

Annual Report and Accounts
Great Britain and England

2000

2001



Forestry Commission

The **Mission** of the Forestry Commission is to:

Protect and expand Britain's forests and woodlands and increase their value to society and the environment.

Its **Objectives** are to:

- Protect Britain's forests and woodlands
- Expand Britain's forest area
- Enhance the economic value of our forest resources
- Conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands
- Develop opportunities for woodland recreation
- Increase public understanding for woodland recreation

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Annual Report & Accounts 2000-2001 for Great Britain and England

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

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and Section 5 of the Exchequer and Audit Departments Act 1921

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The Forestry Commission also prepares formal Reports for the Scottish Parliament and the National Assembly for Wales. These cover our activities in Scotland and Wales. This Report deals with Forestry Commission functions funded by Westminster – our activities in England and those functions, such as plant health, international policy, research and pensions, which are funded on a GB basis.

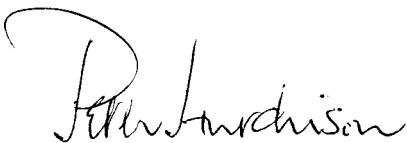
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Foreword by Sir Peter Hutchison, Chairman

I have reported in previous years on the success of the England Forestry Strategy. This year we have reached the landmark of having the full set of strategies in place in each of England, Scotland and Wales, with the full backing of the respective administrations. The strategies are, as they should be, different, but in each case they emphasise the crucial contribution forests can, and do, make to the quality of people's lives and to the future of rural areas.

The Foot and Mouth crisis has brought out more clearly than ever that forests and woods play a big part in the wider rural economy. The phased reopening of Forestry Commission and other woods was a crucial plank in the national effort to restore normality and vitality to the countryside and to safeguard the future of rural businesses. As we all seek to learn the lessons of this calamity, I like to think that forests, the epitome of long term land use, will have an important role in ensuring that our countryside is developed in ways which are truly sustainable. We are certainly looking forward to playing our part alongside the rural affairs departments in each country to aid the process of recovery.

It remains a role of the Board of Commissioners to take the long-term view. That does not mean that the membership itself is immune from change! This year we have bid farewell to John Edmonds and Harry Fetherstonhaugh and welcomed Tony Cooper and Anthony Bosanquet. As I myself approach the end of my term, I am struck by how significantly the role of forests has widened to include their contribution to meeting a range of society's needs. I would like to express my heartfelt thanks to all my fellow Commissioners and Commission staff for their support during the last seven years.



Sir Peter Hutchison

Footnote: Sir Peter Hutchison retired on 30 November 2001. His successor is Lord David Clark of Windermere.

Introduction by David Bills, Director General

Reports and accounts inevitably major on finances. On this occasion, it is entirely appropriate. Throughout the past year timber prices have remained at historically very low levels. Since we are funded on a net basis, this could have had a serious impact on important programmes, which deliver benefits both on the Forestry Commission's public estate and elsewhere. It was therefore gratifying that the strong Government support for forestry resulted in the provision of significant additional resources to help bridge the gap – a further £12 million in addition to the original funding of £54 million. On top of that, we also had in 2000-01 additional funding of over £5 million which we succeeded in obtaining, in competition with other public bodies, from the Capital Modernisation and Civil Service Modernisation Funds.

The additional financial support we have obtained not only reflects the very real environmental, economic and social benefits that forests provide throughout Great Britain, but also the successful efforts of our staff in all parts of the Commission in delivering and demonstrating these benefits. We have, for example, in previous years had external validation of the quality of our forest management in the form of sustainability certification of all the woodlands managed by our agency Forest Enterprise. This year we have had the overwhelming positive response to the consultation on the future of Forest Enterprise, and the support expressed by the House of Commons Agriculture Committee, who warmly welcomed how we had responded to the challenge of devolution. Since one of our priorities in recent years has been to work more closely with our many partners and stakeholders, I have been particularly thrilled by this support for what we do and how we do it.

We have taken this process a step further by consulting another crucial group, all FC staff! Our staff survey revealed much that is good but also areas of concern. These are now being tackled, in close consultation with staff. My confidence that we can make real progress in this area is based partly on the historic vote during the year to unify "blue and white collar" staff, thereby removing the anachronistic division between industrial and non-industrial workforce. The progress made there contributed to our achievement of Investors in People status later in the year.

All this would not give us confidence for the future if our core business was not sound. Fortunately, it is. Wood, produced from sustainably managed forests, is a sustainable material *par excellence*. As a construction material it requires little energy input compared with other building materials. It also has good insulation properties and is recyclable, non-toxic and biodegradable. New technologies are evolving which are making wood burning for heat and power generation competitive with fossil fuels. These themes, brought out to such good effect in the wood for good campaign to promote the use of timber from sustainably managed forests as a raw material will continue to be very telling in a society facing the very real threat of global warming and environmental degradation.

As ever, I am indebted to all my colleagues for their hard work and dedication. Nowhere was this shown more vividly than in our staff's exemplary response to the Foot and Mouth crises, an event which placed a significant additional load on an already very busy year.



David Bills

Great Britain Sustainable Forest Management

Britain's forests and woodlands have an important role to play as part of a truly sustainable countryside and in enhancing our quality of life. Wood products from our forests can provide a natural, renewable and sustainable supply of raw materials for uses ranging from house construction to renewable energy. The forestry strategies drawn up for England, Scotland and Wales set out how forestry can help meet economic, environmental and social needs in each country. We have been giving particular thought in the past year to ways in which forests can contribute, both directly and indirectly, to rural development. This has involved both policy seminars and pilot projects. This subject will be of increasing importance as the process of recovery gets underway in areas hit by Foot and Mouth Disease.

International

The United Nations set up a new Forum on Forests in 2000 to promote the management, conservation and sustainable development of all types of forests and to strengthen long-term political commitment to sustainable forest management globally. We continued to work closely with the Department for International Development (DFID), the Ministry of Agriculture, Fisheries and Food (MAFF) and the Foreign and Commonwealth Office (FCO) on international forest policy. This collaborative partnership allows the UK to take a consistent line on forests internationally and allows the Commission to promote a balanced approach to forest issues reflecting domestic and international priorities.

As the international focus moves from dialogue to action, we have begun a process to promote a greater understanding in the UK of our international commitments and their impacts. To this end, we prepared a paper which explains the various international processes, translates the commitments into simple language, and interprets what they mean for the UK forestry sector and the Forestry Commission.

At the annual G8 Summit in Miyazaki, Foreign Ministers welcomed the report on the implementation of the G8 Action Program on Forests and agreed to a number of initiatives to implement the proposals for action agreed by the UN Intergovernmental Panel and Forum on Forests.

The Ministerial Conference on the Protection of Forests in Europe (MCPFE) began work on reviewing and updating the Pan-European Criteria and Indicators for Sustainable Forest Management. We will be actively involved at various stages of the review which is expected to be completed by mid-2002 in time for the fourth Ministerial Conference in 2003. Other key elements of the MCPFE work programme taken forward during the year were the role of forests and forestry in rural development and the preparation and implementation of national forest programmes.

The fifteenth session of the Committee on Forestry (COFO) was held at the United Nations Food and Agriculture Organisation (FAO) in March 2001. FAO informed national forest services of plans for the future work on the global assessment of forest resources. COFO recommended that FAO supports country efforts to improve access to forestry information and the implementation of national forest programmes. COFO noted FAO's efforts on climate change and forestry and the role FAO plays in providing both technical support and a neutral forum for international deliberations on the role of forests in mitigating climate change.

The Conference of the Parties to the Convention on Biological Diversity (CBD) held its fifth meeting during the year. It highlighted the need for the CBD work programme on forest biological diversity to embrace action as well as research. CBD established an ad hoc technical expert group on forest biological diversity to progress its programme on forests. The first meeting of the group took place in Canada in November 2000.

World Summit on Sustainable Development 2002

The World Summit on Sustainable Development in 2002 will mark the tenth anniversary of the United Nations Conference on Environment and Development in Rio. In a speech to the CBI/Green Alliance on 24 October 2000, the Prime Minister became the first world leader to announce his intention to attend the Summit and urged others to make a similar commitment. On 6 March this year the Prime Minister restated his commitment to the Summit and identified forestry as one of five key sectors (the others being water, energy, tourism and finance) where he said he would be inviting business leaders, together with Non-Government Organisations (NGOs), to work to develop innovative strategies to promote sustainable development.

The Forestry Commission is leading the government's contribution on forestry and will be working with forestry business leaders and NGOs to develop a strategy for sustainability for the forestry sector.

European Union

Increased opportunities and funding for forestry were confirmed in the Rural Development Programmes for England, Scotland and Wales – funded from the Common Agricultural Policy – and in new Structural Fund programmes for Objective 1 and 2 areas. In Objective 1 areas alone this will provide a £17 million boost for forestry. In recognition of the growing importance of EU funding, we launched new web pages to explain what funds are available and provide a portal to further information on the subject (www.forestry.gov.uk/international/eufunding).

The inclusion of forestry in the EU Rural Development Regulation (the 'second pillar' of the CAP) represents a very important shift in European policy for rural areas. We organised a seminar with leading academics and senior officials from other Government Departments to consider how forestry can best influence and contribute to rural development. We will build on this both at home and through our contacts in Europe to promote forestry as a truly sustainable rural land use in the years ahead.

The UK Forestry Standard

We are committed to monitoring the UK Forestry Standard based on consideration of a wide range of survey data and research findings. We completed two monitoring studies during the year, which are described below. Both studies were carried out by independent consultants and we have published their reports and our response to their recommendations on our website.

In the first study a team of landscape experts assessed approved upland felling and restocking plans and the actual impacts of their implementation over time. The consultants assessed whether the sample cases are in line with required standards and whether they are actually achieving the intended improvements in forest design. The report contains a great deal that is encouraging despite the very long time scale (decades) necessary before most planned changes are fully complete. It also indicates areas where some improvement in professional standards is required. Our response to the study report indicates what measures we will be taking to secure the necessary improvements, including a commitment to a repeat of the exercise in a few years' time.

The second study (completed before the outbreak of Foot and Mouth Disease) considered the sustainability of a wide range of types and scale of forestry businesses. Consultants carried out the study under the guidance of an industry steering group. The study revealed the gritty determination of many businesses to carry on despite serious hardship inflicted by the long running downturn in the timber market, and a surprising degree of optimism about their prospects. However the percentage response to the survey by the numerous small businesses was low and the findings need to be interpreted with caution. The study provides, for the first time, a benchmark on this sector as well as flagging up some issues about the need to improve standard industrial data with respect to the sector. We are now working with the Department of Trade and Industry to find a way of improving the business classification within the Interdepartmental Business Register. We have agreed to work with the industry to carry out another survey in about three years time.

Certification

Independent certification of woodland has taken off since the launch of the UK Woodland Assurance Scheme Standard in June 1999. There are now more than one million hectares of certified woodland in the UK – one of the highest percentages in the world. The Forest Stewardship Council's (FSC) recognition of the Standard has enabled the UK forest industry to secure new markets using the FSC label.

As certification has become more commonplace, a number of woodland owners have seen value in having their woodlands certified as being sustainably managed even though they may have little interest in selling certified wood products. Uptake of certification has, however, been slow amongst owners of smaller woodlands. Certification is voluntary and many owners do not wish to have their woodlands certified. Others may be put off by the costs involved and by uncertainty or unfamiliarity with the process of certification. Following a workshop involving a wide range of groups in February, the UKWAS Steering Group is working with the Forestry Commission to identify and pursue actions to assist owners of smaller woodlands in the short term.

Certification also has a role beyond simple market access and promotion of sustainable forest management. During the year the UK Government made a commitment to purchase wood products only from legally logged and sustainable sources, and certification provides a means of verifying the source of such products.

Woodfuel

The potential contribution of forest residues to electricity generation was recognised by the government's Interdepartmental Group on Energy Crops during the year. The Group widened the scope of its work to include forest residues and small roundwood as well as short rotation coppice in recognition of the important role that forest products can play as a source of fuel in the initial stages of generation from power plants.

The Forestry Commission Advisory Panel (FCAP)

The FCAP, and its sub-committees, continued its work under the terms of reference set out in last year's annual report. The members of the Panel are listed in Appendix 3. The main FCAP met in June, November and March. It worked primarily on advice to Commissioners on the quinquennial review of Forest Enterprise and on methods of support for private forestry. It also advised on means of encouraging women to choose the forestry industry for their careers, and the relationship between short rotation coppice and traditional forestry. Members of the Panel presented the results of its work on investment in the forestry industry and the role of forestry in relation to health to the Commissioners at their May meeting.

The Technical, Supply and Demand and Environment sub-committees advised on a range of matters, including Forest and Soil Sustainability, Genetics of Broadleaves and Statistical Surveys and forecasts. The Supply and Demand sub-committee continued to publish its Quarterly Market reports.

Biodiversity Conservation

Restoration of Open Habitats

We are developing a framework for assisting decisions on where it would be appropriate to remove woodlands in order to restore important open ground habitats. A draft framework was sent to statutory conservation agencies and to forestry and environmental bodies for consultation.

Ancient Woodlands

Our ancient woodlands are a unique part of our natural history. Protection, conservation and restoration are important issues. Guidance on where and how to carry out restoration from plantations back to native woodlands on ancient woodland sites was prepared by Forest Research during the year and extensive consultations were held with forestry, wildlife and countryside interests in autumn 2000. The guide is being redrafted for publication in 2001.

UK Biodiversity Action Plan

A review of the first five years of the UK Biodiversity Action Plan was published in March 2001. The review showed good progress towards implementing woodland habitat action plans and good integration of biodiversity into forestry policy in general (for example through the UK Forestry Standard and the UK Woodland Assurance Scheme). It highlighted the challenge of increasing the proportions of woodlands in management and also the need for resources to achieve the Plan targets.

Timber Production

Forest Enterprise provides some 60 per cent of the roundwood timber produced from Britain's woodlands and some 80 per cent of our income comes from timber sales. The wood production programme is therefore of considerable importance, both to Forest Enterprise and to the timber processing industry.

Following our success in obtaining independent certification against the United Kingdom Woodland Assurance Scheme standard we are continuing with the process of amending and improving some of our procedures and practices to ensure continuing compliance with the required standards of management. A number of customers have reported increasing interest in the supply of labelled timber products as the ability to do this is helping them maintain market share.

