values, were as follows:

	NUMBER	£'000
Officers	4,513	19,290
Dependants	1,709	2,671
	<hr/>	<hr/>
	6,222	21,961

In addition there were 1,507 former staff with preserved pensions.

The capital value of the unfunded past service superannuation liabilities at 31 March 1996 amounted to £446.1 million and was made up as follows:

	£ MILLION
Serving members and their dependants	159.6
Current beneficiaries and their dependants	262.9
Deferred beneficiaries and their dependants	23.6
	<hr/>
Total future liabilities	446.1

These future liabilities are charged against the Forestry Fund and will be next revalued at 31 March 1999.

### Statement of Commission's and Accounting Officer's Responsibilities

Under Section 44(1) of The Forestry Act 1967 the Commissioners are required to prepare a statement of 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 for the public finances 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 certify that I have audited the financial statements on pages 53 to 56 under the Forestry Act 1967.

## *Respective Responsibilities of the Commission, Accounting Officer and Auditor*

As described on page 56 the Commission and Accounting Officer are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

## *Basis of Opinion*

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Commission and 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 error or by fraud, or other irregularity and that, in all material respects, the payments and receipts have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## *Opinion*

In my opinion:

- the account properly presents the receipts and payments of the Forestry Fund for the year ended 31 March 1996 and the balances held at that date and has been properly prepared in accordance with the Forestry Act 1967 and directions made thereunder by Ministers; and
- in all material respects the payments and receipts have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JOHN BOURN  
COMPTROLLER AND AUDITOR GENERAL  
18 OCTOBER 1996

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

# 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 22. 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*

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*

Total net operating expenditure in 1995-96 increased by £4,236,000 compared to the previous year. Although income from EC grants increased and private woodland grant payments were slightly lower than the previous year, these were more than offset by the additional superannuation and compensation costs associated with the Voluntary Early Retirement Scheme. However, after allowing for transactions not involving movements of cash, Grant-in-aid of £50,945,000 was £1,075,000 lower than the previous year. Future commitments and applications awaiting approval for planting and management grants at 31 March 1996 totalled £216 million, a decrease of £14 million from the previous year's figure of £230 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.



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996

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

**Statement of Income and Expenditure  
for the year ended 31 March 1996**

	NOTES	£'000	PREVIOUS YEAR £'000
<b>INCOME</b>			
Planting grant recoveries from EC	2	8,000	6,600
Research income		1,615	1,804
Sundry income		719	639
		<u>10,334</u>	<u>9,043</u>
<b>EXPENDITURE</b>			
Grants to private woodland owners	3		
Woodland Grant Scheme		31,128	31,511
Other schemes (now closed to new applications)		938	1,292
		<u>32,066</u>	<u>32,803</u>
Management and administrative expenses	4		
Private woodland grant schemes		6,566	5,988
Licensing, regulatory and plant health services		1,835	1,585
Information and advisory services		5,974	6,289
Research and development		10,882	10,861
Forestry policy and departmental administration		6,561	6,530
Voluntary Early Retirement Scheme		5,699	-
		<u>37,517</u>	<u>31,253</u>
Net expenditure for year		<u>59,249</u>	<u>55,013</u>

The notes attached form part of these accounts.

**Cash Flow Statement and Reconciliation to Grant-in-Aid  
for the year ended 31 March 1996**

	£'000	PREVIOUS YEAR £'000
Net expenditure for the year per Income and Expenditure Account	59,249	55,013
Less items not involving cash in the year		
Depreciation and loss on sale of office machinery	(1,242)	(1,043)
Notional employers' superannuation contributions	(7,710)	(2,700)
Movements in net current assets	(332)	(425)
	<u>(9,284)</u>	<u>(4,168)</u>
Add Capital Expenditure	982	1,181
Less income from sales	(2)	(6)
	<u>(8,304)</u>	<u>(2,993)</u>
Grant-in-Aid for the year from the Forestry Fund Account	<u>50,945</u>	<u>52,020</u>

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

**Statement of Assets and Liabilities as at 31 March 1996**

	NOTES	£'000	PREVIOUS YEAR £'000
Fixed Assets			
Office machinery and equipment	5	3,298	3,701
Current Assets			
Stocks		411	404
Debtors	6	1,409	1,153
Cash in hand		1	1
		1,821	1,558
Less Current Liabilities:			
Creditors due within 12 months		1,428	833
Net Current Assets		393	725
Total Net Assets		3,691	4,426

The notes attached form part of these accounts.



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996

## Notes to the Accounts

### 1. Accounting Policies

(i) These accounts are drawn up on an accruals basis in a form directed and approved by 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) Every three years office machinery and equipment is revalued by Forestry Commission staff. A revaluation was carried out at 31 March 1996. 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 2 to 20 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 1996 from the European Agricultural Guidance and Guarantee Fund toward eligible grants for woodlands in the private sector under the Forestry Action Programme was £8,928,000. Of this £8,000,000 was Appropriated-in-Aid and appears in these accounts. The extra receipts of £928,000 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 1996, the Department of Forestry was committed under signed plans to the payment of future instalments of planting and replanting grants amounting to £116 million (1995 £115 million).

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 £32 million at 31 March 1996 (1995 £33 million).

Applications for planting and replanting grants, awaiting approval at 31 March 1996, amounted to £68 million (1995 £82 million).

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

	PREVIOUS YEAR	
	£'000	£'000
(i) Total staff costs		
Salaries	15,632	15,499
Wages	1,413	1,340
Social Security costs	1,280	1,281
Employers superannuation costs - note (ii)	7,710	2,700
	26,035	20,820
Travel and subsistence	2,456	2,757
Other expenses (including auditors' remuneration of £32,600)- note (ii)	10,483	9,622
Charges to Forest Enterprise - note (iii)	(1,457)	(1,946)
	37,517	31,253

(ii) Additional costs associated with the implementation of the Voluntary Early Retirement Scheme amounted to £5,699,000 of which £4,972,000 represented the capitalised value of lump sum enhancements and the future extra cost of paying pensions for longer periods, which has been charged as an additional employers superannuation contribution. Other expenses includes a further £727,000 payable as redundancy compensation in addition to superannuation entitlements.



(iii) 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.

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

	AVERAGE NUMBER	PREVIOUS YEAR AVERAGE NUMBER
Industrial staff	127	123
Non-Industrial staff	788	820
	915	943

#### 5. *Office Machinery and Equipment*

	£'000	PREVIOUS YEAR £'000
Net book value 31 March 1995	3,701	3,469
Additions	982	1,181
	4,683	4,650
Less Depreciation	(1,060)	(1,011)
Disposals/Transfers	(185)	(38)
Revaluation adjustment	(140)	100
Net book value 31 March 1996	3,298	3,701

#### 6. *Debtors*

Total debtors include amounts falling due after more than one year of £373,000 (£610,000 in 1994-95).

### **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.
- prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Department of Forestry will continue in operation.

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 for the public finances 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 certify that I have audited the financial statements on pages 60 to 63 under the Exchequer and Audit Departments Act 1921. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 62.

### *Respective Responsibilities of the Commission, Accounting Officer and Auditor*

As described on page 63 the Commission and Accounting Officer are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### *Basis of Opinion*

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Commission and 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 error or by fraud, or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. 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 1996 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 the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JOHN BOURN  
COMPTROLLER AND AUDITOR GENERAL  
18 OCTOBER 1996

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

# 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 22. 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.

With effect from 1 April 1996, Forest Enterprise became an executive agency of the Forestry Commission, assuming ownership of and responsibility for the assets and liabilities shown on the Forest Enterprise balance sheet.

### *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.

Nevertheless, we produced an operating surplus of £14.8 million on the forest estate compared to a surplus of £10.3 million in 1994-95. We increased net spending on recreation, conservation and heritage to £13.3 million (£13.1 million 1994-95). The deficit on other activities increased to £1.8 million (£0.9 million 1994-95). The net surplus on sale of properties was £1.2 million (£1.4 million deficit 1994-95).

Thus, the overall surplus of £0.9 million, excluding the exceptional costs arising from the Voluntary Early Retirement Scheme showed an improvement of £6.0 million compared to the deficit of £5.1 million in 1994-95.

The exceptional voluntary early retirement costs of £9.7 million resulted in an overall deficit for the year of £8.8 million.

The net cash inflow from operating activities increased to £14.6 million from £13.0 million for the previous year. The combination of increased receipts from sales of assets and lower capital investment increased the cash inflow on investing activities to £3.1 million compared with a cash outflow of £2.0 million in the previous year. The total net cash inflow therefore improved by £6.7 million to £17.7 million. After allowing for a £0.2 million reduction in cash balances, Forest Enterprise's total cash surplus was, therefore, £17.9 million, which was transferred to the Forestry Fund to reduce the total Forestry Commission Grant-in-Aid requirement.

#### *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 during the year ended 31 March 1996 were 4.5% on new planting and 4.4% on restocking. 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.



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996

## 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, and 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.

The assets on the Balance Sheet, valued on the basis of a going concern, will be treated as the opening assets of the new agency upon Forest Enterprise's change to agency status with effect from 1 April 1996.

### *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 coordinates 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 revalued at 31 March 1996. The next full revaluation will be undertaken at 31 March 1998.

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.

The assets described above were all revalued at 31 March 1996.

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 a specialist firm.

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. Operating Leases*

Operating lease rentals are charged on a straight line basis over the term of the lease.