During 2000/2001 Forest Enterprise produced 5.42 million cubic metres of timber (2.8 per cent higher than our target programme forecast of 5.27 million cubic metres but well within our 5 per cent tolerance). Of the 5.42 million, 2.83 million was sold as standing trees and Forest Enterprise staff and contractors produced 2.59 million.

Summary

	Target Production (Mm3)	Actual Production (Mm3)
Standing Timber	2.70	2.83
FE Production	2.57	2.59
GB Total	5.27	5.42

Although timber prices remained relatively stable during the year following the significant falls in 1997 and 1998 they remain at the lowest levels we have seen for many years. The low levels are as a result of the high pound, increasing capacity in timber product production in Europe and increased competition in Europe particularly from the Baltic States. Customers are having to work exceptionally hard to maintain their market share. This competition, on top of significant increases in energy costs, materials costs and reduced value of co-products for our sawmill customers has resulted in the closure of a number of smaller mills and dramatic drops in profits for almost all customers. Poor spring weather has also had an impact on sawmill customers with a slow start to the demand for garden products.

There has been a serious impact on other sectors of the industry. Hauliers have been struggling with the impact of high fuel costs and reduced product value, as have contractors, and a number of businesses have ceased trading.

Although the spread of Foot and Mouth had limited impact on Forest Enterprise's Timber income in 2000/2001 it will undoubtedly impact on the whole industry in 2001/2002.

On the more positive side, demand for roundwood remained high for most of the year with a particularly strong market in Southern Scotland and Northern England where a number of new mills started production. Despite pressure to increase supply beyond our production target, we did come within agreed tolerances for timber production whilst still managing to maintain timber supply to customers. This task became increasingly difficult as the impacts of Foot and Mouth started to reduce supply from other producers in infected areas.

Customers remain generally supportive of our efforts to maintain timber supply and of our marketing strategy. The marketing strategy has seen an increase in the number of long-term partnerships. This has given customers confidence to invest and a stability of supply in very difficult circumstances.

Timber Promotion

The Commission is a co-funder of the industry timber promotion campaign – wood for good – which was launched in October 2000. The campaign is expected to run for at least three years with the aim of significantly increasing the market share against other construction materials. The first stage is intended to raise awareness among design and procurement professionals and key sectors of the general public about the advantages and unique environmental benefits of using wood. The initial response to a television campaign in the south east of England and to national advertising in selected trade and lifestyle magazines has been extremely encouraging. (www.woodforgood.com)

Softwood Market Development

Using the woodland data now available from the National Inventory of Woodlands we completed and published new long term forecasts of softwood availability in England, Scotland and Wales. Forecasts for the private sector were produced with the co-operation of expert representatives from the sector. These were combined with the Forest Enterprise forecast of production to provide a complete assessment of availability during the next 50 years. The softwood forecast provides essential strategic information to support market development. We plan to enhance the forecasts with new information about future timber quality as a result of development work being carried out by Forest Research.

The Scottish Forestry Industries Cluster led by Scottish Enterprise is now very active and has catalysed collaborative action by all sectors of the softwood industry. This encompasses parts of the sector in England and Wales because of the location of major wood processing and timber research resources outside Scotland. Good progress is being made on key issues such as private grower marketing, forest products development, transportation, research and achieving a stronger customer focus – all priorities identified in the 1998 market development study. The Commission has seconded members of staff to work in Scottish Enterprise and also to the Welsh Timber Forum which is addressing the issue of hardwood marketing in Wales.

The Forestry Commission maintains a substantial investment in research and innovation. This was founded on the need to establish new forests, often in demanding environments, to fulfil the government's objective to expand Britain's woodland cover.

Whilst the focus of research has changed over time, it remains an important part of the Commission's functions. This section refers to some of the key developments in the research which the Commission funds, either through its agency Forest Research, or externally. More details of Forest Research's work can be found in its Annual report. Continued steady expansion remains an objective and a subject of research, especially where the focus has shifted from coniferous planting to establishment of new native woodlands.

Much research effort is now directed at protecting and enhancing the biodiversity of British woodlands and at the interactions between trees and the air, soil and water environments. These programmes are increasingly taking account of the potential impacts of climate change on British forests.

Research to improve our understanding of the social and cultural values of woodland remains important and the expansion of this area noted in the previous annual report has continued.

The economic value of woodlands still underpins many of the other benefits that society gains from them and our investment in research into markets and product quality remains substantial – a major new initiative has been engagement with other government departments in exploring the potential for renewable energy from wood-fuel.

The traditional topic of protection against pests and diseases has retained a high profile. For example, significant progress in an integrated approach to managing the major pest *Hylobius weevil* has been achieved and is reported in the Forest Research Annual Report. Some highlights in other areas are noted below.

Social Forestry and Heritage

The Forestry Commission is committed to increase the resources it applies to understanding the benefits that forests bring to society. A major initiative during the year was the development of a prototype decision framework for public involvement in forest design planning. This was the result of collaborative work between Max Hislop of Forest Research and Dr. Mark Twery of the Northeastern Research Station of the United States Department of Agriculture (USDA) Forest Service, whose three month stay in Britain was part funded by the Scottish Forestry Trust.

The overall aim of the work was to provide forest managers with guidance to help them select appropriate tools for involving the public in their forest planning process. The framework involves three primary elements: a system to allow managers to assess which stakeholders should be involved; a flow chart to allow managers to determine when the stakeholders should be involved; and a description of the appropriate tools to use according to the level of stakeholder involvement.

Capacity for research in social sciences by the Forestry Commission continued to develop. Dr Elizabeth O'Brien was recruited by Forest Research to study the values that society places on forests, and Paul Tabbush, a senior researcher, enrolled at University College London for a Masters course in Public Understanding of Environmental Change.

Externally commissioned research focused on the contribution of forests to quality of life. Important studies currently underway cover issues of access and social exclusion in the Welsh Valleys and Central Scotland. At the close of the year we were supporting five social science Ph.D. studentships.

Research into heritage and the historic environment focused on understanding the impacts that tree growth and forest operations have on archaeological sites. Part of the process of conserving archaeological sites in woodland involves controlling damaging vegetation. In order to provide advice on the nature and timing of vegetation control, a series of monitoring plots has been established in a range of woodland types and locations.

Projects completed during the year included an important study into the rooting characteristics of species used in short rotation coppice. The government commitment to renewable energy has led to an increased interest in establishing energy from short rotation coppice on a large scale. The research on rooting will enable decisions about the location of these energy crops to be taken on a more informed basis.

Marker Aided Selection (MAS)

The job of the tree breeder is to select from the general gene pool those individuals that express superior characteristics or traits. Marker aided selection is a modern technology through which markers associated with extremes of variation can be identified in the laboratory as bands on a gel. For example, we may be able to identify important characteristics such as very high wood density, very good stem form and very good frost resistance.

Once breeders know which bands on the gels indicate extremes for the traits under selection, then screening of new generations can be restricted to the laboratory.

The potential impact of MAS on traditional tree breeding is huge. If successful, it would allow the selection of superior genotypes at a very young age. Because these selections would still be very young, they could be rapidly bulked up in number using existing vegetative propagation technology.

Breeders could then do away with expensive long-term field trials and the superior planting stock would be supplied to forest managers very soon after making the selections from the previous generation.

The first step in MAS involves identifying the markers associated with extreme phenotypic traits.

Tree Improvement Branch in Forest Research have been given approval to embark on a £750,000 programme spread over the next ten years, initially to identify timber quality markers for traits such as wood density. The first stage is now under way with the planting out of the clones to be tested due to take place during the next two years.

Forest Research is currently negotiating a research agreement with a partner organisation already familiar with the necessary laboratory techniques.

Forestry Commission Core Model

This inter-disciplinary programme started in 1999 with the aim of integrating and co-ordinating models and databases resulting from research sponsored by the Forestry Commission.

The overall objective is to improve forecasting of the responses of forest ecosystems to changes in the environment and in management practices.

The team in Forest Research has assembled a number of modules into a harmonised modelling framework. These include a weather generator, a soil water balance model, an integrated evapo-transpiration model, a photosynthesis-stomatal conductance model, a bud-burst model, a light and rainfall interception model and a single tree growth model.

Selections of modules have been used as the constituent components of two models, ForestFlux, a model simulating the carbon and water fluxes between the forest canopy and the atmosphere, and ForestGrowth, a process based model of tree growth accounting for site conditions.

A data warehouse (FRED – the Forest Research Ecosystem Database), bringing together a range of numerical and meta-data collected by Forest Research on forest ecosystem dynamics, has also been developed. The programme has also established linkages with other research institutes with expertise in environmental and forest modelling.

Direct Seeding

Direct seeding is an alternative silvicultural system in which tree seed is sown directly into the site intended for woodland creation. It has been investigated for several reasons.

There is a commitment throughout Great Britain to increase the area of woodland and much of this expansion will be on ex-agricultural land. Certification has highlighted the need to minimise chemical inputs including at the establishment phase. A parallel trend has been an increase in the proportion of woodland planted for environmental and conservation reasons rather than solely economic reasons.

Direct seeding has a number of potential advantages over conventional tree planting for new broadleaved woodlands. Through higher initial stocking rates, it provides scope for selection of better quality timber, it gives a more rapid establishment of a woodland environment, it can utilise farm scale techniques and machinery, it is cheaper in some circumstances, and it may offer a means of reducing herbicide inputs.

Woodland stands arising from direct seeding tend to have a variety of spacings and randomly occurring open space, similar to that advocated for new native woodlands.

The main disadvantages are the unpredictability of germination and the limited range of broadleaved species that can be used successfully on new planting sites at present. Experimentation has highlighted the importance of good weed control, protection and seed pre-treatment.

Further studies aim to quantify possible reductions in herbicide use and to examine the potential use of the technique for linking up existing areas of ancient semi natural woodland.

Woodland Response to Climate Change

In April 2000, the Institute of Chartered Foresters and the Forestry Commission jointly organised a highly successful conference Trees and Climate Change.

The conference brought together leading experts in policy, science and technology to address a forestry audience on the implications of climate change for trees and woodlands and on the importance of forests in the global carbon cycle. A Bulletin summarising and updating the conclusions of the conference will be published in 2002.

In the meantime, the main implications of climate change for forestry in Britain are summarised in an Information Note. A general increase in productivity is predicted but regional impacts may vary. For example, productivity in southern England may be limited by extended periods of summer drought but upland areas of Wales, northern England and Scotland are likely to benefit from increasing atmospheric (CO₂) concentrations, temperature and rainfall.

The effects, both direct and indirect, of climate change on the many other factors, such as pests, diseases, and storms that influence growth make firm predictions difficult. Research continues to develop and validate dynamic growth models that can respond to climate scenarios at the stand level.

Biodiversity

Findings from the biodiversity assessment programme were presented to a major seminar of policy makers and forest managers in November 2000. The results will be made available to a wider audience through the publication of a technical paper, currently in preparation and due for publishing in Autumn 2001.

The assessment programme has provided a sound baseline and revealed substantial biodiversity in Britain's planted forests. For example, a number of rare fungi, normally associated with semi-natural pinewoods, have been found to have colonised Sitka spruce stands.

The analyses have confirmed the value of several practical methods for improving biodiversity, and further analysis of the data is expected to provide reliable indicators of biodiversity.

Forestry Research Co-ordination Committee (FRCC)

The Forestry Commission chairs this committee which is the primary forum for strategic discussion between the main funders of forestry research in the UK. The committee publishes an annual keyword collation of forestry research and organises workshops to promote stakeholder discussion on selected topics.

In September the FRCC held a workshop at the Northmoor Trust near Oxford to discuss broadleaved tree breeding in the UK. This brought together the research funders, most British and Irish tree geneticists, silviculturalists, several members of the British and Irish Hardwood Improvement Programme (a private initiative), woodland owners and timber processors.

The discussions assisted members of the committee with their views on the priorities for broadleaved tree improvement research as well as promoting future collaboration and networking. The proceedings of the workshop were published in FRCC Information Note (A15) Broadleaved Tree Improvement.

Plant Health and Forest Reproductive Material

Import Inspections

Imports of timber subject to quarantine control amounted to 2.8 million m³, the same volume as in the previous year. The Baltic States were again the principal source of supply, with Latvia accounting for more than half the total volume landed. We carried out 6,900 inspections (1999-2000: 6,950) and achieved our Charter Standard aim of inspecting on the day of notification, or the next working day at the latest, in more than 99 per cent of cases (1999-2000: 99 per cent).

We again achieved our target of full cost recovery for import inspections and had no plans to increase our charges for the start of the next financial year.

Ips Typographus

The Eight-toothed Spruce Bark Beetle remains a serious threat to our conifer forests. We continued with our programme of surveillance using pheromone traps sited at 200 port locations baited with lures to attract this insect. A total of 18 Ips typographus were trapped, compared with none last year.

Wood Packing Material (WPM) and Dunnage

WPM (pallets, boxes, crates, cable drums etc.) and dunnage (loose wood used to wedge or support cargoes) continued to present the highest risk of transmission of pests. World attention has been focussed on this area following the establishment of the Asian Longhorn Beetle (*Anoplophora glabripennis*) in New York and Chicago.

Pine Wood Nematode

Following the detection of Pine Wood Nematode in WPM imported into Finland, Sweden and France from Canada, China, Japan and the USA, the EU adopted temporary emergency measures in January 2001 that are due to come into force in October 2001. The Plant Health Service is consulting with the British wood packing industry to ensure that WPM manufactured in this country can be re-used on return trips without being caught up in the new requirements.

Asian Longhorn Beetle

This pest continues to generate considerable publicity, especially in the USA where the felling and destruction of thousands of street trees has been carried out in an effort to eradicate it. Research to find a means of dealing with this pest continues, but sanitation felling and chipping to destroy the larvae buried deep in the wood remains the only means of control. Trials are planned for the coming spring to test injection of healthy trees with an insecticide intended to kill any larvae that ingest it.

Dendroctonus Micans

At the end of the year we had three separate surveys underway. We had intended to use information from these during a general review of our control strategy but the outbreak of Foot & Mouth Disease meant that surveys had to be postponed. We shall complete our review as soon as practicable.

Gypsy Moth

The joint campaign being run by the Forestry Commission and MAFF (now DEFRA) to combat a small but persistent population of Gypsy moth (*Lymantria dispar*) in the London Borough of Redbridge continued. The programme combined surveys of street and garden trees and the use of pheromone traps to capture flying male moths.

Horse Chestnut Leaf Miner (*Cameraria ohridella*)

We have continued to monitor developments as *Cameraria ohridella*, first discovered in Macedonia in 1985, has continued to spread across mainland Europe, reaching the Netherlands, Belgium and the Paris suburbs in the last year or so. We have decided that there is a need to raise public awareness. Forest Research is planning to publish an Information Note alerting people on what to look for and do if they think they spot it.

Sudden Oak Death in California

We learned during the year of the investigation of what has now been termed Sudden Oak Death (SOD) in California. At the end of the year under report, we had alerted the Standing Committee on Plant Health and were awaiting further information from the Dutch and German phytosanitary services, who have reported a similar *Phytophthora* disease affecting rhododendron plants. Surveys of our own oaks are planned for the coming summer.

Termites

We have reported in previous years our work to eradicate an infestation of subterranean termites (*Reticulitermes lucifugus*) in two adjacent properties in Saunton, Devon. This work appears to have succeeded but we have now begun a ten-year monitoring period of the properties to ensure that there is no residual population surviving, perhaps deep underground.

Forest Reproductive Material

The marketing of forest reproductive material (seeds, cones, cuttings and plants) of 13 species and one genus (poplar) is covered by two EC Directives and is controlled in Great Britain under the Forest Reproductive Material Regulations 1977. Under these Regulations:

- sources of basic material (stands of trees, seed orchards etc.) have to meet certain standards and be registered;
- seeds and plants have to be labelled; and
- a clear audit trail has to be established so that the purchaser of plants can be assured that planting stock is correctly identified.

A new EC Directive, which revises the existing Directives and extends the controls to more species, comes into force on 1 January 2003 and we have consulted widely on its implementation. Only some of our native species (such as Scots pine) are covered by the Directive. However, the Forestry Commission encourages the use of natural regeneration or locally sourced planting stock to restock ancient semi-natural woodland or create a new native woodland. Our publication "Using Local Stock for Planting Native Trees and Shrubs" gives further details.

Forestry Commission Organisation and People

Senior Staff Appointments

John Edmonds and Harry Fetherstonhaugh retired as non-executive Commissioners and were replaced by Anthony Bosanquet and Tony Cooper respectively.

There was no other movement in or out of the Senior Staff Group in the year.

Recruitment Statistics

Details of staff appointed to the Forestry Commission by Pay Band and gender are set out below.

Pay Band	Total Number Appointed	Number of Women
SSG	2	0
Band 2	1	0
Band 3	4	2
Band 4	11	7
Band 5	9	5
Band 5 (Op)	14	3
Band 6a	1	0
Band 6a (Op)	14	5
Band 6b	63	41
Band 7	15	9
Total	134	72

Staff Unification

On 27 June 2000 the Forestry Commission's Trade Unions announced that their members had voted convincingly to accept a package of new conditions of service which enabled implementation of a unified staff group on 1 July 2000.

This package was the result of nearly three years work of the joint management and trade union team working as a Staff Unification Steering Group. It outlined the Commission's commitment to have all staff working under the same conditions of service. In that package a new pay model was devised to develop a common, transparent pay and performance management system which also provides better pensions for former Industrial staff. The removal of the traditional "non-industrial" and "industrial" labels means that all jobs are open to those with the skills to carry them out.

The new Forestry Commission Staff Council will represent the interests of our unified staff group and assumed the roles and responsibilities of the Departmental Whitley Council and Industrial Trades Council in September 2000.

The Forestry Commission has learned much from the Staff Unification exercise and intends to use that experience to develop future working relations. The springboard of the positive vote will allow it to embark upon a programme of change in which all staff will have the opportunity to develop their long term potential to mutual benefit in the Forestry Commission.

Modernising Government

We continued to improve our service delivery under the banner of the Modernising Government White Paper (Cmnd4310) and the reform of the Civil Service. Among the main achievements during the year were:–

- Preparing and publishing the Commission's initial E-business Strategy to show how we propose to improve the electronic delivery of our services to the public and business;
- Launching our redesigned website, in line with the latest government standards and including much more information about recreation in our forests;
- Training more than 120 key managers in leadership skills;
- Increasing the diversity of the Commission's staffing – for instance by increasing the number of women in senior management posts from eight to ten and publishing the reports of research into professional women foresters in the British forestry industry and in the Forestry Commission;
- Achieving Investors in People status, following improvements in our arrangements for training and developing our staff;
- Aligning our Conservancy Boundaries in England with those of the eight regions outside London, and including our Conservators as part of the Government Office teams;
- Completing the first stage of the five-yearly review of Forest Enterprise, as a result of which Forestry Ministers concluded that Forest Enterprise should remain as an Executive Agency covering the whole of Britain;
- Carrying out the Commission's first survey of all staff, in September 2000, and setting about tackling issues of concern identified in the survey.

Communications

External

We have launched a new website designed to be more attractive, user friendly and easier to maintain. We brought forward the launch by four weeks to help us keep people informed on latest developments on the Foot and Mouth epidemic. A new recreation gazetteer, which holds detailed information, pictures and maps of over 1,300 of our forests and woods, was used for the first time to point people to safe places to visit. In its first month of operation the site delivered more than 620,000 pages to an average 2,000 visitors per day. Around one third of this traffic was related to Foot and Mouth or recreation.

In addition to using the new website for the recreation implications of the Foot and Mouth epidemic, we also used the site to keep the industry updated on developments and, using an online questionnaire, to seek people's views on what impact the outbreak was having on the forestry industries.

Our exhibits at the three Royal Agricultural Shows in 2000, a timelog of forest history in Britain to celebrate the new Millennium, attracted record numbers of visitors in Scotland and Wales. The stands proved very popular with children and families especially the puppet shows.

Internal

A number of steps were taken to improve our internal communications. These included the launch of a new two-weekly bulletin to all staff; increased use of the intranet; guidance on the use of E-mail; and a survey of all staff on a wide range of people-related issues. The survey will be repeated in 2002 to assess the progress made on issues which are of concern to staff.

Information Technology

We continue to work to ensure that we have in place information technology systems and practices that meet our business needs. Our revised strategy for information technology is being implemented and includes a replacement integrated e-mail system.

In line with the E-Government strategy "E-Government: A Strategic Framework for Public Services in the Information Age" an internal E-business strategy was developed. This strategy aims to ensure that all key services delivered by the Forestry Commission to business and the citizen are available electronically by 2005.

Forestry Training Services

During the year FTS was involved in the following initiatives

- Developing and delivering people management and leadership training events

Essential skills for managers – designed for the new manager or existing managers who wish to check their current skills against best practice or situations

Leadership Event – designed for current managers. This will help people manage change and diversity by using better communication, influencing skills and understanding the culture within which they work.

- Working with the Forestry Contracting Association, FASTCo, the industry and the colleges to help raise standards. For example:

Forestry Machine Operators Certification Scheme – designed to raise standards of machine operator in GB throughout an assessment process conducted through the FTS approved centre.

Trainability Tests – designed and developed to assess the ability of potential employees at craft level.

- People management

Following the unification of our industrial and non-industrial staff, training on our Performance Management System was provided for all staff new to the system.

We have redesigned the popular Forestry for non-Foresters event to make it more relevant to current forestry practice

- We have worked with others to develop and train users in our IT systems

Sales Recording Package – designed to replace the former timber harvesting and marketing system and delivered to teams in Forest Enterprise that record sales.

Cfacs – designed to support staff who use the FC's Financial Information System

Arcview (GIS) with Forester Extension – designed for those involved in the preparation of Forest Design Plans

- Desktop Training

We offer training in all current MS Office desktop products and online training through the FTS Intranet site

- We have worked with Forest Enterprise to develop new events. For example

Thinning, Forest Planning and Alternatives to Clearfell

Health and Safety

Policy

It is the policy of the Forestry Commission to ensure the health, safety and welfare of all its employees, and to provide appropriately for the health and safety of others, including contractors, visitors, neighbours and members of the public who use our forests.

Goals

During the year the Forestry Commission has worked to sustain the impetus of the Health & Safety Executive (HSE) initiative to improve the management of health and safety in forestry.

Forest Enterprise has carried out health and safety support visits to all its Forest Districts, to ensure that they are managing health and safety to a high standard. The visits demonstrated a measured, improved standard of health and safety management. A programme of visits to Conservancies is underway.

In terms of our occupational health strategy we have carried out hand arm vibration health surveillance and a programme of audiometry.

We worked with the forest industry to agree systems for the management of health and safety in timber transport. We also worked with HSE and the Department of Environment, Transport and the Regions to carry out research on safe loading of timber lorries.

Accidents at Work

The Forestry Commission has collected accident statistics for many years. Previously published figures have focused on its industrial staff. Following staff unification, the incidence of reportable accidents (those causing incapacity for more than 3 days) is reported for all staff in 2000/2001 and the preceding years.

Year	No of Accidents per 100 Employees
2000/01	1.66
1999/00	1.64
1998/99	1.47
1997/98	1.50
1996/97	2.50

Forestry and Arboriculture Safety and Training Council (FASTCo)

A report on the activities of FASTCo is at Appendix 5.

Introduction by Paul Hill-Tout Chief Conservator

Our work in England is guided by the Government's Forestry Strategy, *A New Focus for England's Woodlands*, which was published in 1998. The Strategy provides a forward-looking agenda for forestry in England and sets out the Government's priorities and key programmes for achieving this. At the heart of the Strategy are four interrelated programmes, which reflect the Government's wider social, environmental and economic priorities.

- Forestry for Rural Development
- Forestry for Economic Regeneration
- Forestry for Recreation, Access, and Tourism
- Forestry for the Environment and Conservation

This report reviews our work during the year to turn the Strategy's vision into reality. Working in partnership with others in government and outside is a guiding principle for delivery of the Strategy. The England Forestry Forum, which is chaired by England's Forestry Minister, Elliot Morley MP, plays a key part in securing this partnership. The Forum shares and exchanges proposals for implementing the Strategy for England. Reports of Forum meetings and supporting papers can be viewed on the Commission's Internet website. During the year, the Forum established a number of ad hoc working groups to examine a range of detailed implementation issues including topics as diverse as land use planning, the protection of ancient semi-natural woodlands and community forestry. The working groups reported in January with a wide range of recommendations for further action by government and its partners. A full response to the recommendations will be published by the Government towards the end of 2001.

A key area of our work during the year has been to continue to develop and refine the Woodland Grant Scheme to more closely align it to the Strategy's priorities. At the end of last year we introduced a discretionary scoring system for applications for new planting. The initial results have been very encouraging and have shown beyond doubt that we can target our resources to the Strategy's priorities. We intend to continue to develop and refine this approach. In doing so, we will work closely with applicants' representative organisations.

The regional dimension is increasingly important in England. During the year we realigned our Conservancy boundaries to match those of the Government's Offices for the Regions. In addition, we reconstituted and extended the number of our Regional Advisory Committees so that there is now one for each region. These changes will enable us to respond effectively to distinctive regional needs and priorities.



Paul Hill-Tout

Our Rural Development programme covers forestry's role in the wider countryside, including its contribution to the rural economy and timber and marketing opportunities. The programme focuses both on the role of new woodlands and on how existing woodlands can be managed to deliver more benefits to local economies, by creating jobs both upstream and downstream of the forest industry.

Key achievements during the year included:

England Rural Development Programme

The England Rural Development Plan, required under the European Union's Rural Development Regulation, was approved by the European Commission in October and became the ERD Programme. The Programme sets out the government's support for agriculture, forestry and the rural economy, and anticipates expenditure of £1.6 billion over the seven years it covers. The programme includes an increase in spending on forestry through the Woodland Grant Scheme and MAFF's Farm Woodland Premium Scheme, with total spending on these schemes over the seven years of £139 million and £77 million respectively.

South West Challenge Fund and Locational Supplement

The South West Forest in Devon and Cornwall was launched in 1997. In 1999 we introduced a new support package with an additional £500,000 per year for three years, comprising a Challenge Fund and a Locational Supplement as part of the Woodland Grant Scheme. This has now been extended for a further three years until 2005. The Challenge Fund operates for planting areas of 25 hectares and more and applicants enter a competitive bid for the funding they require to do the work. The third round of bids was assessed in June and four bids covering 180 hectares were accepted. The Locational Supplement provides additional payments for planting of areas over five hectares. During the year these supplementary payments were approved on 270 hectares.

We see the South West Forest as a pioneering example of how forestry can help to deliver wider rural development policy aims. During the year we commissioned an interim assessment of the project by Professor John Wibberley. His report was very supportive of the South West Forest concept and in terms of its achievements to date, and concluded that the Commission's continuing involvement and funding was critical to the further development of the project. The report also recommended that the South West Forest approach should be considered for other areas in England.

Energy Crops

We paid grants for over 700 hectares of planting with short rotation coppice (SRC) during the year. 96 per cent of the SRC planting we funded was in the Project Arbre (Yorkshire) area where there was a special supplement available under the Woodland Grant Scheme. Support for SRC has now been taken on by the Ministry of Agriculture, Fisheries and Food (MAFF) through a new Energy Crops Scheme, introduced following approval of the England Rural Development Programme in October 2000. We have been working closely with MAFF in developing this scheme which aims to establish over 20,000 hectares of energy crops over the next six years.

Support for Contractors

We have been working with the 'Processing Sector' to develop closer links with the Rural Development Agencies in order to maintain jobs and secure new investment in North East and North West England. Maintaining competitiveness in this sector is crucial in order to retain our place in the global wood market. We have supported a series of partnerships (Anglia WoodNet, Northwoods, Yorwoods, Marches and Bowland Initiatives) in order to provide networks, training, capital grants for woodland owners and contractors aimed at improving efficiency. Through our Education and Training Service we have provided funding and in-kind support to enable the Forestry Contracting Association to successfully bid for funding under the European Union's Objective 3 programme. The total value of the package to upskill contractors in the Marches and South West England is in excess of £300,000.

Woodland Initiatives

The increased role of a wide range of special initiatives and projects has been a significant feature of activity in the forestry sector this year. These have usually focused on defined geographical areas, secure funding through business plans and frequently operate through a partnership of complementary organisations. In many cases they are led by dedicated teams, often supported by a wider forum of stakeholders.

Our work with regional and local initiatives has sought to identify opportunities for stimulating and developing wood markets. This has embraced the larger scale opportunities afforded by wood fuel as well as the smaller scale and craft uses for wood. We have commissioned, with partners, a study to investigate the potential for using wood in the civil engineering sector. In September, we worked with the Small Woods Association to organise a meeting of woodland initiatives to share best practice and exchange information. We published a report of the meeting in October.