#### *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.

# F O R E S T   E N T E R P R I S E

## Income and Expenditure Account for the year ended 31 March 1996

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
<b>INCOME</b>			
Forest estate			
Sales of timber		95.0	91.1
Other forest sales		3.6	3.0
		98.6	94.1
Recreation, conservation and heritage		4.6	3.9
Other activities	9	13.8	13.5
		117.0	111.5
 <b>EXPENDITURE</b>			
Forest estate			
Harvesting and haulage of timber		44.0	44.8
Restocking after felling		12.2	11.7
Forest roads		12.7	13.2
Forest maintenance and protection		14.9	14.1
		83.8	83.8
Recreation, conservation and heritage		17.9	17.0
Other activities	9	15.6	14.4
		117.3	115.2
 <b>OPERATING SURPLUS/(DEFICIT)</b>			
Forest estate		14.8	10.3
Recreation, conservation and heritage		(13.3)	(13.1)
Other activities	9	(1.8)	(0.9)
		(0.3)	(3.7)
Surplus/(Deficit) on sale of properties	11	1.2	(1.4)
		0.9	(5.1)
 <b>SURPLUS/(DEFICIT) BEFORE EXCEPTIONAL ITEM</b>			
<b>EXCEPTIONAL ITEM</b>			
Early retirement costs arising from Forestry			
Commission staffing reviews	14	(9.7)	-
		(9.7)	-
 <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>			
		(8.8)	(5.1)
Transferred to Capital Account		(8.8)	(5.1)
The accounting policies and notes form part of these accounts			

**F O R E S T   E N T E R P R I S E**

**Balance Sheet as at 31 March 1996**

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
<b>FIXED ASSETS</b>			
Forest estate at Open Market Value	1a	1569.9	1394.2
Other tangible assets	1b	130.1	126.6
		1700.0	1520.8
<b>CURRENT ASSETS</b>			
Stocks	2	7.7	6.9
Debtors	3	18.3	18.7
Cash at banks and in hand	4	1.9	2.1
		27.9	27.7
CREDITORS - amounts falling due within one year	5	14.8	12.4
		13.1	15.3
<b>NET CURRENT ASSETS</b>		13.1	15.3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1713.1	1536.1
<b>CAPITAL AND RESERVES</b>			
Capital Account	6	945.1	956.7
Revaluation Reserve	7	768.0	579.4
		1713.1	1536.1
<b>TOTAL CAPITAL AND RESERVES</b>		1713.1	1536.1



D J BILLS  
ACCOUNTING OFFICER  
30 SEPTEMBER 1996



**F O R E S T   E N T E R P R I S E**

**Cash Flow Statement for the year ended 31 March 1996**

	NOTES	£ MILLION	PREVIOUS YEAR £ MILLION
<b>OPERATING ACTIVITIES</b>			
Receipts from sales of timber		96.8	91.0
Other receipts		21.1	19.3
Salaries, wages and related expenses		(47.1)	(47.5)
Materials, contract services and general expenses		(56.2)	(49.8)
Net cash inflow/(outflow) from operating activities	8	14.6	13.0
<b>INVESTING ACTIVITIES</b>			
New planting (excluding book value of land)		(1.7)	(2.0)
Payments to acquire tangible fixed assets		(11.2)	(12.7)
Receipts from sale of properties		14.8	12.1
Receipts from sale of other tangible fixed assets		1.2	0.6
Net cash inflow/(outflow) from investing activities		3.1	(2.0)
Net cash inflow/(outflow) before financing		17.7	11.0
<b>FINANCING</b>			
(Increase)/decrease in cash and cash equivalents		0.2	(0.1)
Surplus transferred to Forestry Fund		17.9	10.9

**Statement of Total Recognised Gains and Losses  
for the year ended 31 March 1996**

Net surplus/(deficit) for the year		(8.8)	( 5.1)
Revaluation surplus/(deficit) for the year	7	188.6	0.9
Total recognised gains/(losses)		179.8	(4.2)

## Notes to the Accounts

### 1. Fixed Assets

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

	£ MILLION	PREVIOUS YEAR £ MILLION
Valuation 870,567 hectares at 1 April 1995		
Open Market Value	1394.2	1401.5
Movements in year		
Add: New Planting	1.7	2.2
Acquisitions	0.1	-
Deduct: Disposals and Transfers (at book value)	(9.0)	(9.5)
	1387.0	1394.2
Revaluation adjustment	182.9	-
Open Market Value at 31 March 1996, 851,208 hectares	1569.9	1394.2

(b) Other Tangible Assets

	LAND AND BUILDINGS £ MILLION	MACHINERY PLANT AND EQUIPMENT £ MILLION	TOTAL £ MILLION
Valuation:			
At 1 April 1995	93.4	89.4	182.8
Additions	1.3	9.7	11.0
Disposals	(3.0)	(8.9)	(11.9)
Revaluation adjustment	6.2	1.1	7.3
At 31 March 1996	97.9	91.3	189.2
Depreciation:			
At 1 April 1995	-	56.2	56.2
Provided during year	2.2	7.9	10.1
Disposals	-	(7.9)	(7.9)
Revaluation adjustment		0.7	0.7
At 31 March 1996	2.2	56.9	59.1
Net Book Value:			
At 31 March 1996	95.7	34.4	130.1
At 31 March 1995	93.4	33.2	126.6

(c) Forest estate and other land and buildings assets comprise both freehold and leasehold assets.

### 2. Stocks

	£ MILLION	PREVIOUS YEAR £ MILLION
Timber	3.0	2.6
Plants and seed	1.9	1.8
Consumable materials, supplies and livestock	2.8	2.5
	7.7	6.9

### 3. Debtors

	PREVIOUS YEAR	
	£ MILLION	£ MILLION
Trade debtors	17.4	17.8
Other debtors	0.9	0.9
	<hr/>	<hr/>
	18.3	18.7

Other debtors include amounts falling due after more than one year of £0.6 million (£0.6 million as at 31 March 1995)

### 4. Cash at Banks and in Hand

	PREVIOUS YEAR	
	£ MILLION	£ MILLION
Balance with Paymaster General	1.8	1.8
Cash at commercial banks and in hand	0.1	0.3
	<hr/>	<hr/>
	1.9	2.1

### 5. Creditors: amounts falling due within one year

	PREVIOUS YEAR	
	£ MILLION	£ MILLION
Payments received on account	0.2	0.3
Trade creditors	3.2	2.9
Other creditors including taxation and Social Security costs	11.4	9.2
	<hr/>	<hr/>
	14.8	12.4

### 6. Capital Account

	PREVIOUS YEAR	
	£ MILLION	£ MILLION
Balance brought forward	956.7	966.6
Movement in year:		
Net surplus/(deficit) for year	(8.8)	(5.1)
Employers' superannuation contributions	14.9	6.1
Grant-in-Aid	-	1.2
Disposal receipts	-	(12.1)
Cash surplus transferred to Forestry Fund	(17.7)	-
	<hr/>	<hr/>
	(11.6)	(9.9)
Balance carried forward	<hr/>	<hr/>
	945.1	956.7

From 1995-96, disposal receipts no longer require to be separately surrendered to the Consolidated Fund. They are now included as part of the general cash surplus.

### 7. Revaluation Reserve

	PREVIOUS YEAR	
	£ MILLION	£ MILLION
Cumulative Revaluation Reserve brought forward	579.4	578.5
Revaluation surplus/(deficit) for the year ended 31 March 1996		
Forest estate	182.9	-
Other tangible assets	6.5	1.6
Adjustment on resurvey and reclassification of properties	(0.8)	(0.7)
	<hr/>	<hr/>
	188.6	0.9
Cumulative Revaluation Reserve carried forward	<hr/>	<hr/>
	768.0	579.4

**8. Reconciliation of Income and Expenditure to Net Cash Inflow from Operating Activities for the year ending 31 March 1996**

	£ MILLION	PREVIOUS YEAR £ MILLION
Surplus/(deficit) of Income over Expenditure	(8.8)	(5.1)
Items not involving cash payments		
Notional employers' superannuation contributions	14.9	6.1
Depreciation charges	10.1	9.6
(Profit)/Loss on sale of properties	(3.7)	(0.6)
(Profit)/Loss on sale of other tangible fixed assets	–	(0.2)
Increase in stocks	(0.7)	0.5
Decrease in debtors	0.4	(1.0)
Increase in creditors	2.4	3.7
Net cash inflow/(outflow) from operating activities	14.6	13.0

**9. Other Activities: Operating Surplus/(Deficit) by Activity for the year ending 31 March 1996**

£ MILLION	CAMPSITES AND CABINS	AGENCY	LAKE VYRNWY	ESTATE MANAGEMENT	TOTAL	PREVIOUS YEAR
Income	4.1	2.5	0.1	7.1	13.8	13.5
Expenditure	3.3	2.2	–	10.1	15.6	14.4
Operating Surplus/ (Deficit) for year	0.8	0.3	0.1	(3.0)	(1.8)	(0.9)
Notes	(i)	(ii)	(iii)	(iv)		
Operating Surplus/ (Deficit) for previous year	1.0	0.4	–	(2.3)	(0.9)	–

- (i) The real rate of return on capital invested in cabin and campsites was 9.9% 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 £59,852 was received for the year ended 31 March 1996 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 1996 includes:**

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

**11. Surplus/(Deficit) on Sale of Properties**

	PLANTATIONS AND ASSOCIATED PROPERTIES £ MILLION	PREVIOUS YEAR £ MILLION
Proceeds	14.8	12.1
Less: Book value	(11.1)	(11.5)
Less: Disposal costs		
External costs	(0.8)	(0.7)
Administrative expenses	(1.7)	(1.3)
Surplus/(Deficit) on sale of properties	1.2	(1.4)

## 12. Management and Administrative Expenses

(a) Total management and administrative expenses comprise:

	£ MILLION	PREVIOUS YEAR £ MILLION
Staff costs:		
Salaries	20.0	19.7
Wages	1.4	1.3
Social Security costs	1.6	1.6
Superannuation costs	3.5	3.4
	<hr/> 26.5	<hr/> 26.0
Other expenses (including Auditor's remuneration of £72,400)	9.8	7.8
Travel and subsistence	3.6	3.5
Charges from Department of Forestry - note (i)	1.5	1.9
	<hr/> 41.4	<hr/> 39.2
Less Business Units included in operational costs	(3.6)	(3.4)
	<hr/> 37.8	<hr/> 35.8

(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	23.6	22.1
Regional Offices	8.5	8.8
Headquarters	5.7	4.9
	<hr/> 37.8	<hr/> 35.8

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

Harvesting and haulage of timber	12.0	11.4
Restocking after felling	4.0	3.9
Forest roads	2.6	2.7
Forest maintenance and protection	5.0	4.9
Recreation, conservation and heritage	6.8	6.5
Other activities	6.9	5.8
	<hr/> 37.3	<hr/> 35.2
Capital		
New planting	0.5	0.6
	<hr/> 37.8	<hr/> 35.8

## 13. Total Staff Costs and Numbers of Employees

(a) In preparation for the launch of the new Forest Enterprise agency with effect from 1 April 1996, a Chief Executive was appointed on 30 May 1995. His actual remuneration for the year, including bonus and taxable benefits, was £70,857. The Chief Executive is an ordinary member of the Forestry Commission Pension Scheme.