Tree Stations

Over the year we have developed a partnership to evaluate the scope for Tree Stations in urban areas. These provide opportunities to both recycle wood and sell products manufactured from local trees. They have the potential to contribute to the government's sustainable development as well as providing more accessible opportunities to purchase wood and wood products. Generating an economic value for wood in urban areas would allow increased management for both street trees and urban woodlands. There is also scope to process timber reclaimed from demolition sites which will be subject to further evaluation. The potential advantages of such a link up between woodlands and urban tree surgery and demolition waste is opening up opportunities to use gate fees from processing waste to provide a steady income stream. This may also generate capital funding from the landfill tax arrangements. There are also opportunities for the sale of related products such as compost from green waste. Widening the range of products in this way will increase the attractiveness of such a scheme to national retailers.

Business Support

Depressed timber prices and reducing margins has impacted on the recruitment and retention of labour across the industry. For those working in lowland broadleaves in many parts of southern England it has become critical. With Kent County Council and our Technical Development Branch we carried out a study to establish the action required to retain existing and attract new entrants to the sweet chestnut industry. Opportunities to develop markets were identified but those representatives within the retailing sector felt that lack of labour to harvest chestnut was the main constraint which prevented expansion of product sales.

The work we have done to pilot a training package to improve efficiency and earnings of those involved in cutting and harvesting sweet chestnut coppice will have application for those harvesting other species.

Countryside Agency

In December we signed a concordat with the Countryside Agency in support of their 'Eat the View' campaign. Work is ongoing through an interdepartmental group chaired by the Countryside Agency to promote and increase the marketing of countryside products, including wood. We have also been working closely with the Agency to identify and improve opportunities to deliver cross-cutting measures. This work is ongoing and includes co-operation on marketing, renewable energy, training and business support, research and promoting the forestry related business contribution to rural economies and sustainable development.

Forest Enterprise Timber Production

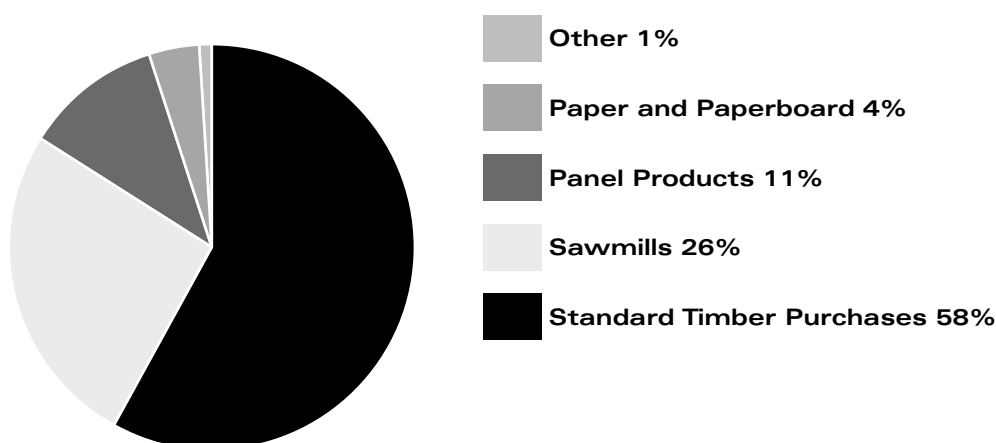
A total of 1.47 million cubic metres of timber was harvested from the Forestry Commission's forests, achieving the Business Plan target for the year. This timber supports significant employment and economic activity in the harvesting, haulage and processing sectors throughout England.

58 per cent of the volume was sold as standing trees with the balance coming from Forest Enterprise's own harvesting activity. Thinning amounted to 42 per cent of the volume produced and represents continuing improvement of both timber quality and the landscape and environmental values of the nation's woodlands. Total timber income was £22 million which is a very creditable performance in difficult market conditions.

Forest Enterprise continues to place particular emphasis on the thinning and improvement of its hardwood timber resource. 130,000 cubic metres of hardwood was harvested during the year comprising both high quality stems for the bespoke building and furniture markets and thinning of 3,000 hectares of younger woodlands to promote timber quality and improvement of biodiversity values. Forest Enterprise has worked closely to develop and sustain new and developing markets, through both long-term contracts and the joint development of innovative ways of working.

Markets in general have been fragile during the year with some further reduction in sawmilling capacity. The industry will need to continue to work together to sustain processing and the significant income which it represents for positive management of woodlands.

Main Market sectors for Forest Enterprise Timber 2000-2001:



Other Forest Enterprise Rural Development Related Work

Forest Enterprise plays a key role in the long-term development of timber based industries. This year it continued to develop its long-term timber contracts which provide much needed stability of supply to both harvesting contractors and timber processors. These are key means of securing investment in harvesting, haulage and processing sectors and supporting stable employment opportunities. It has also worked to improve contractors' levels of skills and responsibility.

Forest Enterprise is working closely with the Countryside Agency and craftsmen and processors on an initiative to promote local use of hardwood timber from the Forest.

Forest Enterprise has also developed a Venison Quality Assurance Scheme to further raise quality standards for wild venison. They are working closely with a key supplier under a long-term contract to jointly market venison as a high quality, natural food product.

The North Tyne Valley in Kielder Forest is a particular target area for Forest Enterprise Rural Development work. The Youth Hostel Association is now developing a 44 bed youth hostel in a redundant wing of Kielder School, assisted by funding from the government's Single Regeneration Budget. James Turrell's spectacular Kielder Skyspace sculpture attracted widespread media coverage and is already attracting new visitors to Kielder. These initiatives are making a significant contribution to the local rural economy.

Partnership in a two year European Union Objective 5B funded project, *Tracks in the Sand*, resulted in the development of three new all ability trails in Thetford Forest Park, opened by 2000 Para-Olympics silver medallist Jane White.

Forestry for Economic Regeneration

The Forestry for Economic Regeneration Programme outlines opportunities for woodlands to play a positive role in strategic land-use planning. Priorities for the Programme include:

- helping to improve the social economic and environmental welfare of those affected by industrial change and decline;
- restoring brownfield land to a sustainable after-use;
- creating attractive and robust settings within which to attract inward investment.

This is a direction for forestry which lies close to the heart of the government's social policies. The Urban and Rural White Papers published in the autumn, underlined this direction, recognising that woodland can play a valuable role in helping to make urban areas healthier and more attractive places to live in. The past year has seen a continued rise in the profile of forestry as a cost effective land use, and to create new partnerships with stakeholders. In the context of the Economic Regeneration Programme, the White Papers specifically seek to:

- bring brownfield land back into sustainable social and economic use in order to regenerate communities disadvantaged by industrial change or decline;
- promote more open green space to provide an attractive setting for future urban development.

Key achievements during the year include:

Integrated Government

We have continued to develop strategic opportunities with DETR's Regeneration Directorate and in July we made a joint presentation with English Partnerships to Regional Development Agency (RDA) Regeneration Directors outlining our framework for closer working. DETR has also included new woodland as one of the environmental indicators within interim Business and Corporate Planning Guidance for 2001-2002 to the RDAs. This is an important step in integrating woodland objectives into the remit of the RDAs through their single budgets and which will come into operation from 2002.

We have agreed a strategic programme of joint working with English Partnerships, and will be publishing a joint Memorandum of Understanding early next year. This process has already been valuable in establishing a major role for our Forest Enterprise Agency as well as facilitating a number of initiatives in partnership with English Partnerships and the RDAs.

Delivering in the Regions

Our Conservancies are developing regional contacts with the RDAs and the Government Offices and are looking to develop the strategic framework for integrating forestry into broader policy areas. This enables us to take account of their structures and priorities in developing our support arrangements. This is critical to our ability to mobilise European Union Structural Funds in Objective 1 and 2 areas. Forest Enterprise is also proving to be a cost effective option for delivering objectives through other funding sources.

Those Conservancies which are in the priority areas for our Economic Regeneration Programme are running partnership projects to collate data on brownfield land opportunities. These will enable the development of strategic land portfolios to allow us to feed into wider partnership opportunities and strategies.

Developing Good Practice

“Intuitive software” for creating custom made specifications for woodland establishment of brownfield land is being developed by our Land Regeneration Unit, in partnership with English Partnerships and the RDAs. The work is being piloted on colliery sites although the longer-term objective is to develop and promote best practice for forestry on brownfield land generally. We plan to make the software widely available, once it has been fully tested.

Long-term Management

Management of restored brownfield by Forest Enterprise is proving to be an increasingly attractive delivery option for English Partnerships and the Regional Development Agencies (RDAs). Under the planned joint Memorandum of Understanding, Forest Enterprise is exploring the long-term management of coalfield portfolio sites from the RDAs on an endowment basis.

The approach of Forest Enterprise is to develop a partnership with local interests with the aim of creating major new areas of urban fringe woodland for access and environmental improvement. In this way, Forest Enterprise has been working with Nottinghamshire County Council to establish 670 hectares of woodland on former British Coal sites. This work has helped to pave the way for the Capital Modernisation Fund award for work in East London and Manchester/Merseyside (see below).

Capital Modernisation Fund (CMF)

The £9 million Capital Modernisation Fund Programme commenced operations in April in the Mersey, Red Rose and Thames Chase Community Forest areas. Supported by the Land Regeneration Unit, 725 hectares of the 1,000 hectare target for creating new woodlands were acquired in the first year and over £2 million of additional funding was generated. Sites acquired include farmland, old coal workings and landfill sites. Extensive consultations with local people are underway on the tree planting and recreation proposals, with major planting starting in 2001. Interest in the project has been intense, with extensive media coverage. In April, Ian McCartney MP, Minister of State at the Cabinet Office, launched the Viridor Wood site in the Red Rose Community Forest. The Rt Hon. Michael Meacher MP, Minister for the Environment, and Elliot Morley MP, Forestry Minister for England, launched the Broadfields Farm woodland in Thames Chase in March.

Land Regeneration Unit

The Land Regeneration Unit is continuing to support Forest Enterprise development programmes of acquisition and management within this area. It works with local partners to source funding and acquire land for tree planting, access and amenity. It is also proving to be a very cost-effective focus for research and the development of good practice. Work this year has focussed on identifying and surveying sites under the CMF project, a partnership with English Partnerships, Yorkshire Forward, Doncaster Metropolitan Borough Council and the Coal Authority in South Yorkshire and the National Forest Company. To date, the Unit has identified some 3,000 hectares of land suitable for acquisition through freehold or leasehold agreements and over 500 hectares of this land has actually been secured.

Research

The Programme already works closely with our Forest Research Agency and research priorities are being formed alongside Programme objectives. The Agency recently produced a Reclamation Research Strategy to identify needs and priorities. In particular, research on the identification and treatment of pyrite contaminated brownfield land (principally colliery spoil tips) has begun. An Information Note on the *Opportunities for Woodland on Contaminated Land* is being prepared in liaison with the Environment Agency. Forest Research staff are also involved on the technical steering group for the intuitive software project identified above.

England's Community Forests

The closer working arrangements created by the launch of the Joint Accord with the 12 Community Forests in 1999, has been enhanced by the appointment of a dedicated Secretariat to support the work at the national level. The Secretariat will manage the administration and organisational aspects of national working as well as assisting in the preparation and maintenance of a programme wide business plan. The Secretariat is supported by a range of working groups responsible for advising on specific issues such as research, training and development and so forth.

Together with the Countryside Agency and the 12 Community Forests we have agreed to produce a succession strategy to examine operational options and financial implications for the programme beyond 2005.

In the past year, over 400 hectares of new woodlands were created with support from the Woodland Grant Scheme. In addition, 93 per cent of all existing woodlands within the Community Forests are managed under the Woodland Grant Scheme and 60 per cent of these have access open to the general public.

Forestry for Recreation, Access and Tourism

This programme aims to promote more and better quality public access to woodlands. It also includes opportunities for ensuring that woods and forests continue to be used for a wide range of recreational pursuits as well as complimenting and supporting the tourist industry.

Key achievements during the year included:

Increasing Access to Woodlands

Our advice to government on increasing access to woodlands which we covered in our Annual Report last year included a recommendation to develop a new power (dedication) to enable landowners to grant access rights to their land in perpetuity. The Countryside and Rights of Way Act 2000 provides this power. We are now working with the DETR, and the Countryside Agency to develop a dedication scheme which will enable woodland owners to dedicate their land as access land in perpetuity. We expect that a draft scheme will be issued for public consultation during the next year.

We are also considering the scope for dedication of the Commission's own estate. At present, we currently allow public access on foot to all of our woods and forests on a permissive basis except where there are legal or management constraints which prevent this. You will appreciate, therefore, that dedication of the Commission's estate will not in itself increase the area of woodland open to the public. Although dedication would not increase the area of our estate that is available for access, it would allow access to continue, even if the land is sold.

Support for Access to Woodlands

The Community Woodland Supplement, introduced in 1992, is intended to encourage the creation of new woodlands which will provide access and recreational facilities close to towns and cities. A total of 885 hectares were established with the benefit of the supplement during the year, bringing the total area on which the supplement has been paid since its launch to nearly 6,900 hectares. We commissioned a review of the supplement during the year, and will report on the conclusions we reach from this in our report next year.

The Community Woodland Supplement is intended to encourage the creation of new woodlands which will provide access and recreational facilities close to towns and cities in order to meet the needs of the community. A total of 885 hectares was established in 1999-2000 which brings the total area of new community woodlands in England to nearly 6,900 hectares since the scheme was launched in 1992.

Our *Walkers Welcome* initiative aims to encourage woodland owners to advertise that access to their woodlands is available, and to welcome people walking in their woods. The Forestry Commission provides support in the form of advice and signs for footpaths. This year, just over 12,000 hectares were approved as *Walkers Welcome* under the Woodland Grant Scheme. This brings the total area of *Walkers Welcome* since its launch in 1992 to nearly 56,000 hectares.

The Woodland Improvement Grant supports work which helps to encourage informal public recreation in existing woodlands. It can be paid to open up woods for recreation or to improve and enhance areas of woodland already used by the public. During the year, grant was paid for over 1,200 hectares of woodlands. Management Grant is also paid as a contribution towards work designed to encourage public access. Some 46,000 hectares of woodland benefited through schemes where recreation was a high priority.

National Forest Premium

The National Forest Premium, an element of the Woodland Grant Scheme, was introduced in 1999 to provide an additional incentive for planting new woodlands in the National Forest. In its second year, the premium supported 43 hectares of new planting, with unspent funds from the £300,000 allocation for the premium used in a significant joint land acquisition with the National Forest Company (NFC). The premium will continue for a further year, during which time it will be reviewed in conjunction with the NFC.

Access and Recreation in the National Forests

Our forest centres are the focal points for recreational activities in our forests. They provide general information about the forest as well as details of opportunities for walking and other activities. Many of the centres have catering facilities and there are opportunities for cycle hire and to enjoy guided walks with our forest rangers. Forest Enterprise appointed its first preferred bidder, the Past Forward Group, under the Public/Private Partnership programme, for a project to develop up to 20 new forest centres throughout England. Negotiations are proceeding towards implementation of the first phase of the project, with new centres planned for Delamere, Cannock Chase and Alice Holt.

During the year, Forest Enterprise has pursued its objective to make its forests more accessible to more people through a wide range of activities. The programmes of special events continue to develop in scale and imagination. In the North East a series of forest festivals saw David Bellamy leading a wildlife walk at Hamsterley in Co. Durham, and successful events at Chopwell Wood, Tyne and Wear and Wooler Common in Northumberland. The popular musician, Jools Holland, played a concert at Thetford and the English National Orchestra sold out to capacity crowds. A new wildlife safari programme was launched in the New Forest.

The Prince of Wales opened the superb new Great Oak Hall at Westonbirt Arboretum, which is now England's third most visited garden after Kew and Wisley. The magical 'enchanted wood' – the Old Arboretum lit by over 600 carefully positioned spotlights – attracted a record 22,000 visitors, with some exceptionally positive media reviews.

In the New Forest, the Society of Wildlife Artist's year long 'Wildart' project in the Forest culminated in exhibitions at Lyndhurst and at the Mall Gallery in London, where Agriculture Minister Nick Brown spoke at a reception we hosted. A superb body of work in pictures and sculpture interpreted the Forest through the eyes of this international group of artists, drawing out new aspects even for people who know the Forest well. A calendar illustrating the wide range of art projects throughout Forest Enterprise was widely distributed to decision makers and partners and sold through our shops.

We reviewed our policy on education, focussing on the development of 'Centres of Excellence' exemplified by our centres at Westonbirt, Wyre Forest and Cannock. The centres at Delamere, Bedgebury and Alice Holt are now developing towards the policy's objectives. Our education programme leads in the field of social inclusion. Examples of this work, recognised in the media, include a project at the Bedgebury Centre involving children from the inner city and a successful project at Grizedale involving children from the Kendal and Ulverston Special Schools. The work at Grizedale was led by the artist in residence, and involved building grottoes on the Ridding Wood all ability sculpture trail.

Proposed New Forest National Park

Following the announcement that the New Forest would become a National Park, the Countryside Agency launched consultation on the boundary in October. The Commission is in a position unique in any British National Park in managing nearly half of the proposed area of the Park. We are working closely with the Countryside Agency to develop our role as major implementer within the new National Park.

Forest Education Initiative

The Forest Education Initiative (FEI) aims to increase young people's understanding of the local and global importance of trees, woodlands and forest environments, the forestry industry, the timber trade and the wood products industries. It operates as a partnership between the forestry and timber processing sectors, environmentalists and educationalists. It supports a series of cluster groups which work in geographically specific areas. The Commission was a founding member of FEI and continues to provide administrative and operational support. A Challenge Fund is also provided by the Commission to enable clusters to bid for funds to support local projects. Up to 50 per cent of the cost of any one project can be supported through the Fund.

During the year the number of FEI's clusters has risen to 21. These clusters are still the lifeblood of FEI, delivering our aims and objectives on the ground throughout England. The Partnership fund used to supply the clusters with the necessary monies to carry out activities continues to thrive producing several innovative projects. These range from numeracy trails to education resources for use in schools. This year also saw the launch of a new Internet website (www.foresteducation.org). Whilst the site has the primary aim of supplying teachers with materials to support field work, it will also enable FEI to provide resources in response to changes in the curriculum and to public demand.

Forestry for the Environment and Conservation

New Native Woodlands in National Parks

This Challenge Fund was launched in 1997 initially for three years. It enables landowners to submit competitive bids for creating new native woodlands. In deciding which bids to accept consideration is given to quality, value for money, public benefit, the degree of public involvement and public support. Due to its considerable success it was extended for a further year in 2000. A judging panel set up with representatives from the Association of National Parks Authorities and English Nature assessed the fourth round of bids this year. The panel accepted 21 bids which had a combined value of £675,000. These will help create, during the next 12 months, more than 200 hectares on new woodlands ranging in size from one to 40 hectares.

Over the four years of its operation the challenge fund has resulted in the creation of 1,140 hectares of new native woodland at a total cost of £3.1 million. This has helped to make a significant contribution to the delivery of the Government's Biodiversity Action Plans for native woodlands. We are currently evaluating the achievements of this challenge and its future beyond the fourth year.

Protection of Ancient Semi Natural Woodlands

The working group set up by the England Forestry Forum to examine the threats to ancient semi-natural woodland, and recommend strategies to increase their protection reported in January 2001. A formal response will be prepared during 2001-2002.

The Jigsaw Challenge

This Challenge Fund was developed with the assistance of the England Native Woodland Partnership and others and was launched in September 2000. It will run for five years in the first instance and is designed to encourage the expansion and linkage of fragments of ancient woodland to provide a more coherent and robust woodland habitat network. The challenge fund is targeted initially in one location in each of our Conservancies, and £1 million of funding has been allocated through the Woodland Grant Scheme to the challenge fund in each year. Judging will be carried out separately in each Conservancy by panels incorporating independent members.

Native Woodland Surveys and Plans – Pilot

In August 2000 we launched a pilot native woodland survey and planning scheme in our West Midlands Conservancy and the adjoining counties of Gloucestershire, Wiltshire and the former county of Avon. The Government's UK Forestry Standard stresses the importance of survey and management plans in assessing appropriate management in native woodland. Woodland Improvement Grants are available to fund 50 per cent of this work but owners and agents have been reluctant to fund the balance. The pilot native woodland plans grant has been established to test thoroughly both the practice and funding of a standardised survey and management plan package.

Since the launch, some 160 applications covering 4,800 hectares have been received, and 50 have been approved. Training of our staff as well as practitioners has been undertaken and further training is planned. Early indications are that the scheme is generally welcomed by forestry and conservation professionals and that improved management of native woodlands will result. The pilot will be reviewed in 2001, to help assess whether the scheme should be extended elsewhere in England.

Felling Regulations

We continue to exercise strict controls on felling. 2,384 Woodland Grant Scheme plans were approved during the year of which 1,773 contained licensable thinning and felling work. Under the arrangements introduced in 1998, for each such approval we now issue a statutory Felling Licence. 684 of these had restocking conditions attached. Through the WGS, we licensed thinning operations on 22,976 hectares of woodland. We also licensed a further 1,544 hectares of clear felling, 641 hectares of selective felling and 1,546 hectares of coppicing.

Over 1,558 hectares of restocking grant was paid during the year whilst we approved restocking on 2,742 hectares.

We also issued 1,147 felling licences which were not linked to Woodland Grant Scheme plans, compared with 1,249 last year. These licences covered some 378,744 cubic metres with 74 per cent of this being for unconditional thinning operations.

163 reports of alleged illegal felling were received from the public and others. After checking our record of approved felling, we investigated a further 28 in more detail. This year we sought ten prosecutions and have 21 serious cases still being resolved. In nine less serious cases, we issued formal warnings to those involved.

Regulation of Forest Enterprise

Our Conservators continued to receive forest design plans from Forest Enterprise in respect of proposed felling operations. These plans are subject to external consultation on the same basis as private sector grant aid and felling licence applications. We have now approved plans covering over 215,000 hectares (83 per cent) per cent of the public estate managed by Forest Enterprise. Annual monitoring of work carried out under approved plans involved inspecting 120 sample sites and demonstrated that all conditions had been complied with.

The Deer Initiative

The Deer Initiative (DI) was established in 1993 and has brought together a range of land management and animal welfare interests to build consensus on the need to manage wild deer. In 1999 we appointed consultants to prepare a development strategy for the DI. As a result of this, the DI restructured itself to form a wider Council of partners and a charitable company, limited by guarantee, to implement a number of actions identified in the development strategy. These are focussed on developing a network of effective deer management groups in priority areas in England. Through a three-year grant agreement, we are providing development funding for the company which is being matched with resources from other partners. Towards the end of the year we completed a review of the first year's performance by the company which showed that it had made an effective start. We intend to carry out another review in 2001-2002 and will be looking for evidence that the DI is delivering increased deer management in England.

Forest Enterprise and Nature Conservation

As the largest owner of land in England, Forest Enterprise plays a significant role in delivering the governments nature conservation policies at both National and International levels. Examples of this work during the year included:

- Forest Enterprise was a key Partner in three European Union LIFE Fund programme projects, aimed at maintaining and enhancing Special Areas of Conservation designated under the EU Habitats Directive.
- In the New Forest major work continued on the removal of exotic species from the forest, including Rhododendron and Turkey Oak and on the restoration of the Forest's Valley Mires.
- The Kielder Mires project continued to remove exotic species, mainly planted Lodgepole Pine and Sitka Spruce, from the Mires and obtained world wide media coverage for the explosive creation of a series of new pools to help breeding moorland waders.
- At Whitbarrow in the South Lake District the completion of Corsican Pine removal transformed the appearance of Whitbarrow Scar as well as restoring Limestone pavement and grassland which is expected to become a key area for High Brown Fritillary, Britain's rarest Butterfly.

Forest Enterprise also led in developing regulation and management procedures with English Nature and Royal Society for the Protection of Birds (RSPB) for one of the country's first 'large area' Special Protection Areas under the European Union's Birds Directive. The majority of Thetford Forest has been designated for its Woodlark and Nightjar populations, which are amongst the most important in Britain, and the partners successfully faced the challenge of integrating commercial forest management with the bird's requirements.

The Countryside and Rights of Way Act 2000 marked a major step forward for the protection of wildlife sites, including new obligations on government departments to protect Sites of Special Scientific Interest (SSSI). Forest Enterprise already meets its obligations under the Act through the full coverage of its 180 SSSIs in England by plans agreed with English Nature.

Forest Enterprise continues to look for opportunities to enhance its sites in co-operation with English Nature. For example, at Bedford Purlieu Wood in Cambridgeshire, believed to have the largest plant and insect species list of any site in England, was launched as a National Nature Reserve by English Nature Chairman Baroness Young of Old Scone.

Forest Enterprise also plays a central role in the delivery of the government's biodiversity programme. During the year the Forest Enterprise Species Action Plan for Butterflies was published. A new scoring system for key sites will make it easy to track how butterfly populations are performing over the next few years. The plan preceded the publication of the authoritative new Atlas of Butterflies in Britain and Ireland which tracks the decline of many woodland species. Forest Enterprise, working with the charity Butterfly Conservation, is starting to reverse this trend in places like Wyre Forest and in recognition of its work won Butterfly Conservation's Marsh Award for the conservation of Lepidoptera species for 2001.

Work on developing Native Woodland Habitat Action Plans (HAP) started during the year. A major survey of the public estate managed by Forest Enterprise commenced in South East England and, by the end of the year, had also collected data for the East Midlands, New Forest Dorset, North Yorks Moors and parts of the South West and West Midlands. Linked closely to the HAPs, a unique feature of the survey is that it predicts the potential of ancient woodland sites planted with non-native species for restoration to native woodland. As the survey is developed into Forest Design Plans and then physical implementation it will play a key role in delivering government Native Woodland HAP targets.

Following the publication of the Forest Enterprise HAP for pasture woodland, there have been significant developments on three important projects. In the North York Moors, ancient oaks hidden amongst a dense forest of younger trees were mapped using satellite location, gaining world-wide media coverage in the process. A newly identified area of pasture woodland at Southwick Wood in Northamptonshire was fenced and an experimental fenced enclosure was established for the resumption of grazing at Savernake. All these projects were supported by English Nature.

Forest Enterprise also launched England's largest woodland restoration project in the East Midlands (Northants Forest District) this year. The Ancient Woodlands Project will restore a total of 6,500 hectares to native woodland, principally by the regeneration of conifer plantations to native woodland.

Archaeology

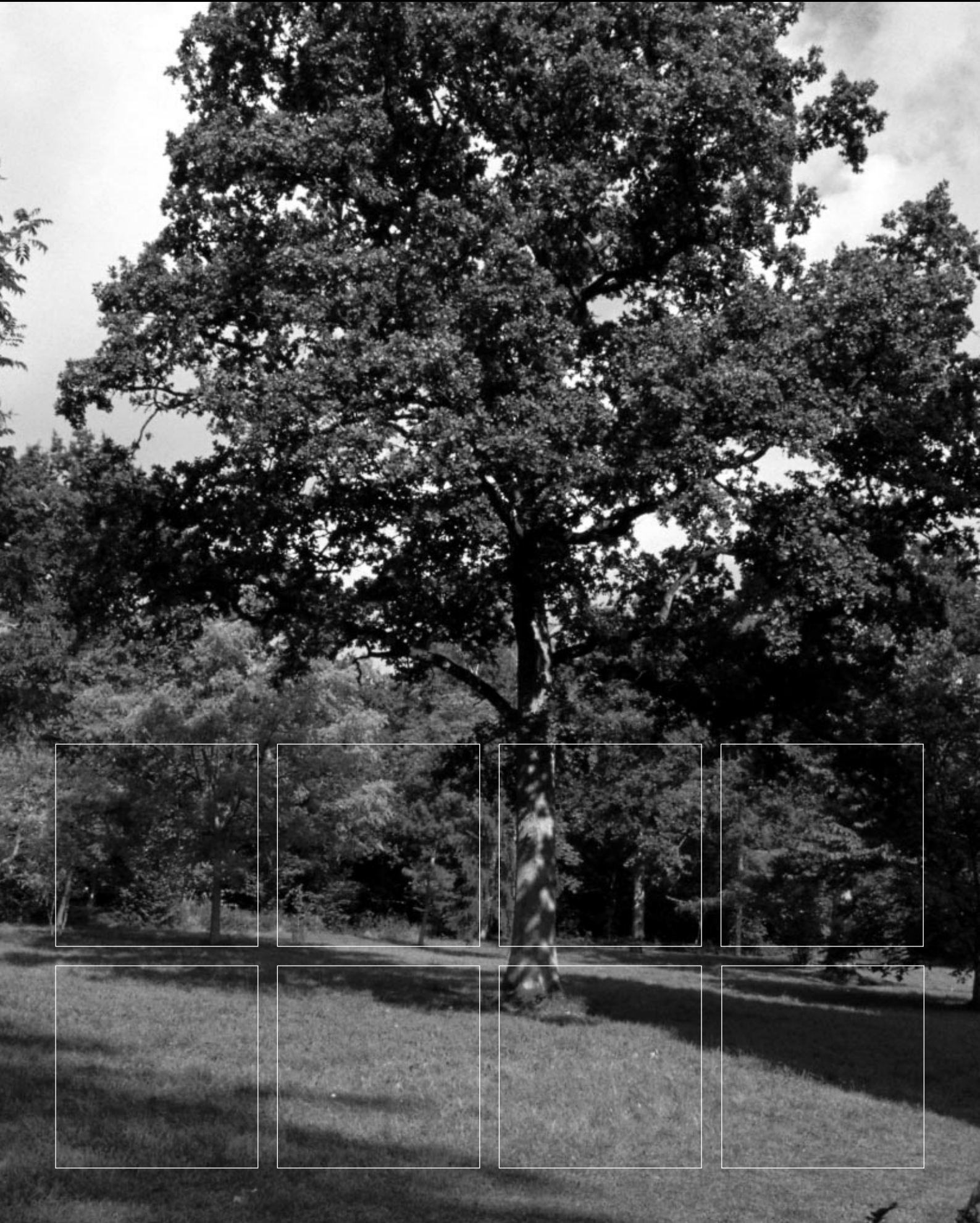
As part of the Ancient Woodland project a major archaeological survey of the project woods has been undertaken finding three medieval hunting lodges, rare Bronze Age burial cairns, a dozen charcoal hearths, three iron smelting slag heaps and mile upon mile of coppice banks and boundary ditches.