(b) Total staff costs:

	£ MILLION	PREVIOUS YEAR £ MILLION
Salaries	20.0	19.7
Wages	21.4	22.0
Social Security costs	3.1	3.2
Superannuation	6.4	6.1
	<hr/> 50.9	<hr/> 51.0
Travel and subsistence	1.9	2.1
	<hr/> 52.8	<hr/> 53.1

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

	<b>AVERAGE NUMBER</b>	<b>PREVIOUS YEAR AVERAGE NUMBER</b>
Industrial staff	1,791	1,901
Non-industrial staff	1,100	1,152
	2,891	3,053

#### **14. Exceptional Item**

Following major staffing and structure reviews, the Forestry Commission introduced a Voluntary Early Retirement Scheme to achieve a significant reduction in staff numbers. The Forest Enterprise share of the costs associated with early retirements in 1995-96 and those approved for 1996-97 amounted to £9.7 million, of which £8.5 million was charged as an additional employers' superannuation contribution to cover the capitalised value of lump sum enhancements and the future extra costs of paying enhanced pensions for longer periods. In addition to the superannuation entitlements, the compensation element of early retirement payments amounted to £1.2 million.

#### **15. 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 surplus on the forest estate for the year ending 31 March 1996 was £14.8 million and the capitalised cost of new planting was £1.7 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 1995-96 has been estimated at £11.8 million.

The Forestry Commissioners had set Forest Enterprise a financial objective to become self-financing by 1995-96. The objective had been met in 1994-95 by the achievement of a surplus of £4.8 million. The comparable surplus in 1995-96 was £11.5 million which has been reduced to £3.0 million after including the £8.5 million superannuation element of the exceptional voluntary early retirement costs. This represents the cash surplus of £17.9 million transferred to the Forestry Fund less the increased employers' superannuation contributions of £14.9 million, which other departments pay over to the Civil Superannuation Vote.

#### **16. Leases and Hire Purchase Obligations**

Operating lease rentals due within next year:

	<b>£ MILLION</b>	<b>PREVIOUS YEAR £ MILLION</b>
Building leases expiring within:		
One year	—	—
Two to five years	0.1	—
More than five years	1.1	1.0
	1.2	1.0

#### **17. Contingent Liabilities**

There were no contingent liabilities at 31 March 1996 for damages caused to other persons' property and for compensation for personal injury to employees (£0.1 million at 31 March 1995).

## **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 for the public finances 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 certify that I have audited the financial statements on pages 67 to 76 under the Exchequer and Audit Departments Act 1921. These financial statements 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 67 to 68.

### *Respective Responsibilities of the Commission, Accounting Officer and Auditor*

As described above the Commission and Accounting Officer are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them, and to report my opinion to you.

### *Basis of Opinion*

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the entity'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 error or by fraud, or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. 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 affairs of Forest Enterprise as at 31 March 1996 and of the 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 directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JOHN BOURN  
COMPTROLLER AND AUDITOR GENERAL  
18 OCTOBER 1996

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





# APPENDICES

# Contents

Page

## Appendices

1	Statutory and Other Committees Appointed by the Forestry Commission	81
2	Home Grown Timber Advisory Committee: Annual Report	84
3	Forestry and Arboriculture Safety and Training Council: Annual Report	87
4	Forest Enterprise Agency: Announcement by the Earl of Lindsay	90
5	Sustainable Forestry: Extract from Government's Response to the Second Annual Report of the Government's Panel on Sustainable Development	92
6	Forestry Consultation Procedures: Announcement by the Secretary of State for Scotland	95

## Statistical Tables

### *The Forestry Authority*

1.	Area of planting by private woodland owners for which grants were paid.	98
2.	Progress of planting by private woodland owners in last twenty years.	99
3.	Area approved for management grant under the Woodland Grant Scheme.	99

	Map of Forestry Authority National and Conservancy Boundaries	100
--	---	-----

### *Forest Enterprise*

4.	Land use.	101
5.	Land acquired.	101
6.	Freehold interests acquired.	102
7.	Land disposed of.	102
8.	Planting.	103
9.	Progress of planting in last ten years.	103
10.	Areas of plantations and volumes of timber felled.	104
11.	Sales of timber.	104
12.	Public recreational facilities.	105
13.	Land use, planting and timber production by Forest District.	106

## Statutory and Other Committees Appointed by the Forestry Commission

MEMBERSHIP AT 31 MARCH 1996

### National Committees

#### ENGLAND

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

#### SCOTLAND

Sir Michael Strang Steel (*Chairman*), Dr J. Balfour, Mr J.W. Edmonds, Mr R.B. Grove-White, Mrs C.G. MacWilliam, Mr T.S. Mallinson, Mr H.A. Waterson. *Secretary to the Committee*: Mr W.J. Anderson. The Committee had no meetings during the year.

#### WALES

Mr H.G. Fetherstonhaugh (*Chairman*), Mr H.L. Davies, Mr J.W. Edmonds, Mr R.B. Grove-White, Mr J.R. Lloyd Jones, Mr T.S. Mallinson. *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 C.H. Bagot, Mr D.J. Balfour, Mr D. Bolton, Mr I. Brodie, Mr R.N. Cartwright, Mrs C. Hardie, Mr A.A. Macdonald, Mr R.J. Steel Addison, Mr D. Stewart, Mr P.J. Veitch, Mr W.R. Worsley. *Secretary to the Committee*: Mr B.P. Easton. The Committee met in July 1995 and January 1996.

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

Mr C. Stratton (*Chairman*), Mr D. Baker, Mr N.A. Braden, Mr J. Broatch, Ms P. Evans, Mr J.A. Kay, Mr J. Niles, Mr T.E. Ruggles-Brise, Dr C. Watkins, Mr D. Whicher, Mr J.J.I. Whitaker, Mr A.J.K. Wordie. *Secretary to the Committee*: Mr B.P. Easton. The Committee met in June and October 1995 and February 1996.

##### *West Midlands, Wye & Avon and The West Country Conservancies*

Mrs R. Thomas (*Chairman*), Mr N.D. Anderson, Dr N. Atkinson, Professor D.J. Cassidy, Lord Clinton, Mr M.R. Henderson, Mr J.B.J. Howell, Mr A. Lawson, Mr S. Micklewright, Mr J.T. Perry, Mr D.W.G. Taylor, Mr W.D. Trehearne. *Secretary to the Committee*: Mr B.P. Easton. The Committee met in June and November 1995 and February 1996.

## SCOTLAND

### *Highland and Grampian Conservancies*

Mrs C.G. MacWilliam (*Chairman*), Mr R. Dennis, Mrs J. Durham, Mr J.C. Keenleyside, Councillor F.R.M. Keith, Mr A.N.G. Laing, Mr M.F.B. Leslie, Mr A. Maciver, Professor H.G. Miller, Mr I. Morris, Mr P. Ramsay, Lord Strathnaver. *Secretary to the Committee*: Mr W.J. Anderson. The Committee met in May and November 1995.

### *Strathclyde and Perth Conservancies*

Dr J. Balfour (*Chairman*), Mr A.W. Barbour, Mr R. Beaney, Mr B. Brookes, Ms S. Chambers, Councillor W.T. Dickson, Mr J.W. Dodds, Mr J.A. Fell, Mr C. James, Mr J. McNaughton, Dr P.S. Maitland, Mr P.S. Murray. *Secretary to the Committee*: Mr W.J. Anderson. The Committee met in May and November 1995.

### *Dumfries & Galloway and Lothian & Borders Conservancies*

Mr H.A. Waterson (*Chairman*), Mr D.B. Crawford, Mr J.C. Currie, Mr R.H. Gladstone, Mr J.F.S. Gourlay, Mr D.I. Liddell-Grainger, Dr J.F. Lowe, Mr D.W. Minns, Mr J.B. Pendlebury, Mr T.S. Smith, Councillor A.L. Tulley, Mr H.D. Wilson. *Secretary to the Committee*: Mr W.J. Anderson. The Committee met in May and November 1995.

## WALES

### *North Wales, Mid Wales and South Wales Conservancies*

Mr J.R. Lloyd Jones (*Chairman*), Mrs S.A.G. Ballance, Mr A. Bosanquet, Dr G.K. Elliott, Mr S.K. Neale, Colonel P.C. Ormrod, Mr M. Oxnard, Mr R. Price, Mr G. Roberts, Mr J. Robinson, Mr D. Stanbury, Mr L. Taylor. *Secretary to the Committee*: Mr P.D. Finch. The Committee met in May and October 1995 and February 1996.

### **Home Grown Timber Advisory Committee**

Sir Mark Russell (*Chairman*), Mr A.F. Bloomfield, Mr A. Bosanquet, Mr P.C.P. Bourdillon, Mr W.S. Brack, Dr J.D. Brazier, Mr T.A. Bruce Jones, Mr C.J.S. Burd, Mr R.A.C. Byatt, Mr M. Crichton Maitland, Dr G.K. Elliott, Sir Leonard Figg, Mr M.F. Gale, Mr C. Fletcher, Mr J.R. Fletcher, Mr J.H. Holt, Mr A.N.G. Laing, Sir John Lister-Kaye, Mr G.M. McRobbie, Mr P.S. Murray, Mr A. Penrose, Mr E. Rowlands, Mr R.M. Turner, Mr G. Waugh, Mr P.H. Wilson. *Secretary to the Committee*: Mrs D. Weston. The Committee met in June, September and December 1995 and March 1996. The Annual Report of the Committee is at Appendix 2.

### **Environment Sub-Committee of the Home Grown Timber Advisory Committee**

Mr R.A.C. Byatt (*Chairman*), Mr P.T.G. Beadle, Dr A.S. Gee, Mr J.H. Holt, Mr R. Leslie, Mr A. Mattingly, Professor H.G. Miller, Mr S.R. Pepper, Mr R.M. Turner, Mr A.R. Williams. *Secretary to the Committee*: Mrs L. Rennie. The Sub-Committee met in May, July, August and October 1995 and February 1996.

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

Mr J.R. Fletcher (*Chairman*), Mr R.H. Adam, Mr P.T.G. Beadle, Mr A.F. Bloomfield, Mr C.J.S. Burd, Mr H. Macleod, Dr R. McIntosh, Mr D.A. Thompson, Mr W.A. Willis. *Secretary to the Committee*: Mrs T.M. Ross. The Sub-Committee met in May, August and November 1995 and February 1996.

### **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, Dr R. McIntosh, Mr M. Wall, Dr D.C. Wood. *Secretary to the Committee*: Mr R.E. Selmes. The Sub-Committee met in April and October 1995 and January 1996.

### **Advisory Committee on Forest Research**

Professor H.G. Miller (*Chairman*), Professor W.B. Banks, Professor J.P. Blakeman, Dr A.F. Bravery, Professor R.M. Cormack, Dr A.R. Griffin, Professor B.R. Kerry, Dr P.S. Savill, Professor M.B. Usher. *Secretary to the Committee*: Dr D.A. Rook. The Committee met in May and November 1995.