During the year Forest Enterprise reviewed its archaeological policy. This resulted in the completion of the Scheduled Ancient Monument programme, with particular progress achieved in the South East and New Forest.

English Heritage have selected the Forest of Dean for a groundbreaking 'landscape scale' archaeological survey of the Forest of Dean, in partnership with Gloucestershire County Council and Forest Enterprise. With over 1,000 archaeological sites ranging from the Iron Age to the Industrial Revolution this should be a most valuable project.

Resource Accounts

for the year ended 31 March 2001



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Resource Accounts

for the year ended 31 March 2001

FOREWORD

1 Status

The Forestry Commission is the Government Department responsible for forestry separately and distinctly in each country of Great Britain. It implements the Government's forestry policy in England within the framework of legislation (principally the Forestry Acts 1967 and 1979, the Plant Health Act 1967 and the Countryside Act 1968), and is subject to direction by Forestry Ministers.

The Forestry Commission has no policy responsibility for any non-departmental public body.

2 Entities within the Departmental Accounting Boundary

The entities within the boundary were as follows:

The Core-department (the Forestry Commission) in England, together with a number of reserved and core matters for Great Britain (GB) as a whole;

Forest Research Agency (FR) – which undertakes the major part of the Commission's forest research programmes, as well as undertaking technical development, scientific services and survey work. Forest Research became an Executive Agency of the Forestry Commission with effect from 1 April 1997. The relationship between Forest Research, the Forestry Commissioners and Forestry Ministers is described in its Framework Document, which was published in February 1997. For Resource Accounting purposes Forest Research is within the departmental boundary, a separate set of accounts has been produced for the agency and these have been consolidated into the overall Forestry Commission England/GB accounts.

3 Entities outside the Departmental Accounting Boundary

The following entity was outside the boundary:

Forest Enterprise Agency (FE) in England – which manages the Forestry Commission's forests. It became an Executive Agency of the Forestry Commission with effect from 1 April 1996 and has been given Public Corporation status for National Accounting purposes. Accordingly, it is outside the departmental boundary for Resource Accounting purposes and separate accounts have been produced for Forest Enterprise in each country with the net deficit and net worth of FE England being reflected in the Forestry Commission's consolidated accounts for England/GB.

4 Accounts Produced

In addition to these Departmental Resource Accounts and the separate Accounts produced by Forest Research and Forest Enterprise, a Forestry Commission Pension Scheme Account and an Appropriation Account have also been produced and audited.

These are the second set of Resource based accounts and the first to include audited prior year comparators. This has involved taking account of all resources the Commission consumes in delivering our objectives, not just the cash spent, and fulfils the Government's commitment in the Code for Fiscal Stability.

These accounts have received a formal audit opinion from the Comptroller and Auditor General.

The Forestry Commission's activities are financed from the Grant-in-Aid drawn down from Class X, Vote 3. The Forest Enterprise Agency's cash deficit and Forest Research Agency's cash surplus are netted off the Grant-in-Aid.

5 Forestry Commission Mission and Objectives

The mission of the Forestry Commission is to protect and expand Britain's forests and woodlands. The objectives of the Forestry Commission are, through its powers and duties set out in the Acts, to:

- protect Britain's forests and woodlands;
- expand Britain's forest area;
- enhance the economic value of our forest resources;
- conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands;
- develop opportunities for woodland recreation;
- increase public understanding and community participation in forestry.

The Commission is responsible for:

- providing support and advice to Ministers;
- policy development;
- European and international liaison;
- implementing the Government's forestry policy, including the control of tree felling and providing advice to private woodland owners;
- administering the payment of grants for approved planting, restocking and management schemes;
- liaising with public bodies and non-government organisations concerned with forestry and the countryside;

- commissioning forestry research; and
- plant health.

The aims of Forest Research are set out in its Framework Document. They are to provide:

- a capability to conduct research and development, surveys and related services relevant to the forest industry; and
- authoritative advice to support the development and implementation of the Government's forestry policy.

The Forestry Commission 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.

6 England Forestry Strategy

The Forestry Commission has developed a forestry strategy particular to the needs of England that has the following main aims:

- Forestry for Rural Development;
- Forestry for Economic Regeneration;
- Forestry for Recreation, Access and Tourism;
- Forestry for the Environment and Conservation.

7 Review of Activities

Forest Research produced a net operating surplus of £580,000 (£546,000 for 1999/2000) and Forest Enterprise in England produced a net operating deficit of £9,881,242 (£6,465,659 for 1999/2000) on their Income and Expenditure Accounts excluding the notional cost of capital. The respective net surplus and deficit for the year after cost of capital was £61,000 (£26,000 (restated) for 1999/2000) and £38,898,123 (£36,629,654 for 1999/2000).

After adjusting the total surplus/deficit for items not involving the movement of cash and for capital expenditure and income, the net cash surplus and deficit netted off the Grant-in-Aid was £362,000 (£999,000 for 1999/2000) and £13,182,581 (£3,381,011 for 1999/2000) respectively.

8 Pension Liabilities

The Forestry Commission runs a pension scheme by analogy with the Principal Civil Service Pension Scheme and this is a reserved GB matter and as noted above, a separate Pension Scheme Statement has been produced.

In accordance with Treasury Accounts Directions, the liabilities of the Pension Scheme are shown in the Pension Scheme Statement, whilst employers and employees contributions are included in the individual accounts of the parts of the organisation, within the relevant countries, under staff costs.

9 Ministers

Since devolution, in England the Commission has reported to:

the Rt Hon Nick Brown MP, Minister of Agriculture, Fisheries and Food (who took the lead on UK matters); and

Elliot Morley MP, Minister for Fisheries and the Countryside who acts in respect of England and those activities that continued to be carried out across Great Britain.

10 Permanent Head of the Department and Forestry Commissioners

The Board of Commissioners includes the Permanent Head of Department, the Director General, and directs the work of the Forestry Commission. The Board of Commissioners comprises:

Sir Peter Hutchison Bt CBE FRSE	Non-executive Chairman
David Bills	Director General and Deputy Chairman
Dr Bob McIntosh	Chief Executive, Forest Enterprise
Duncan Macniven TD	Head of Corporate Services

The following named individuals have been non-executive Commissioners during the year:

Anthony Bosanquet	replaced Harry Featherstonhaugh on 18 January 2001
Tom Bruce Jones	
Tony Cooper	replaced John Edmonds 18 January 2001
Dr Victoria Edwards	
John James OBE	
Andrew Raven	
Gareth Wardell	
Harry Featherstonhaugh	replaced by Anthony Bosanquet on 18 January 2001
John Edmonds	replaced by Tony Cooper on 18 January 2001

11 Appointment of the Permanent Head of the Department and Forestry Commissioners

Non-executive Commissioners are appointed for 3-5 year terms of office by Her Majesty the Queen on advice from Ministers, following the procedures of the Commissioner for Public Appointments, including open advertisement. Executive Commissioners, including the Director General, are appointed by Her Majesty the Queen on the advice of Ministers, for the duration of the tenure of the posts to which they are recruited, through normal Civil Service procedures.

12 Employment Policies

The Forestry Commission and its Agencies are committed to the principle of equality of opportunity for employment and advancement for all eligible people on the basis of their ability, qualifications and fitness for the work. The Commission has systems to ensure that all permanent appointments are made on the basis of fair and open competition and in accordance with the guidance laid down by the Civil Service Commissioners. Further information on the employment of persons with disabilities, the provision of information to, and consultation with, employees, and the promotion of equal opportunities is available on request.

The Commission is committed to equality of opportunity of employment. Our aim is that the Commission should reflect a diverse, modern society at all levels and make full use of everyone's talents.

13 Supplier Payment Policy

The Forestry Commission observes the principles of the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated in the contract, we aim to pay within 30 days from the receipt of goods and services or the presentation of a valid invoice, whichever is the later. A sample analysis for 2000/01 indicates that 96.4 per cent (98.3 for 1999/2000) of invoices paid by FC and 98.5% of invoices paid by FR were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contracts and orders.

14 Annual Report

The Annual Report contains a review of the year and detailed management objectives and the degree to which they have been achieved, financial statements, tables and statistics.

15 Restatement

A number of figures for 1999/2000 have been restated. This is largely because the cash ledger imbalance, which led the 1999/2000 accounts to be qualified, has now been resolved. The reason for a significant part of the imbalance was the incorrect transfer of debtor balances when new Sales ledger software was introduced.

16 Auditors

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

D J Bills

Accounting Officer
22 January 2002

Statement of Forestry Commissioners' 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 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 Forestry Commission'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, 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 Forestry Commission will continue in operation.

The responsibilities of the Director General, as Departmental Accounting Officer, for the propriety and regularity of 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.

D J Bills

Accounting Officer
22 January 2002

Statement on the System of Internal Financial Control

This statement is given in respect of the resource account for the Forestry Commission in England and for reserved GB functions, which incorporates the transactions and net assets of the core department in England and the Forest Research Agency as well as the net deficit and net assets of Forest Enterprise in England.

As Accounting Officer for the department, I acknowledge my overall responsibility for ensuring that the Department and Agencies maintain and operate an effective system of internal financial control in connection with the resources concerned. The Chief Executive of each Agency and other self-accounting unit is responsible for the maintenance and operation of the system of internal financial control in that body.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including the segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by executive managers within the department and agencies. In particular the system includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Forestry Commissioners;
- regular reviews by Commissioners of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts;
- clearly defined capital investment control guidelines;
- formal project management disciplines where appropriate;
- a programme of accounting inspections.

The Forestry Commission has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The work of the unit is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Forestry Commission Audit Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the Forestry Commission. The report includes the HIA's independent opinion on the adequacy and effectiveness of the body's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by:

- the work of the internal auditors;
- the Audit Committee which oversees the work of the internal auditors;
- the executive managers within the body who have responsibility for the development and maintenance of the financial control framework;
- comments made by the external auditors in their management letter and other reports.

Implementation of the Turnbull Report

In September 1999, the Institute of Chartered Accountants in England and Wales published the report of the Turnbull Committee Internal Control: Guidance for Directors on the Combined Code. The effect of the Turnbull report was to extend the existing requirement to provide a statement in respect of financial controls to cover all controls, including financial, operational, compliance and management of risk.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance issued by Treasury.

D J Bills

Accounting Officer
22 January 2002

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 54 to 86 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 60 to 63.

Respective responsibilities of the Commission, Accounting Officer and Auditor

As described on page 49 the Commission and Accounting Officer are responsible for the preparation of the financial statements in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Commission and Accounting Officer are also responsible for the preparation of the other contents of the Accounts. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and whether, 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 also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 50 and 51 reflects the Commission's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom 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 significant estimates and 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 Commission'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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Forestry Commission in England and those functions which it carries out on a Great Britain-wide basis other than net superannuation costs at 31 March 2001 and of the net resource outturn, resources applied to objectives, 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
28 January 2002

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

SCHEDULE 1

FORESTRY COMMISSION ENGLAND/GB

Summary of Resource Outturn

for the year ended 31 March 2001

		2000/ 2001		2000/ 2001		2000/ 2001		1999/ 2000	
		Gross Expenditure	Estimate Receipts	Net Total	Gross Expenditure	Outturn Receipts	Net Total	Net Total compared with Estimate saving/ (excess)	Prior year outturn Net
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Protection and expansion of British woodlands and increasing their value to society and the environment									
Total Resources		92,306	–	92,306	97,557	(19,868)	77,689	14,617	124,724
Net Cash requirement		49,535	–	49,535			52,641	(3,106)	43,193
Reconciliation of Resources to Cash Requirement	Note	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Net Total Resources				92,306			77,689	14,617	124,724
Capital:									
Purchase of fixed assets	2			879			967	(88)	258
Non-operating cost A in A				–			–	–	–
Accruals adjustments:									
Non-cash items	3			(44,389)			(40,584)	(3,805)	(88,203)
Changes in working capital other than cash	4			739			1,272	(533)	3,033
Transfers posted as non-cash in error				–			114	(114)	–
Other adjustments:									
Payments to Forest Enterprise in England	5			–			13,183	(13,183)	3,381
Payments to the Consolidated Fund by Forest Research				–			–	–	–
Net cash requirement				49,535			52,641	(3,106)	43,193

Explanation of the variance between Estimate and Outturn:

Budget did not include Pension expenditure

Explanation of the variance between Estimated net cash requirement and Outturn net cash requirement:

Budget did not include Pension expenditure

Explanation of the variance between the Prior year Outturn and Prior year Cash Flow Statement

(Schedule 4) The Cash Flow Statement has been restated in line with the restatements to the Operating Cost Statement and Balance Sheet. In accordance with the Resource Accounting Manual the Prior year figures on this Schedule have not been restated.

Analysis of Income Payable to the Consolidated Fund

	2000/2001		1999/2000	
	Income £000s	Receipts £000s	Income £000s	Receipts £000s
Income for fees not classified as A in A	–	–	–	–
Income from the sale of assets not classified as A in A	–	–	–	–
Total	–	–	–	–

The notes attached form part of these accounts.

SCHEDULE 2
FORESTRY COMMISSION ENGLAND/GB

Operating Cost Statement
for the year ended 31 March 2001

	Note	2000/2001		Restated 1999/2000	
		£000s	£000s	£000s	£000s
Administration Costs:					
Staff costs	6	18,591		17,926	
Other administration costs	7	17,411		16,699	
Gross Administration Costs			36,002		34,625
Operating income	8	(11,943)		(10,722)	
Administration Income			(11,943)		(10,722)
Net Administration Costs			24,059		23,903
Programme Costs:					
Request for Resources					
Expenditure	8a	61,555		107,610	
Less income	8b	(7,925)		(6,334)	
Net Programme Costs			53,630		101,276
Net Operating Cost			77,689		125,179
Net Resource Outturn			77,689		125,179

Statement of Recognised Gains and Losses
for the year ended 31 March 2001

	2000/2001		1999/2000	
	£000s	£000s	£000s	£000s
Net gain on revaluation of tangible fixed assets –				
Forestry Research		19		148
Prior year adjustment		455		–
Total recognised gains and losses for the year		474		148

There have been no discontinued operations during the year.

The notes attached form part of the accounts.

SCHEDULE 3
FORESTRY COMMISSION ENGLAND/GB

Consolidated Balance Sheet

as at 31 March 2001

	Note	2000/2001		Restated 1999/2000	
		£000s	£000s	£000s	£000s
Fixed Assets:					
Tangible fixed assets	2	10,484		10,532	
Investments	5	490,912		476,318	
Total			501,396	486,850	
Current Assets:					
Stocks	11	351		411	
Debtors	12	3,436		3,277	
Cash at bank and in hand	13	291		(703)	
Total			4,078	2,985	
Creditors (amounts falling due within 12 months)	14	(2,859)		(3,499)	
Net Current Assets			1,219	(514)	
Total assets less current liabilities			502,615	486,336	
Provisions for Liabilities and Charges	15	(2,408)		(2,941)	
Net assets			500,207	483,395	
Taxpayers' equity					
General fund	16	497,588		480,806	
Revaluation reserve	17	2,619		2,589	
Donated asset reserve		–		–	
Total			500,207	483,395	

The notes attached form part of these accounts.

D J Bills

22 January 2002

SCHEDULE 4
FORESTRY COMMISSION ENGLAND/GB

Cash Flow Statement

for the year ended 31 March 2001

	Note	2000/2001 £000s	Restated 1999/2000 £000s
Net cash outflow from operating activities		(38,491)	(38,692)
Payments to Forest Enterprise	5	(13,183)	(3,381)
Capital expenditure and financial investment	2	(967)	(258)
Payments to the Consolidated fund by Forest Research		–	–
Payments from Consolidated fund		53,634	41,641
Increase/(decrease) in cash in the period	13	993	(690)

Reconciliation of Operating Cost to Operating Cash Flows

Net Operating Cost		(77,689)	(125,179)
Adjustment for non-cash transactions	3	40,584	88,182
Transfers posted as non-cash in error		(114)	–
Adjustments for movements in Working Capital other than cash	4	(1,272)	(1,695)
Adjustment for transfer from provision		–	–
Net Cash Flow from Operating Activities		(38,491)	(38,692)

Analysis of capital expenditure and financial investment

Purchase of Fixed Assets	2	(967)	(648)
Proceeds of disposal of fixed assets		–	390
		(967)	(258)
Loans to other bodies		–	–
Net cash outflow from investing activities		(967)	(258)

Analysis of financing

Net financing requirement		53,634	41,641
Decrease in cash	13	(993)	(690)
Net Cash Requirement		52,641	40,951

The notes attached form part of these accounts.

SCHEDULE 5
FORESTRY COMMISSION ENGLAND/GB

Resources by Departmental Aim and Objectives

for the year ended 31 March 2001

		2000/2001			Restated 1999/2000		
		Gross expenditure £000s	Income £000s	Net expenditure £000s	Gross expenditure £000s	Income £000s	Net expenditure £000s
Objectives							
Protect Britain's forests and woodlands	18/19	34,507	(48)	34,459	59,709	(2,346)	57,363
Expand Britain's forest area	18/19	2,785	(30)	2,755	3,791	(1,158)	2,633
Enhance the economic value of our forest resources	18/19	14,874	(5,665)	9,209	15,158	(5,335)	9,823
Conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands	18/19	20,288	(8,224)	12,064	26,339	(4,909)	21,430
Develop opportunities for woodland recreation	18/19	17,545	(4,412)	13,133	26,904	(2,263)	24,641
Increase public understanding and community participation in forestry	18/19	7,558	(1,489)	6,069	10,334	(1,045)	9,289
Net Operating Costs		97,557	(19,868)	77,689	142,235	(17,056)	125,179

The notes attached form part of these accounts.

NOTES TO THE RESOURCE ACCOUNTS

1 Statement of Accounting Policies

a 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 Treasury. They are prepared in accordance with the Resource Accounting Manual on the accruals basis under the historical cost convention modified by the revaluation of fixed assets and stocks where material, at their value to the business by reference to their current costs.

The particular accounting policies adopted by the Commission are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

They are audited by the Comptroller and Auditor General.

b Basis of Consolidation

Forest Enterprise in England has been designated a Public Corporation for national accounts purposes and as such is outside the boundary for Resource Accounting purposes. These accounts therefore comprise a consolidation of the core-department and its on-vote agency Forest Research and the trading loss and net worth of Forest Enterprise in England. Forest Research and Forest Enterprise both publish their own annual report including their annual accounts.

The Forestry Commission Annual Report and Accounts for England and Great Britain includes the consolidated core-department/Forest Research accounts, the accounts of Forest Enterprise in England and the Forestry Commission Pension Scheme accounts.

c EU Funding

The Forestry Commission acts as an agent of the EU for Third Party Grants paid from Objective 1 and 5b and WGS payments made under the national EAGGF schemes.

The Forestry Commission undertakes to pay planting grants in three instalments whilst Grants for the management of existing woodlands are payable annually in arrears during the five-year currency of an approved plan.

Grants become payable (and are recognised as a liability in the Balance Sheet) and contributions from the EU are claimed, once a physical inspection has been undertaken to verify that the scheme conditions have been met.

If grants are subsequently recovered because of failure to fulfil the conditions of the Woodland Grant Scheme, the amount of co-financing that was received may be repayable to the EU.

d Cost of Capital Charges

Charges, reflecting the cost of capital utilised by the Commission in England, Forest Research and Forest Enterprise in England, have been included under Administration or Programme costs (as appropriate) in the Operating Cost Statement. The charge is calculated at the Government's standard rate of 6 per cent in real terms on total assets less liabilities.

e Taxation

The Forestry Commission is not subject to income, corporation or capital gains tax. Irrecoverable Value Added Tax is charged to the Operating Cost Statement in the year in which it is incurred.

f Fixed AssetsOwnership

Legal ownership of all assets is vested in the Forestry Minister.

Valuation of Assets

Freehold land and buildings are revalued every three years by professionally qualified staff employed by the Forestry Commission. Office equipment is revalued every three years by Forestry Commission administrative staff. Between revaluations, tangible fixed asset values are updated annually using a general price index.

Revaluation surpluses and deficits are taken to the Revaluation Reserve, unless deficits exceed the Cumulative Revaluation Reserve balance, when they are charged to the Operating Cost Statement.

Capitalisation Threshold

The minimum level for capitalisation of a tangible fixed asset is £1,500.

Pooling of Assets

Although items of furniture, if treated singly, would fall below the capitalisation threshold, collectively they represent a significant asset and accordingly they were pooled for the first time in the 1999/2000 accounts. The existing stock of furniture was estimated to be half way through its life as at 31 March 2000.

A separate pool has been set up for furniture purchases made during 2000/01.

The useful economic life of these pools is 10 years.

Office Machinery has been grouped in this way for many years.

g Investments

Forest Enterprise in England has been designated a Public Corporation for national accounts purposes and as such is outside the boundary for Resource Accounting purposes. Accordingly it is treated as an investment and is shown in the Balance Sheet at the value of the net assets of the Agency as at 31 March 2001.

h Depreciation

Depreciation is provided on all tangible fixed assets – except land – at rates calculated to write off the valuation, less estimated residual value, of each asset evenly over its expected useful life. Estimated useful economic lives used for these calculations are:

Buildings	- 20 to 80 years
Research and office equipment	- 2 to 20 years

i Insurance

In accordance with normal Government accounting practice, the Forestry Commission carries its own insurance risks.

j 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 the year.

k Stocks and Work in Progress

Stocks and Work in Progress are valued as follows:

- a finished goods and goods for resale are valued at cost or, where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used;
- b work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value;
- c consumable materials and supplies are valued at current replacement cost.

Work in Progress on long term projects undertaken by Forest Research is valued at the cost of staff time and other direct costs plus attributable overheads based on the normal level of activity.

l Programme Expenditure

Programme expenditure includes all EU costs and grants paid. Programme income includes off-setting EU funding/co-financing.

m Forestry Commission Pension and Compensation Schemes

Present and past employees are covered by the provisions of the Forestry Commission Pension Scheme, which is non-contributory and unfunded apart from contributions for widows'/widowers' benefits. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the Scheme. The Commission meets the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate Scheme Statement for the Pension Scheme.

The Forestry Commission Compensation Scheme, which is also administered by the Forestry Commission, provides a range of compensation benefits for employees who leave service before their normal retirement age under an early retirement scheme. The Commission is required to meet the additional cost of benefits beyond the normal Pension Scheme benefits, in respect of employees who retire early. The Commission provides in full for the cost when the member of staff leaves the Commission. For staff leaving on or prior to 31 March 1999, the future liabilities for monthly 'compensation' payments are shown in the Forestry Commission accounts for England and Great Britain.

For staff leaving on or after 1 April 1999, the future liabilities for monthly 'compensation' payments are shown in the Forestry Commission accounts for the country and part of the organisation in which the officer was serving at the time they took early retirement. The cost to the Commission of early retirements for some of the staff who left during 2000/01 was funded by the Modernising Government Fund. The objective of this initiative was to increase the diversity of the workforce. These costs have been included in the Operating Cost Statement and Balance Sheet in line with other early retirements.

n Research and Development

The department commissions research in line with departmental objectives and strategic priorities identified in the forestry strategies of England, Scotland and Wales. The bulk of our research purchase is in-house, carried out by the FC Agency, Forest Research. External purchase is through a variety of mechanisms including open tender. Full details are given in the FC Research Strategy which is available on the FC website. All Research and Development expenditure is expensed to the Operating Cost Statement in year.

2 Fixed Assets

Tangible Fixed Assets

	Land and Buildings	Machinery, Plant and Equipment	Restated Total
	£000	£000	£000
Valuation:			
At 1 April 2000	8,231	9,071	17,302
Additions	7	960	967
Disposals and Transfers	–	(89)	(89)
Revaluation to current prices	123	(140)	(17)
At 31 March 2001	8,361	9,802	18,163
Depreciation:			
At 1 April 2000	(158)	(6,612)	(6,770)
Provided during year	(159)	(829)	(988)
Disposals and Transfers	–	31	31
Revaluation to current prices	(6)	54	48
At 31 March 2001	(323)	(7,356)	(7,679)
Net Book Value at:			
31 March 2001	8,038	2,446	10,484
1 April 2000	8,073	2,459	10,532

The assets described above were all professionally revalued at 31 March 1999 and their values were updated by index as at 31 March 2001.

Fixed asset additions consisted of two elements:

Purchases of fixed assets; and Furniture – creation of a furniture pool.

Purchase of fixed assets

Fixed asset purchases totalled £966,998. £379,998 in the Forestry Commission (including £27,328 on furniture – detailed below and £352,670 other fixed assets) in the FC and £587,000 in FR.

Furniture – creation of asset pool

In accordance with the requirements of the Resource Accounting Manual a pool of assets has been created for each year. The first pool was deemed to have been added on 31 March 2000 at a net book value of £186,886, the 2000/01 pool amounted to £27,328.

Restatement

Gravetye, an estate in Kent was included on the FC England/GB Balance Sheet for the first time in the 1999/2000 accounts (at a value of £978,910). It has subsequently been established that this was incorrect as the Forestry Commission is not, and has never been, the legal owner of this estate. Although the Commissioners act as trustees for the estate, it is owned by a Charitable Trust which produces its own accounts. The 1999/2000 figures have been restated accordingly.

3 Non-Cash Costs

Non-cash costs of £40,583,500 have been included under Administrative Costs and Programme Costs:

	2000/2001 £000	Restated 1999/2000 £000
Administration costs	1,167	886
Programme costs	39,417	87,296
Total	40,584	88,182

4 Movements in Working Capital other than Cash

These comprised:

	2000/2001 £000	Restated 1999/2000 £000
Decrease/(Increase) in Stocks	61	(145)
Decrease/(Increase) in Debtors	(159)	1,958
(Decrease)/Increase in Creditors:		
amounts falling due within one year	(640)	(2,152)
Provisions for Liabilities and Charges	(533)	(1,356)
Provision for Bad Debts	-	-
Total	(1,272)	(1,695)

5 Investments

a Investment Value

The Investments figure of £490,911,842 (£476,317,550 for 1999/2000) represents the Net Book Value of Forest Enterprise in England, which is a Public Corporation and as such, is beyond the departmental boundary for Resource Accounting purposes.

b Forest Enterprise Cash Deficit

Payments of £13,182,581 (£3,381,011 for 1999/2000) were made to Forest Enterprise Agency from Grant-in-Aid, this being the difference between:

Cash payment	£13,182,581
Operating deficit	£9,881,242
capital expenditure	£4,635,031
Total	£14,516,273
Difference	£1,333,692
Non-cash costs	£1,333,101
Movements in FE	
cash holding	£591
Total	£1,333,692

6 Staff Numbers and Costs

a Number of Employees:

The average number of staff employed by the Commission in England during 2000/2001 was 140 whole time equivalent staff (160 in 1999/2000). The equivalent figure for Forest Research was 277 (285 in 1999/2000). 116 staff are based in the Commission's headquarters in Edinburgh. These staff support activities in all three countries.