### **Forestry Research Co-ordination Committee**

Mr D.L. Foot (*Chairman*), Mr J. Baker, Dr A.F. Bravery, Dr P.A. Costigan, Mr J. Dewar, Dr T.W. Hegarty, Mr J. Hudson, Dr K. Kirby, Dr C. McCulloch, Dr P. Mapelstone, Dr P. Maryan, Professor H.G. Miller, Mr P.J.W. Saunders, Mr D.A. Thompson, Dr S. Webster, Mr P.J. Wood. *Secretary to the Committee*: Professor J. Evans. The Committee met in June and November 1995 and February 1996.

### **Forestry and Arboriculture Safety and Training Council**

Mr J.G. Machin (*Chairman*), Mr W. Anderson, Mr P. Bowsher, Mr W.S. Brack, Mr J. Brown, Mr P.G. Collis, Mr A.M. Cowell, Mr R.J. Evans, Mr J. Fulcher, Mr M. Henderson, Mr P.R. Higginbotham, Mr B. Hudson, Mr J. Kenyon, Mr G.B. Little, Mr R. McCallum, Mr W. MacLachlan, Mr I. Millward, Dr A. Petty, Mr T. Preston, Ms E. Ramsay, Mr R. Shapland, Ms C. Turton, Mr M. Waddams, Mr J. Wade. *Secretary to the Council*: Mr T.E. Radford. The Council met in June and November 1995. The Annual Report of the Council is at Appendix 3.

# Home Grown Timber Advisory Committee

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 1996

The Committee held four meetings during the year, in June, September and December 1995 and March 1996. Mr Mark Crichton Maitland was appointed to the Committee in May 1995 replacing Mr Andrew Christie-Miller, and Mr Tom Bruce Jones was appointed in October 1995 following the departure from the Committee of Mr Sandy Brownlie. The Committee thanked Mr Brownlie for the valuable contribution he had made over many years. In December the Committee welcomed Mr David Bills following his appointment as Director General of the Commission in place of Mr Robin Cutler. The Committee thanked Mr Cutler warmly for all he had done during his time and expressed their good wishes on his retirement.

During the year, the Committee took a close interest in developments on timber certification and were concerned that British timber should not be disadvantaged by certification schemes. They urged the Forestry Industry Committee of Great Britain to promote its *Woodmark* initiative. The Committee recommended that the Commission should not delay in introducing its proposed forestry standards and that Forest Enterprise should sign up to the *Woodmark*. The Committee looked forward to making input, through the Commission, to the United Nations Intergovernmental Panel on Forestry which was due to report to the UN Committee on Sustainable Development in 1997. Members recognised that current UK forestry policies and practices delivered much of what was in the Helsinki Guidelines on Sustainable Forest Management but considered that they would be further strengthened if supported by agreement on a national forestry strategy.

The Committee were kept informed of developments on the Government's Review of Public Sector Research Establishments. In January, the Committee Chairman forwarded the Committee's comments on forestry research to the Commission's review team, highlighting that forestry and forest research was a long-term investment; that it was of wider value to the nation than being solely of commercial benefit to the owner; that an experienced core of well-informed career scientists was needed to advance forest research; that research workers must have ready access to both the forest resource and those managing it; and that a centre of excellence was needed for forest research.

In September, a report by consultants on the Strategic Review of Private Sector Roundwood Marketing received a mixed reception from members, who were invited to submit their views for a meeting of the client organisations in November. At the meeting it was decided to establish a Forestry Business Liaison Group which continued to engage the original client group and would focus on the common interests of the forestry sector and the Development Agencies.

Also in September, the Committee expressed their disappointment that the commercial side of forestry had not been fully recognised in the English Rural White Paper and considered

that the aspirational target of doubling the area of forestry over the next fifty years was not realistic. The Chairman, on behalf of the Committee, wrote to the Commission expressing the Committee's views that although the White Paper contained a number of good strands, the Government's policy should be truly multi-purpose, emphasising equally the commercial benefits of forestry as well as the social and environmental aspects. Members also felt that the Commission should take the lead in identifying land for an expansion of forestry. The Committee asked the Commission's Chairman to bring these views to the attention of the Commissioners and to take account of them in the Commission's advice to Government.

At their March meeting, the Committee discussed the need to consider the implications of an increasing supply of sawn timber over the next twenty years. They were concerned that there should be vigorous research and development to ensure a future market place for sawlogs and suggested that this was an important issue for the Supply and Demand Sub-Committee to take forward. The Committee subsequently welcomed the setting up of the Timber Industry Alliance which it considered would have a valuable role in promoting the best use of British timber.

Members were invited to submit views to the Ministry of Agriculture, Fisheries and Food during the review of the Farm Woodland Premium Scheme. They considered that the administration of the scheme needed simplifying and suggested that the scheme should be extended to cover the management of woodland on farms as well as the creation of new ones. Members looked forward to the Government's announcement on the outcome of the review in the summer of 1996.

The Committee continued to press for better control of grey squirrels because of the damage they can cause in broadleaved woodlands. They were pleased that the Pesticides Directorate of the Ministry of Agriculture, Fisheries and Food had given approval for the use of warfarin for grey squirrel control in a wider area including parts of East Anglia and Lancashire and in parts of Wales and Scotland.

The three Sub-Committees of the HGTAC agreed to advise the Committee on the balance between the objectives of multi-purpose forestry, within the United Kingdom's commitment to sustainable forestry, including what types of forests were needed, and where, and what weightings or measurements of value should be assigned to the various objectives of multi-purpose forestry. The Sub-Committees subsequently prepared individual papers on a framework for multi-purpose forestry for consideration by the main Committee at their meeting in June 1996.

The Environment Sub-Committee held three business meetings during the year and one field meeting in south Wales. The Sub-Committee's paper recommending an approach toward restructuring of even-aged plantation forests was revised and approved for publication. The Sub-Committee commented on papers and proposals on a variety of issues which were tabled by the Commission or raised by members. These included Commission proposals for forestry standards and papers on Forests and People in Rural Areas (FAPIRA), Forests for Learning and a proposed genetic conservation strategy for trees and shrubs.

The Sub-Committee's field meeting in July examined social use and values of forestry in Wales, including Forest Enterprise's Valleys Forest Initiative to increase the value of forests close to towns in the south Wales valleys and various examples of community woods. The Sub-Committee suggested that the Initiative's approach should be extended to other areas.

The Supply and Demand Sub-Committee reported regularly to the main Committee on market trends and prospects, including the annual statistical tables of roundwood harvesting and supply to the main market sectors. 1995 started with strong demand in all forest product sectors. However, roundwood prices soon began to fall in line with a reduction in demand for sawn timber and wood panels by the construction industry and an international cyclical downturn in the paper industry. Prices for pallet timber and fencing held up longer than the other categories but had fallen by the year end. Only the market for better quality hardwoods remained reasonably firm throughout.

The Sub-Committee advised the Forestry Commission on its new forecast of timber production from private woodlands for the next 20 years. At its meeting in November it reviewed the combined forecast for private woodlands and Forest Enterprise. The forecast was published in January. The Sub-Committee attached considerable importance to the Forestry Commission's proposed updating of its 1989 paper *The Supply and Demand for Wood in the United Kingdom*. Industry members devoted much time to improving the collection and updating of industry statistics and product conversion factors required by the forecasting model.

The Technical Sub-Committee provided guidance on technical needs for crop establishment and harvesting and on timber processing and use. The best use of the present crop and ways to improve future crops are major concerns. Crop quality assessment continues to be a strong interest of the Sub-Committee and current work examining different techniques is being monitored. With some lowering of softwood crop quality anticipated, means to enhance the value of the outturn, by minimising distortion and improving yields by more flexible jointing methods, are specially relevant. For hardwoods, grading rules based on those already available for oak and strategies to bring small and sometimes neglected woodlands to the market are supported as means to more effective use. For future crops, an emphasis on quality is needed and means to achieve this require continuous review.

The Sub-Committee was concerned about the future of forest research which was under review and submitted its views to the Committee.

The Committee is indebted to the Sub-Committees for their high standard of advice and would like to express its thanks for their continuing valuable support.

SIR MARK RUSSELL, CHAIRMAN  
MRS D. WESTON, SECRETARY



# Forestry and Arboriculture Safety and Training Council

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 1996

## *Chairman's Introduction*

The period which this Report covers marks the completion of the Council's first three year term of office. At its inception the Council published a Development Plan which set ambitious goals in all sectors of its activity. During the report period the Council achieved most of these targets. Despite the continuing dynamism characteristic of educational development the Council is one of the few Landbased Sector Industry Lead Bodies (ILB) which will meet the May 1996 deadline for the reaccreditation of Vocational Qualifications (VQ). This has been achieved even though complete revision, extension and functionalising of the standards and awards meant in effect starting from scratch. The Qualifications and Standards Committee has also published a revised careers booklet for forestry and arboriculture and made a considerable input to the development of generic standards for GN/SVQs and N/SVQs for the land and environment sector.

The Council's Health and Safety Committee published new or updated safety guides during the period specifying safe working practice for a range of major forestry and arboriculture operations and associated equipment. Notably, as a result of close co-operation with the Forest Enterprise and Health and Safety Executive (HSE), a Risk Assessment (RA) training package was launched to enable the industry to meet its obligations arising from the Management of Health and Safety at Work Regulations. Another significant achievement was the production of a booklet and safety guide covering forestry and arboriculture work adjacent to overhead and underground conductors. This work will be instrumental in our co-operation with Regional Electricity Companies (REC) to secure a common Code of Practice governing such work.

Projects to collate and analyse information gathered from a forestry Labour Market Information Survey, a forestry and arboriculture Training Needs Analysis and the development of a forestry Modern Apprenticeship Framework are well ahead. Summaries of findings and the resulting recommendations will be widely published soon after the completion of the Report period. As I said in my foreword to last year's report none of these achievements would have been possible without the active support of Council members and their parent organisations. These in turn are able to recruit assistance from their members who are active practitioners in all sectors and at all levels of the industry. This co-operation is vital to the Council's objective of setting standards for training, health and safety which meet the current and perceived needs of the industry. I once again express my sincere gratitude for this support and to the staff of the Council whose application and drive are crucial in enabling the Council to achieve its aims.

### *Performance Against Key Indicators*

Forestry Training: Building on the Functional Map developed during 1994 the Qualifications and Standards Committee commissioned a project to revise and extend Vocational Qualifications (VQ) in forestry. With outstanding support from the industry the committee and the Project Officer produced standards which were circulated widely for consultation. After incorporation of feedback from all sectors of the industry a further draft was piloted by a variety of training providers to measure the scope, content and assessability of the standards. Following further revision the Qualifications and Standards Committee grouped the units into awards at levels 2, 3 and 4. These widely cover a range of employment from craftsman to first line manager. The awards are in functional groups at levels 2 and 3, eg Harvesting and Self Employed Contractor in order to maximise access to them. Projects to determine reliable data on employment patterns and training needs were essential underpinning to the standards development work.

Concurrent with the development work the Council worked with its preferred Awarding Body partners to prepare the standards accreditation submission. In Scotland the partner is SCOTVEC and in England and Wales BTEC. During March the standards and the large volume of supporting evidence were submitted for accreditation which is expected in May 1996.

Arboriculture: The Council continues to maintain close and effective links with the lead body responsible for the development of arboriculture competence standards. Interim units form part of the forestry award at level 2. Council is actively participating in the development of standards at levels 3 and 4 with the aim of incorporating these into the forestry awards once they are accredited which is forecast before the end of 1996.

### *Associated Issues*

The Council continues to publish its *Register of Approved Instructors* annually. This is a summary manual of training, health and safety provision for both forestry and arboriculture. The latest edition contains new courses in Horse Logging and Risk Assessment. The latter is tailored to meet the specific needs of the forestry and arboriculture industry.

The Council published a thoroughly revised edition of its booklet *Careers in Forestry and Arboriculture*. The new edition focuses on career paths and progression directing readers to well established databases to obtain detailed information on training providers at all levels. Because of the revision and extension of VQs the booklet is an interim edition pending the accreditation of the new awards.

The Council is working to develop a Modern Apprenticeship Framework for forestry in collaboration with Department for Education and Employment and Training and Enterprise Councils who are the local funding agents for modern apprenticeship schemes. The support of the Department for this and other project work is gratefully acknowledged. The Framework will be thoroughly tested to ensure it is comprehensive of and relevant to patterns of employment in the industry. The Council intends to capitalise on this work by investigating the feasibility of launching an Investors in People (IiP) scheme to gain industry support for comprehensive training provision.

### *Occupational Health and Safety*

The Council's Health and Safety Committee have expended considerable effort on determining the need for, development and publication of safety guides together with associated checklists where appropriate. During the period of the Report 11 new or revised safety guides and associated checklists were published. The safety guide order form is regularly updated and carries information on the status and intended use of the guides. A priced booklet covering electricity at work in forestry and arboriculture was also published as a reference source for supervisors and managers. The standards it specifies will form the basis from which a common code of practice for forestry and utility arboriculture operations will be developed to ensure best safety standards are consistently applied.

The Management of Health and Safety Regulations require employers, employees and contractors to be aware of, carry out and where necessary document Risk Assessment procedure. In co-operation with Forest Enterprise and the Health and Safety Executive (HSE) industry experts have produced forestry and arboriculture specific documentation together with a training programme which are available to the industry to enable it to meet its obligations arising from the regulations. The documentation includes standard completed Risk Assessments for common operations. The training will prepare those involved to carry out and document Risk Assessment for common and non-routine operations. Now that the material and training is available HSE Inspectors will require evidence that Risk Assessment has been carried out. Though the material referred to is only one of several such packages it is unique in that it was prepared for the forestry and arboriculture industry by industry based experts.

The well established series of Safety Update meetings aimed at operators has continued. The venues and timings are arranged to be convenient to the target audience. Each series is based on a geographic Region with the intention of covering all of the country on a 3 year cycle. During the Report period Safety Update meetings were held in West England, South East England, North England, South Scotland and Northern Ireland.

The Council, in liaison with the Forestry Authority and Forest Enterprise Safety Officers, continues to co-operate with the Health and Safety Executive to collate and analyse accident statistics. All parties recognise that under-reporting remains all too common which prevents the production of comprehensive and accurate data from which to derive meaningful conclusions. This in turn constrains the determination of recommendations for policy and practice to reduce the rate of accidents.

The Council gratefully acknowledges the high level of support from all sectors of the forestry and arboriculture industry throughout this very intense period of activity. Without their involvement Council would not have been able to achieve so much.

J.G. MACHIN, CHAIRMAN  
T.E. RADFORD, TECHNICAL SECRETARY

## Forest Enterprise Agency

### Announcement made by The Earl of Lindsay on 26 March 1996

The Earl of Lindsay, Minister for Agriculture, Forestry and the Environment at the Scottish Office, made the following announcement in a Written Answer to a Parliamentary Question about developments in forestry since the statement by the Secretary of State for Scotland on 19 July 1994.

“My Right. Hon. Friend the then Secretary of State announced in his statement on 19 July 1994 in another place the Government’s intention to establish Forest Enterprise, the forest management arm of the Forestry Commission, as a Next Steps Agency. The Government have also completed preparation of the new agency’s Framework Document and it is published today. A new edition of the Access Guidelines, dealing with procedures for protecting continued public access to disposals subjects has also been published today. Copies of both documents have been placed in the Library. The new agency will come into existence on 1 April 1996.

The arrangements set out in the Framework Document will:

- enable the Commission to set out and explain its proposals for achieving environmental, financial, social and other outputs;
- permit clear targets to be set for the agency;
- allow the agency to demonstrate its success in meeting those targets. The Government expect these new arrangements to allow Forest Enterprise to achieve a real improvement in all areas of its output. Forest Enterprise will, of course, continue to operate firmly within the Government’s multi-purpose forestry policy.

In August 1994 we published the consultation document *Our Forests - The Way Ahead*, which explained in greater detail the changes to the Woodland Grant Scheme, the creation of the new agency and our proposals to ensure that the Forestry Commission’s forest sales programme has the minimum possible impact on public access. Organisations and individuals sent in comments and we have considered them carefully.

The largest number of comments reflected concern about access. The Forestry Commission owns over 1 million hectares of land throughout Britain. Some of its forests, such as the New Forest, are very intensively used for recreation and it is not our intention that this land should be sold. On the other hand some tracts of land owned by the Commission are of little recreational importance and this is where the bulk of the disposals programme will be concentrated. The Forestry Commission may also wish to sell some woods that are of recreational importance if this will help rationalise the estate, making management more

efficient; but, in future, such sales will normally only take place where it is possible to guarantee future public access.

The details of how the Forestry Commission will implement measures to protect public access are set out in a new edition of the Access Guidelines. Central to the new arrangements will be the requirement that, in considering forests as candidates for sale, a check-list will be completed analysing the use of the forest by the public, taking account of forms of recreation other than walking, eg horse-riding and cycling. Local authorities will be informed of all proposed sales and will be sent a copy of the completed check-list and be able to comment on it. In all appropriate cases, the Forestry Commission will offer the local authority the opportunity to enter into an access agreement which will protect public access in perpetuity. The Forestry Commission will also be prepared to meet the reasonable legal costs of local authorities in drawing up agreements. The Government expect local authorities to give careful consideration to all such proposals, taking into account the views of local communities.

In addition to seeking to protect access to woods that are sold, we are providing important new opportunities to open more woodland for public access. The Forestry Commission will seek to purchase the freeholds of woods where lease terms at present prohibit public access in areas where there is high demand for such access.

We are also very keen that people should have easy access to information about the location of Forestry Commission woods where they can walk. We have asked the Commission to examine, with the Ordnance Survey, ways of identifying its land on Ordnance Survey Maps.

Of course, a good deal of recreation takes place in woodlands that do not belong to the Commission and many private woodland owners have an excellent record in welcoming the public. We have introduced a new Woodland Improvement Grant for projects which will increase recreational opportunities in privately-owned woods.

Nearly a quarter of all responses to *Our Forests - The Way Ahead* concerned the New Forest and there was some concern that there would be a greater emphasis on commercial timber production in the New Forest. I am pleased to say that this is not the case. The New Forest has a special position in the Commission's estate and the Government's objectives for the Forest were reaffirmed in 1992 by my Right. Hon. Friend, the then Minister of Agriculture, Fisheries and Food, in a Mandate for the New Forest which states that "the Forestry Commission will in its management of the Crown Land give priority to the conservation of the Forest's traditional character". The Government remain committed to that approach.

Finally, I confirm that we fully recognise the close interdependence between wood processors and growers. The Commission has a general duty of promoting the production and supply of timber and will continue to work closely with the wood processing sector to achieve the common interest in a prosperous British timber industry."

## Sustainable Forestry

### Extract from the Government Response to the Second Annual Report of the Government's Panel on Sustainable Development January 1996

"The Panel recommends that, in consultation with the many interests involved, the Government should draw up a national forestry strategy, supported by regional strategies, containing targets related to the main economic, environmental and social benefits that forestry could provide and identifying incentives needed to meet those targets.

The Government welcomes the Panel's constructive discussion of forestry policy. At the national level, we already have our broad forestry policy aims of sustainable, multi-purpose management and woodland expansion. More specific actions are set out in *Sustainable Forestry: the UK Programme*, upon which we will soon be publishing a progress report. The recently published Rural White Papers all emphasise the importance of good management of woodland to help achieve economic, social and environmental objectives. On woodland expansion, the approach taken in the three White Papers reflects the differences between England, Scotland and Wales:

- for England, we would like to see a doubling of woodland cover over the next half-century and we believe that this would be possible given the range of incentives already in place and the necessary future changes in the Common Agricultural Policy;
- in Wales, which already has a high level of forest and woodland cover, we envisage a 50% increase over the next half century; and
- in Scotland, we expect to see a continued expansion of woodland cover to provide environmental benefits through, for example, the creation of new native woodlands, as well as increasing timber production in the long-term.

Northern Ireland is the least forested part of the United Kingdom. Government policy is to encourage afforestation on land where forestry is the most appropriate long-term land use. In 1993, after extensive consultation, the Department of Agriculture for Northern Ireland (DANI) published *Afforestation - the DANI Statement on Environmental Policy*, which provided guidance to those wanting to create new forests and woodlands in the Province.

We now need to engage in widespread discussion to develop these policies so that they can be implemented taking account of regional needs and differences. Detailed strategies cannot be imposed from above. Landowners, wood processors, local authorities, environmental and community groups must be involved at different levels. The report of the Minister's Group in Wales on *The Way Ahead for Welsh Forestry* provides an excellent example of how this can be done, by bringing together representatives of different interest groups.

In England, we will be consulting interested parties on how the doubling of woodland cover could best contribute to the rural economy, amenity and the environment and on the regional opportunities. We aim to identify next steps by the end of 1996. For much of England, patterns of land tenure and population density will make large scale forestry difficult and, in places, inappropriate, but there are considerable opportunities to work with farmers and local communities to establish forests with conservation and amenity benefits.

Scotland already has 15% woodland cover; this is above the United Kingdom average, but remains low by European and international standards. The contribution of forestry and the wood-processing industry to the Scottish economy is undisputed; and there is also growing recognition of the positive impacts that well-conceived forests and woodlands can have on Scotland's natural environment. Indicative Forestry Strategies have enabled local authorities to identify 'sensitive', 'potential' and 'preferred' areas for forestry expansion. The Government is currently reviewing the effectiveness of these Indicative Forestry Strategies. At the same time, in order to take forward the debate on how to achieve the appropriate balance between forestry and other land uses in Scotland, the Forestry Commission will be organising a seminar on this subject in the early summer.

The Panel also identified the need to link incentives with policies. The Government undertook a comprehensive review of the Woodland Grant Scheme in 1994, and in 1997 we are intending to review the pilot schemes which were introduced as part of that package. These pilot schemes do provide targeted incentives which relate to regional needs. In addition, the Farm Woodland Premium Scheme, which is linked to the Woodland Grant Scheme, is currently under review, to decide its future beyond the end of March 1997; one important aspect of this review will be the level of annual payments applying to different types of agricultural land. It would be premature to reopen consideration of the full incentives package before the current mix has been more thoroughly tested.

Nevertheless, we will develop existing mechanisms for targeting and we will consider the scope for challenge funding to target grants more effectively to meet regional aspirations. While the Government cannot commit itself to providing new resources, we believe that the process we envisage will help to forge partnerships and develop agreed priorities, so that bids can be quickly developed as funding opportunities arise. There are already some good examples of this. Community Forests have secured £1.7 million funding from European Structural funds and, in England, the Single Regeneration Budget has contributed to forestry projects. Lottery funds have considerable potential and the Millennium Commission has already awarded over £10 million to forest-related initiatives.

The Government shares the Panel's concern about the need to protect ancient and semi-natural woodlands. English Nature already has plans to designate more of these woodlands as Sites of Special Scientific Interest. We shall be asking local authorities to consult the Forestry Commission about development proposals that could cause damage to ancient and semi-natural woodlands. The Government is considering the report of the UK Biodiversity Steering Group which has prepared costed action plans and habitat statements for certain ancient woodland types. English Nature, Scottish Natural Heritage and the Countryside Council for Wales maintain inventories of designated and non-designated ancient woodlands habitats and some extensions of the notification of Sites of Special Scientific Interest are

planned. The Department of the Environment in Northern Ireland also has plans to designate more of the important areas of semi-natural woodland as Areas of Special Scientific Interest. Ancient woodlands form a significant proportion of the habitat types required to be protected under the EU Habitats Directive.”



## Forestry Consultation Programme

### Announcement made by the Secretary of State for Scotland on 9 May 1996

The Rt. Hon. Michael Forsyth MP, Secretary of State for Scotland, made the following announcement in a Written Answer to a Parliamentary Question about forestry consultation procedures.

“In our response to the Environment Select Committee’s report on *Forestry and the Environment* we said that we would ask the Forestry Commission to review its procedures for consulting on planting and felling proposals. The Forestry Commission has now completed this review following consultation with the relevant statutory bodies and a wide range of environmental, land use and forestry organisations.

The review revealed that the Forestry Commission consults on the vast majority of schemes but that consultation results in no substantive comment in most cases. Woodland owners and landowners said that the present procedures are time consuming and expensive and that the application of the procedures to small and non-contentious cases results in unnecessary delays; they said that the Forestry Commission should be able to determine applications in a wider range of circumstances than at present. On the other hand, local authorities, statutory nature conservation, countryside and environment protection bodies and environmental organisations were concerned that any changes to the procedures should not preclude consultation on sensitive cases and that the Forestry Commission should agree the circumstances in which consultation will take place. They were also concerned that the procedures should apply to all types of woodland planting including short rotation coppice and planting on set-aside land.

Since the present arrangements were introduced in 1984 the background against which grant and felling applications are considered has changed considerably. We now have a grant scheme designed to deliver multiple purpose forestry and a series of detailed environmental guidelines. We operate a general presumption against the felling and conversion of woodland to other land uses. Large or very sensitive new planting proposals are subject to statutory environmental assessment. In addition, indicative forestry strategies give local authorities the opportunity to indicate in broad terms those areas which they regard as environmentally sensitive and those where they would like to see forestry positively encouraged. We have also introduced a public register of new planting proposals which enables interested parties to know what is proposed and to submit comments. As we announced in the 1996 Sustainable Development White Paper, *This Common Inheritance: 1996 UK Annual Report*, (Cm 3188), the Forestry Commission is preparing a set of forestry standards that we will use as a basis for monitoring and reporting on environmental standards in managed woodland.

Against this background and in the light of the review we have decided to make a number of changes to the procedures.

We believe that the public should be given a greater opportunity to comment on new planting and felling and restocking proposals. We have therefore decided to include felling proposals in the Forestry Commission's public register of applications and to make the register more readily accessible. As well as making the register available for inspection by the public in local authority planning offices the Commission will, in due course, arrange for the register to be accessed via the Internet. The Commission will also send copies of the register to the relevant statutory bodies. Anyone with an interest in a woodland planting or felling and restocking proposal will be able to comment to the Forestry Commission, which will take account of all the comments it receives in determining an application.

In addition, the Forestry Commission will consult relevant statutory bodies before deciding on new planting proposals in the following circumstances:

- planting proposals that affect a National Nature Reserve, Site of Special Scientific Interest, Special Protection Area designated under the EC Wild Birds Directive or Special Area for Conservation designated under the EC Habitats Directive; with Scottish Natural Heritage, English Nature or the Countryside Council for Wales;
- planting proposals that affect a Scheduled Ancient Monument; with Historic Scotland, English Heritage or CADW;
- planting proposals of five hectares or more inside a National Park; with the National Park Authority;
- planting proposals of five hectares or more in a National Scenic Area, Area of Outstanding Natural Beauty or Heritage Coast; with Scottish Natural Heritage, the Countryside Commission or the Countryside Council for Wales;
- in addition, planting proposals of ten hectares or more; with the local authority.

These arrangements for consulting on new planting proposals will apply to all types of woodland planting including short rotation coppice and planting on set-aside land.

The Forestry Commission will continue to operate the present arrangements for notifying archaeological authorities of new planting proposals.

Whereas new planting involves a change of land use, felling is part of the ongoing business of woodland management and we believe it should be handled with a lighter touch. The Forestry Commission will consult local authorities and the relevant statutory bodies on felling proposals in the following circumstances:

- felling proposals that affect a National Nature Reserve, Site of Special Scientific Interest, Special Protection Area or Special Area for Conservation; with Scottish Natural Heritage, English Nature or the Countryside Council for Wales;

- felling proposals that affect a Scheduled Ancient Monument; with Historic Scotland, English Heritage or CADW;
- felling proposals that affect trees that are subject to a Tree Preservation Order; with the local authority.

Environmental sensitivity does not depend on size and location alone and there may be circumstances in addition to those I have set out when it will be appropriate for the Forestry Commission to consult local authorities or statutory bodies before determining applications for new planting or felling. The Forestry Commission may therefore agree other, special circumstances when it will consult local authorities or relevant statutory bodies where a local authority or statutory body identifies clear and objective grounds for doing so.

In all those cases where the Forestry Commission consults a local authority or statutory body on a new planting or felling proposal the present arrangements for resolving objections will continue to be applied. In all other cases, the Forestry Commission will determine applications in the light of any comments it receives, including any views it may decide to solicit from any organisation or individual.

Concern was expressed during the review that the 1984 Ministerial Direction does not give the Forestry Commission sufficient powers to require new planting and felling proposals to comply with its environmental guidelines before consultation. This has resulted in the Forestry Commission consulting on proposals that do not meet the necessary standard. This wastes time and reduces confidence in the procedures. We have therefore decided that the Commission should be able to reject an application at any stage if it does not meet the environmental guidelines or if, in the opinion of the Commission, it would be likely to cause significant harm to the environment.

The arrangements that we have announced today will remove unnecessary and unproductive consultation which is wasteful of everyone's time and off-putting to those wishing to plant or manage woodlands. The greater openness we are introducing, together with the Forestry Commission's existing environmental guidelines, statutory environmental assessment for large or very sensitive woodland planting proposals and the forestry standards which the Commission is currently preparing, will allow consultation to be focused on genuinely sensitive cases.

I am confident that the new arrangements will eliminate much of the unnecessary bureaucracy inherent in the present system while, at the same time, maintaining the present high standards of environmental protection. The arrangements will come into effect on 1 August 1996."

STATISTICAL TABLES

The Forestry Authority

**TABLE 1** AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS WERE PAID IN THE YEAR ENDED 31 MARCH 1996

Hectares

	England			Wales			Scotland			Great Britain		
	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL
<b>WOODLAND GRANT SCHEME</b>												
Conifer	385	811	1,196	52	404	456	5,918	2,245	8,163	6,355	3,460	9,815
Broadleaved	3,946	1,131	5,077	389	212	601	4,277	880	5,157	8,612	2,223	10,835
<b>Total</b>	<b>4,331</b>	<b>1,942</b>	<b>6,273</b>	<b>441</b>	<b>616</b>	<b>1,057</b>	<b>10,195</b>	<b>3,125</b>	<b>13,320</b>	<b>14,967</b>	<b>5,683</b>	<b>20,650</b>
<b>OLD GRANT SCHEMES</b> (Now closed to new applications)												
Conifer	2	16	18	1	0	1	0	43	43	3	59	62
Broadleaved	5	14	19	0	4	4	0	1	1	5	19	24
<b>Total</b>	<b>7</b>	<b>30</b>	<b>37</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>8</b>	<b>78</b>	<b>86</b>
<b>TOTAL</b>												
Conifer	387	827	1,214	53	404	457	5,918	2,288	8,206	6,358	3,519	9,877
Broadleaved	3,951	1,145	5,096	389	216	605	4,277	881	5,158	8,617	2,242	10,859
<b>Total</b>	<b>4,338</b>	<b>1,972</b>	<b>6,310</b>	<b>442</b>	<b>620</b>	<b>1,062</b>	<b>10,195</b>	<b>3,169</b>	<b>13,364</b>	<b>14,975</b>	<b>5,761</b>	<b>20,736</b>

- 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. The areas of new planting and restocking include those areas where the second instalment of grant for natural regeneration has been paid.
  3. It is estimated that 397 hectares were planted in GB without grant-aid.

**TABLE 2** AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS WERE PAID IN THE 20 YEAR PERIOD 1 APRIL 1976 TO 31 MARCH 1996

Hectares

YEAR ENDED 31 MARCH	England			Wales			Scotland			Great Britain		
	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL
1977	775	1,156	1,931	723	125	848	5,734	643	6,377	7,232	1,924	9,156
1978	831	1,008	1,839	591	36	627	4,900	933	5,833	6,322	1,977	8,299
1979	702	1,439	2,141	591	90	681	6,656	1,321	7,977	7,949	2,850	10,799
1980	814	1,731	2,545	556	112	668	6,932	1,022	7,954	8,302	2,865	11,167
1981	905	1,930	2,835	561	142	703	6,934	927	7,861	8,400	2,999	11,399
1982	795	1,888	2,683	1,004	223	1,227	10,663	1,339	12,002	12,462	3,450	15,912
1983	1,514	1,994	3,508	911	156	1,067	10,086	968	11,054	12,511	3,118	15,629
1984	1,480	1,935	3,415	1,064	113	1,177	14,129	1,019	15,148	16,673	3,067	19,740
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
1995	4,997	2,475	7,472	554	626	1,180	12,577	3,068	15,645	18,128	6,169	24,297
1996	4,338	1,972	6,310	442	620	1,062	10,195	3,69	1,364	14,975	5,761	20,736

Note: This table includes planting grant-aided under the Woodland Grant Scheme in association with the Farm Woodland and the Farm Woodland Premium Schemes.

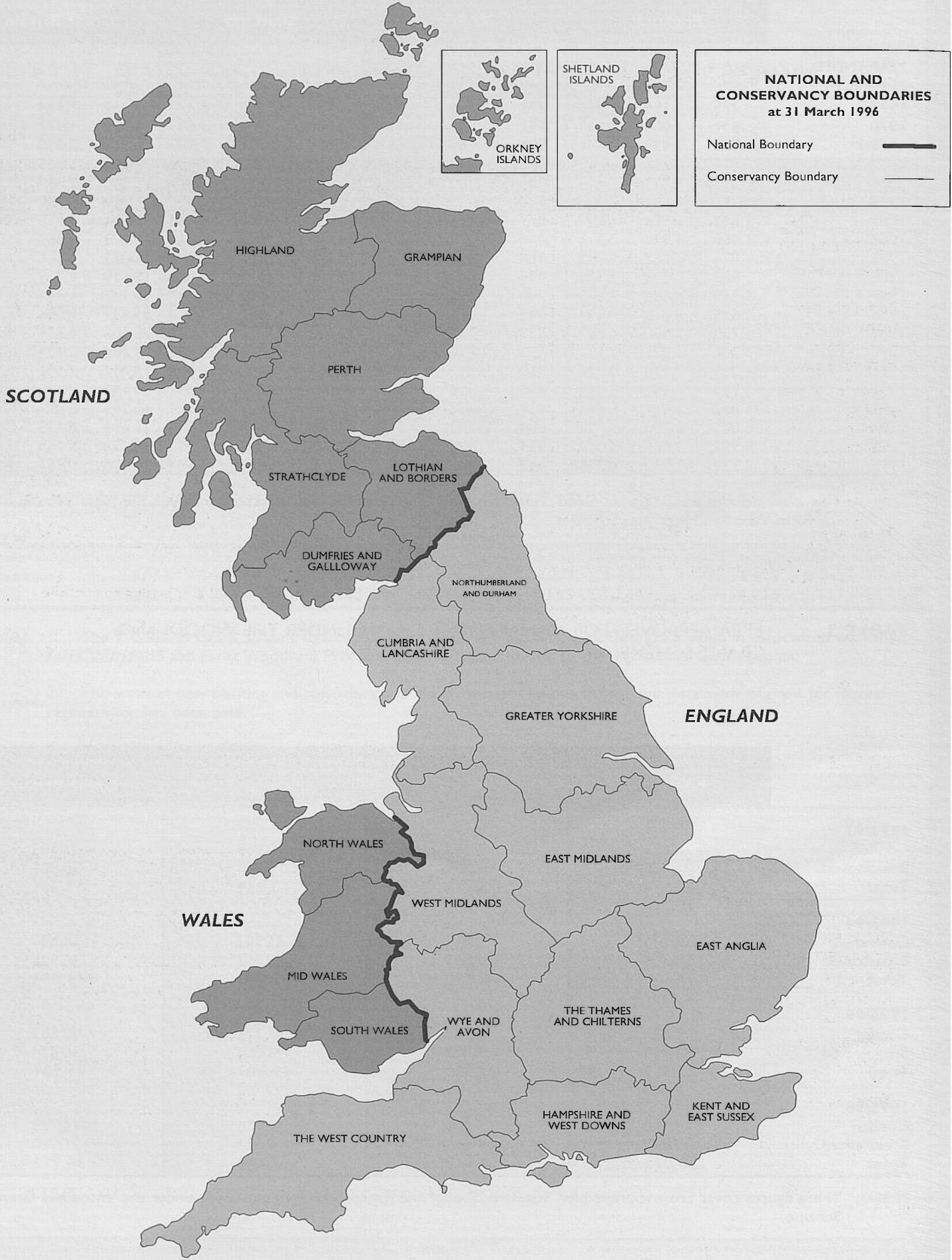
**TABLE 3** AREA APPROVED FOR MANAGEMENT GRANT UNDER THE WOODLAND GRANT SCHEME

Hectares

	England	Wales	Scotland	Great Britain
<b>1992/93</b>				
Conifer	11,096	1,222	10,985	23,303
Broadleaved	36,578	1,834	2,549	40,961
<b>Total</b>	<b>47,674</b>	<b>3,056</b>	<b>13,534</b>	<b>64,264</b>
<b>1993/94</b>				
Conifer	18,246	3,911	41,983	64,140
Broadleaved	39,302	1,879	5,762	46,943
<b>Total</b>	<b>57,548</b>	<b>5,790</b>	<b>47,745</b>	<b>111,083</b>
<b>1994/95</b>				
Conifer	7,620	1,750	31,293	40,663
Broadleaved	21,749	1,037	8,088	30,874
<b>Total</b>	<b>29,369</b>	<b>2,787</b>	<b>39,381</b>	<b>71,537</b>
<b>1995/96</b>				
Conifer	4,478	1,164	9,136	14,778
Broadleaved	15,545	1,353	4,322	21,220
<b>Total</b>	<b>20,023</b>	<b>2,517</b>	<b>13,458</b>	<b>35,998</b>

Note: These figures cover areas approved for Standard, Special and Annual Management Grant under the Woodland Grant Scheme.

# The Forestry Authority National and Conservancy Boundaries at 31 March 1996



# Forest Enterprise

**TABLE 4** LAND USE AT 31 MARCH 1996

Hectares

	England	Wales	Scotland	Great Britain
<b>FOREST LAND</b>				
Under plantations	206,599	117,272	480,689	804,560
Other woodland	15,828	3,977	26,848	46,653
To be planted	22	45	730	797
<b>Total</b>	<b>222,449</b>	<b>121,294</b>	<b>508,267</b>	<b>852,010</b>
<b>OTHER LAND</b>				
Agricultural and grazing	8,624	2,548	37,992	49,164
Unplantable and miscellaneous (includes nursery land)	34,161	8,712	136,001	178,874
<b>Total</b>	<b>42,785</b>	<b>11,260</b>	<b>173,993</b>	<b>228,038</b>
<b>Total area</b>	<b>265,234</b>	<b>132,554</b>	<b>682,260</b>	<b>1,080,048</b>

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

**TABLE 5** LAND ACQUIRED DURING THE YEAR ENDED 31 MARCH 1996

	England	Wales	Scotland	Great Britain
<b>NUMBER OF ACQUISITIONS</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>AREA OF ACQUISITIONS (HECTARES)</b>				
Plantable land	0	0	29	29
Woodland	0	0	0	0
Other land	0	0	0	0
<b>Total area</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>29</b>

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

**TABLE 6** FREEHOLD INTERESTS ACQUIRED DURING THE YEAR ENDED 31 MARCH 1996

	England		Wales	Scotland		Great Britain
<b>NUMBER OF FREEHOLDS ACQUIRED</b>	9		4	0		13
<b>AREA OF FREEHOLDS ACQUIRED (HECTARES)</b>	1,181		927	0		2,108

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.

**TABLE 7** LAND DISPOSED OF DURING THE YEAR ENDED 31 MARCH 1996

	England			Wales	Scotland			Great Britain
	North & East	South & West	Total		North	South	Total	
<b>NUMBER OF DISPOSALS</b>	70	46	116	84	98	36	134	334
<b>AREA OF DISPOSALS (HECTARES)</b>								
Forest land	1,361	424	1,785	1,075	4,305	1,052	5,357	8,217
Other land	97	15	112	227	519	13	532	871
<b>Total area</b>	<b>1,458</b>	<b>439</b>	<b>1,897</b>	<b>1,302</b>	<b>4,824</b>	<b>1,065</b>	<b>5,889</b>	<b>9,088</b>
<b>RECEIPTS (£ MILLION)</b>	2.9	2.0	4.9	2.6	5.2	2.1	7.3	14.8
<b>AVERAGE FOR FOREST LAND (£/HECTARE)</b>	1,327	2,289	1,556	1,905	922	1,634	1,062	1,280

Notes: 1. Forest 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.



**TABLE 8** PLANTING DURING THE YEAR ENDED 31 MARCH 1996

Hectares

	England			Wales			Scotland			Great Britain		
	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL
Conifer	25	1,907	<b>1,932</b>	0	1,519	<b>1,519</b>	331	3,344	<b>3,675</b>	356	6,770	<b>7,126</b>
Broadleaved	15	275	<b>290</b>	0	130	<b>130</b>	34	315	<b>349</b>	49	720	<b>769</b>
<b>Total</b>	<b>40</b>	<b>2,182</b>	<b>2,222</b>	<b>0</b>	<b>1,649</b>	<b>1,649</b>	<b>365</b>	<b>3,659</b>	<b>4,024</b>	<b>405</b>	<b>7,490</b>	<b>7,895</b>

Note: Restocking includes new natural regeneration.

**TABLE 9** AREA PLANTED ANNUALLY BY THE COMMISSION DURING THE 10 YEAR PERIOD 1 APRIL 1986 TO 31 MARCH 1996

Hectares

YEAR ENDED 31 MARCH	England			Wales			Scotland			Great Britain		
	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL	NEW PLANTING	RESTOCKING	TOTAL
1987	138	2,784	<b>2,922</b>	138	1,935	<b>2,073</b>	5,066	3,319	<b>8,385</b>	5,342	8,038	<b>13,380</b>
1988	178	2,609	<b>2,787</b>	157	2,041	<b>2,198</b>	4,617	3,527	<b>8,144</b>	4,952	8,177	<b>13,129</b>
1989	130	2,895	<b>3,025</b>	61	1,736	<b>1,797</b>	3,914	3,844	<b>7,758</b>	4,105	8,475	<b>12,580</b>
1990	198	2,717	<b>2,915</b>	96	1,364	<b>1,460</b>	3,787	3,784	<b>7,571</b>	4,081	7,865	<b>11,946</b>
1991	34	2,486	<b>2,520</b>	15	1,472	<b>1,487</b>	3,466	3,664	<b>7,130</b>	3,515	7,622	<b>11,137</b>
1992	70	2,858	<b>2,928</b>	55	1,774	<b>1,829</b>	2,874	3,628	<b>6,502</b>	2,999	8,260	<b>11,259</b>
1993	43	2,850	<b>2,893</b>	0	1,774	<b>1,774</b>	2,313	3,850	<b>6,163</b>	2,356	8,474	<b>10,830</b>
1994	96	2,697	<b>2,793</b>	0	1,953	<b>1,953</b>	1,289	3,254	<b>4,543</b>	1,385	7,904	<b>9,289</b>
1995	53	2,391	<b>2,444</b>	0	1,972	<b>1,972</b>	835	3,514	<b>4,349</b>	888	7,877	<b>8,765</b>
1996	40	2,182	<b>2,222</b>	0	1,649	<b>1,649</b>	365	3,659	<b>4,024</b>	405	7,490	<b>7,895</b>

**TABLE 10** AREAS OF PLANTATIONS AND VOLUMES OF TIMBER FELLED AND THINNED DURING THE YEAR ENDED 31 MARCH 1996

Area in hectares  
Standing volume in thousands of cubic metres overbark

	England			Wales	Scotland			Great Britain
	North & East	South & West	Total		North	South	Total	
<b>FELLED</b>								
Area	1,739	582	2,321	2,187	2,360	2,040	4,400	8,908
Volume	587	157	744	669	762	710	1,472	2,885
<b>THINNED</b>								
Area	4,873	5,817	10,690	3,803	3,698	2,826	6,524	21,017
Volume	291	411	702	236	284	143	427	1,365
<b>TOTAL VOLUME</b>								
Felled and Thinned	878	568	1,446	905	1,046	853	1,899	4,250

**TABLE 11** SALES OF TIMBER DURING THE YEAR ENDED 31 MARCH 1996

Standing volume in thousands of cubic metres overbark

	England	Wales	Scotland	Great Britain
Trees sold standing	853	438	790	2,081
<b>CONVERTED</b>				
Round timber and saw logs	318	241	573	1,132
Telegraph and other selected poles	1	0	1	2
Mining timber	0	0	0	0
Post and stakes	2	21	3	26
Pulpwood and boardmill material	265	204	525	994
Firewood	5	1	7	13
Miscellaneous	2	0	0	2
<b>Total</b>	<b>593</b>	<b>467</b>	<b>1,109</b>	<b>2,169</b>

**TABLE 12** PUBLIC RECREATIONAL FACILITIES AT 31 MARCH 1996

	Number			
	England	Wales	Scotland	Great Britain
Picnic places	350	93	159	602
Forest walks and forest nature trails	322	98	336	756
Cycle trails	57	11	115	183
Horse trails	47	0	36	83
Orienteering and wayfaring courses	45	7	17	69
Visitor centres	11	5	12	28
Arboreta and forest gardens	15	3	4	22
Forest drives	5	1	5	11
Wildlife hides	19	4	14	37
Car parks	430	88	270	788

## FOREST ENTERPRISE HOLIDAYS FACILITIES AT 31 MARCH 1996

	Number			
	England	Wales	Scotland	Great Britain
Forest cabins sites	2	0	2	4
Forest cabins	106	0	60	166
Holiday cottages	1	0	6	7
Camping and caravan sites	19	1	8	28

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.

# Forest Enterprise Land Use at 31 March 1996 and Planting and Timber Production During 1995-96

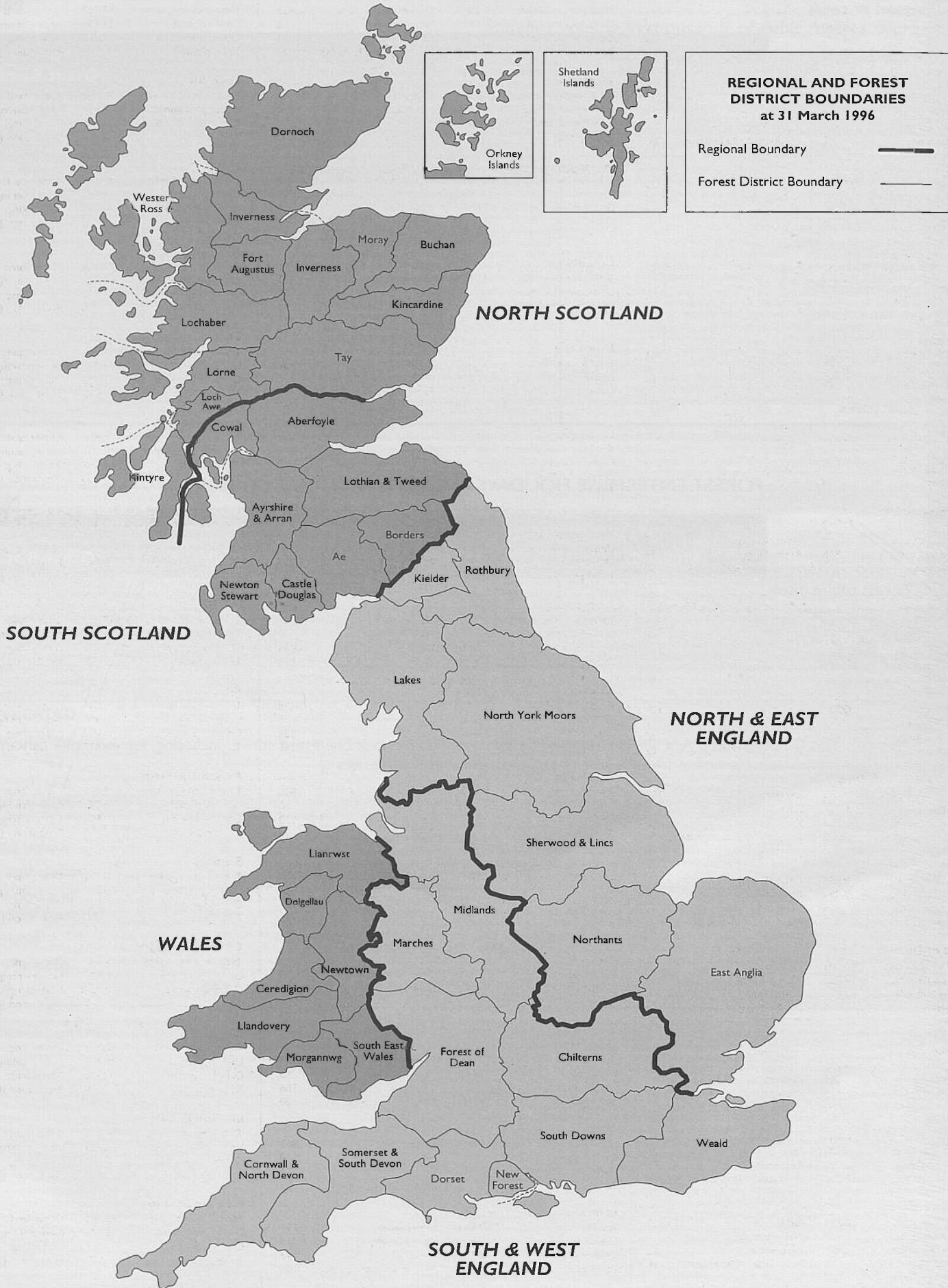




TABLE 13

## Recruitment

	Number Appointed	Number of Women	Number of Ethnic Minorities
<i>Industrial</i>			
Forest Worker	5	0	0
Forest Craftsman	1	0	0
Foreman	5	0	0
Machine Operators	2	0	0
Campsite Warden	1	1	0
Ranger (inc Trainee and Senior)	10	5	0
Research Worker	11	1	0
Laboratory Attendant	2	0	0
<i>Non-Industrial</i>			
Director General*	1	0	0
Chief Executive*	1	0	0
Senior Professional and Technology Officer	1	0	0
Professional and Technology Officer	6	1	1
Information Officer	1	0	0
Scientific Officer	1	0	0
Executive Officer	1	1	0
Administrative Officer	5	5	0
Administrative Assistant	8	7	0
Mapping and Charting Technical Grade 1	1	0	0
Typist (inc Trainee)	6	6	0
Support Grade Band 1	2	2	0
Support Grade Band 2	3	1	0

## Notes:

1. All of the recruitment exercises were conducted internally with the exception of those marked \* where an external agency was used.
2. No staff recruited have declared that they are either Registered Disabled or have a disability.

## The following permitted exceptions were used:

	Number Appointed	Number of Women	Number of Ethnic Minorities	Number with a Disability
<i>Secondment</i>				
Grade 7 - Economist	1	0	0	0
Assistant Statistician	1	1	0	0
<i>Reappointment of former Civil Servants (inc both re-employment and reinstatement)</i>				
Administrative Assistant	2	2	0	0
Support Grade Band 2	1	0	0	0
Mapping and Charting Technical Grade 2	1	1	0	0
<i>Transfers from other public services</i>				
Higher Professional & Technology Officer	1	0	0	0
Senior Executive Officer	1	0	0	0
Administrative Officer	3	0	0	0
Administrative Assistant	4	2	0	0
Typist	2	2	0	0
<i>Short-term appointments made permanent</i>				
Senior Professional & Technology Officer	1	0	0	0
<i>Recurrent short-term appointments</i>				
Typist	1	1	0	0
Support Grade Band 2	4	4	0	0
Shop Assistant	6	6	0	0

## Note:

1. No use was made of the permitted exceptions in any other categories.

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