Action to unify the workforce and remove the distinction between industrial and non-industrial staff was undertaken during 2000/01 following a vote by staff in July 2000.

b Staff Costs

These amounted to £18,591,086, £11,414,086 (£10,720,669 for 1999/2000) for the Commission's staff and £7,177,000 (£7,204,531 for 1999/2000) for Forest Research staff and comprised:

	2000/01 £000	1999/2000 £000
Forestry Commission		
Wages and salaries	9,257	8,680
Social security costs	1,478	633
Employer's superannuation costs	679	1,408
Sub-total	11,414	10,721
	2000/01 £000	Restated 1999/2000 £000
Forest Research		
Wages and salaries	5,820	5,846
Social security costs	431	427
Employer's superannuation costs	926	932
Sub-total	7,177	7,205
Total	18,591	17,926

Employer's Superannuation Contributions

Staff are members of the Forestry Commission Pension Scheme which is a defined benefit pension scheme. Employer's superannuation contributions, calculated as percentages of pensionable pay, are paid to the Forestry Commission Pension Scheme and are included in the Operating Cost Statement. The employer's contribution rates were set (by the Forestry Commission following advice from the Government Actuary's Department) at between 15 and 22 per cent according to grade. Actual pension payments are met by the Forestry Commission from the Grant-in-Aid provided by Parliament. The receipts and payments of the Pension Scheme, its status and how it operates, and the valuation of unfunded past service liabilities, are shown in the Forestry Commission Pension Scheme Accounts.

Benefits in Kind

Benefits in kind are provided under the following schemes:

- i. advances of salary for house purchase;
- ii. advances of salary for purchase of season tickets and cycles;
- iii. car provision scheme.

Each scheme is subject to conditions and financial limits.

The advances of salary for house purchase scheme had 23 loans with an outstanding balance of £2,500 or more to individual members of staff at 31 March 2001. The total value of these loans was £148,951.

In addition, 19 loans with an outstanding balance of £2,500 or more to individual members of staff in specialist service units and Headquarters were outstanding at 31 March 2001. The total value of these loans was £150,858. For accounting purposes the number and value of these loans is spread over the various Forestry reporting entities on an agreed basis.

c Board of Commissioners

The remuneration of the Forestry Commissioners, excluding the Forest Enterprise Chief Executive (whose remuneration is in the Agency's accounts) is included in these accounts.

The total remuneration of the Commissioners excluding pension contributions but including the Forest Enterprise Chief Executive comprises:

	2000/01 £000	1999/2000 £000
Chairman	43	42
Highest paid Commissioner	112	102
Other Commissioners	207	177
<hr/> Total emoluments of Commissioners	<hr/> 362	<hr/> 321
<hr/> Travel and subsistence of Commissioners	<hr/> 47	<hr/> 45

The Director General received total remuneration of £111,737 in 2000/2001 (£102,418 in 1999/2000) including a bonus of £9,730 (£9,311 in 1999/2000). The Director General is on a fixed term contract which expires in December 2003, with the option to renew for another four years. He is an ordinary member of the Forestry Commission Pension Scheme.

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

	2000/2001 No	1999/2000 No
0 - 4,999	2	5
5,000 - 9,999	7	4
40,000 - 44,999	1	1
70,000 - 74,999	1	1
80,000 - 84,999	1	1

Pension benefits are provided through the Forestry Commission Pension Scheme which is run by analogy with the Principal Civil Service Pension Scheme. The Scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings for the provision of widows' and children's benefits. Pensions increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the Scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

Sir Peter Hutchison Bt CBE FRSE

Non-executive Chairman

David Bills

Director General and Deputy Chairman

Dr Bob McIntosh

Chief Executive, Forest Enterprise

Duncan Macniven TD

Head of Corporate Services

Non-executive Commissioners

Anthony Bosanquet

Tom Bruce Jones

Tony Cooper

Dr Victoria Edwards

John James OBE

Andrew Raven

Gareth Wardell

Harry Featherstonhaugh

John Edmonds

The dates on which Commissioners joined or left the Board are given in section 10 of the foreword.

Pension Information

	Sir Peter Hutchison	David Bills	Dr Bob McIntosh	Duncan Macniven
Age	65	53	49	50
Pay as at 31.3.01	43,247	105,389	68,248	72,343
Pension increase net of inflation	529	1,051	1,472	1,383
Accrued pension at 31.3.01	3,422	6,108	23,515	24,926

Non-executive Commissioners do not receive pension benefits from the Commission.

7 Other Administrative Costs

These amounted to £17,411,429, £15,585,429 for the Commission (£15,204,830 for 1999/2000) and £1,826,000 for Forest Research (£1,494,000 for 1999/2000).

Forestry Commission	2000/01 £000	1999/2000 £000
Travel and subsistence	1,028	1,435
Other expenditure	13,786	12,884
Sub-total	14,814	14,319
<u>Non-cash costs</u>		
Cost of capital	(28)	123
Audit fees	44	–
Depreciation	588	656
Permanent diminution in value of assets	–	143
Write off of Revaluation Reserve	109	–
(Gains)/Losses on disposal of assets	58	(36)
Sub-total	771	886
Total	15,585	15,205

Resource Accounts for the year ended 31 March 2001 continued

	2000/01 £000	Restated 1999/2000 £000
Forest Research		
Travel and subsistence	399	401
Other expenses	1,031	1,093
Sub-total	1,430	1,494
Non-cash costs		
Cost of capital	*	*
Permanent diminution in value of assets	-	-
Depreciation	396	*
Gains on disposal of assets	-	-
Sub-total	396	-
Total	1,826	1,494
Grand Total	17,411	16,699

* included in Programme expenditure below

8 Programme Expenditure and Income

a Programme Expenditure

This comprised of £61,555,004, £58,734,462 for the Forestry Commission and £2,820,542 for Forest Research.

	2000/01 £000	Restated 1999/2000 £000
Grants paid to private woodland owners	19,836	17,426
Forest Research materials and services	See below	2,230
Forestry Commission external research	-	658
Sub-total	19,836	20,314
Non-cash costs of holding Forest Enterprise		
Forest Enterprise Operating deficit/(surplus)	9,881	6,466
Permanent diminution in value	-	49,746
Cost of capital to FC for holding in Forest Enterprise	29,017	30,164
Sub-total	38,898	86,376
Total	58,734	106,690

Forest Research materials and services	2,302	See above
	2000/01 £000	Restated 1999/2000 £000
Forest Research non-cash		
Cost of capital	519	520
Depreciation	**	400
Sub-total	519	920
Total FR	2,821	920
Grand Total	61,555	107,610

** included in Administration expenditure above

b Programme Income

This comprised of:

	2000/01 £000	Restated 1999/2000 £000
Planting grant co-financing from EU	5,275	3,759
Sundry income	425	–
Forest Research non-Commission customers	1,116	1,333
Forest Research income from Forest Enterprise	1,109	1,242
Total	7,925	6,334

9 Cost of Capital

The Commission is required to bear a cost of capital charge of 6 per cent of its net assets including those held by Forest Research Agency. Notional cost of capital based on average net assets employed in 2000/01 amounted to –£27,777 (£122,504 for 1999/2000) for the Forestry Commission and £519,000 (£520,000 for 1999/2000) for Forest Research.

The investment in Forest Enterprise in England shown in Note 5 attracts a further cost of capital charge.

10 Operating Leases

Operating lease rentals are charged on a straight-line basis over the term of the lease. Commitments on operating leases for the next year are as follows:

	2000/01 £000	1999/2000 £000
Building leases expiring within:		
One year	–	–
Two to five years	23	27
More than five years	915	915
Total	938	942

11 Stocks and Work in Progress

	2000/01 £000	1999/2000 £000
Stocks	321	353
Raw materials and Work in Progress	30	58
Total	351	411

12 Debtors

	2000/01 £000	Restated 1999/2000 £000
Trade debtors	3,104	2,229
Other debtors	278	353
Pre-payments	54	–
Cash ledger reconciliation imbalance transferred to suspense	–	695
Total	3,436	3,277

Restatement

The Debtors figure for 1999/2000 has been restated to reflect the resolution of the Cash ledger reconciliation imbalance which was identified during production of the 1999/2000 accounts.

Of the total imbalance of £2,033,000, a sum of £1,337,712 was identified as being due to duplicate invoices being raised incorrectly when new Sales Ledger software was introduced. This resulted in an overstatement of the income figures for the Forestry Commission in England/GB, Scotland and Wales and for the Forest Research Agency.

The adjustment for England/GB was £354,678 and £167,050 for Forest Research and the Income figure has been decreased and the Operating Deficit and Net Cash requirement for 1999/2000 have been increased to reflect this. Forest Research figures have also been adjusted to correct a small number of minor historic errors.

The remaining £695,288 has been charged to the 2000/01 Operating Cost Statement as a book keeping adjustment and has, in accordance with Government Accounting, been included in the Losses Statement at Note 24.

13 Cash at Bank and in Hand

	2000/01 £000	1999/2000 £000
Balance with Office of Paymaster General	207	(704)
Cash at commercial banks and cash in hand	84	1
Total	291	(703)

The Office of the Paymaster General provides a current account banking service.

All cash balances except petty cash are included in the Forestry Commission England/GB accounts.

14 Creditors

<u>Amounts falling due within one year</u>	2000/01 £000	1999/2000 £000
Payments received on account	48	45
Trade creditors	654	261
Provision for Compensation payments	1,279	1,371
Other creditors including taxation and social security costs	878	1,822
Total	2,859	3,499

Commitments to pay planting and management grants

Following approval of a management plan for planting proposals, the Forestry Commission undertakes to pay planting grants in three instalments. At 31 March 2001, the Forestry Commission was committed under signed plans to the payment of future instalments of planting and replanting grants amounting to £26.6 million (£30 million in 1999/2000).

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 £19.8 million at 31 March 2001 (£20 million in 1999/2000).

Applications for planting and replanting grants, awaiting approval at 31 March 2001, amounted to £0 million (£0 million in 1999/2000).

These amounts are not included above.

15 Provision for Liabilities and Charges

There were no contingent liabilities at 31 March 2001 for damages caused to other persons' property or for compensation for personal injury to employees (£nil as at 31 March 2000). The figure in the Balance Sheet relates solely to provisions for Compensation payments of £2,408,025 (£2,940,815 for 1999/2000).

16 Reconciliation of Net Operating Cost to Changes in General Fund

	2000/01 £000	Restated 1999/2000 £000
Net operating deficit for the year	(77,689)	(124,724)
Prior year adjustment	–	(455)
Net Parliamentary funding	53,634	41,641
Cost of capital – FC	(28)	122
FR	519	520
FE operating deficit	38,898	36,630
FE cash drawings	(13,183)	(3,381)
Gain on investment in FE	14,594	–
Notional audit fees	44	–
Creation of pooled asset – value of furniture and equipment excluding cash purchases in-year	–	153
Transfers posted as non-cash in error	(113)	–
Internal transfers	106	–
<hr/> Net increase/(decrease) in General Fund	<hr/> 16,782	<hr/> (49,494)
General fund as at 31 March 2000	480,806	530,300
General fund as at 31 March 2001	497,588	480,806

17 Revaluation Reserve

	2000/01 £000	1999/2000 £000
Cumulative Revaluation Reserve brought forward	2,589	2,441
Revaluation surplus for the year end 31 March 2001:		
Revaluation of FC assets including investment in FE	11	–
Revaluation of FR assets	19	148
<hr/> Cumulative Revaluation Reserve carried forward	<hr/> 2,619	<hr/> 2,589

18 Apportionment of Costs in Schedule 5

Expenditure comprises of the direct costs incurred by the National Office for England and indirect costs which have been allocated by individual cost centres or apportioned pro rata the directly attributable costs.

An analysis was undertaken to determine the costs which are attributable to each of the objectives that are being pursued by the core-department. In a multi-benefit forestry strategy where many activities will contribute to more than one objective, the allocation of costs has been undertaken by senior staff in each area based on a balanced judgement of each activity.

Forest Enterprise have been included in Schedule 5 to the extent of the net cost to the Commission (Operating Deficit plus Cost of Capital). Costs are identified in the Forest Enterprise by activity and these activities have been allocated to objectives.

The operating deficit has been apportioned to the objectives in accordance with the expenditure levels in each activity as shown in the Forest Enterprise Income and Expenditure accounts. However, objective 2 "Expanding Britain's forests and woodlands" does not appear in the Income and Expenditure account (it is treated as a capital cost, an addition to the fixed assets in the Balance Sheet). Accordingly, no costs have been apportioned to this objective.

19 Schedule 5

a Amounts apportioned to each objective

	2000/01 £000	Restated 1999/2000 £000
Protect Britain's forests and woodlands	34,459	57,363
Expand Britain's forest area	2,755	2,633
Enhance the economic value of our forest resources	9,209	9,823
Conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands	12,064	21,430
Develop opportunities for woodland recreation	13,133	24,641
Increase public understanding and community participation in forestry	6,069	9,289
Total	77,689	125,179

b Staff numbers apportioned to each objective

Staff numbers have been apportioned pro rata the net expenditure on each objective giving:

	2000/01 £000	1999/2000 £000
Protect Britain's forests and woodlands	62	73
Expand Britain's forest area	5	3
Enhance the economic value of our forest resources	16	13
Conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands	22	28
Develop opportunities for woodland recreation	24	31
Increase public understanding and community participation in forestry	11	12
Total	140	160

20 Reconciliation of Net Operating Cost to Control Total and Net Resource Outturn

	2000/01 £000	Restated 1999/2000 £000
Net operating deficit for the year	77,689	124,724
Prior year adjustment	-	455
Revised net operating deficit for the year	77,689	125,179
Remove non-supply expenditure	-	-
Add non-supply income including CFERs	-	-
Prior period adjustments in the current year	-	-
Add net deficit on revaluations	-	-
Net resource outturn	77,689	125,179

21 Related Party Transactions

The Forestry Commission's executive agency, Forest Enterprise is regarded as a related party. During the year, the Forestry Commission has had a significant number of material transactions with Forest Enterprise.

In addition, the Forestry Commission has had various material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Intervention Board and Paymaster General's Office, the Department for Environment, Transport and the Regions, the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food.

In the year to 31 March 2001, Forest Enterprise entered into the following material transactions involving the following non-executive Commissioners of the Forestry Commission:

Mr Tom Bruce Jones is a director of James Jones & Sons Ltd which purchased approximately 302,000 cubic metres of timber at £4,877,911 from Forest Enterprise and approximately £1,300 of plants and seeds.

22 Liabilities for Compensation Payments

In accordance with the Resource Accounting Manual, the future liabilities for payments to staff who took early retirement, until they reach 60, are shown on the main Forestry Commission accounts rather than the Pension Scheme accounts. They comprised:

	2000/01 £000	1999/2000 £000
Compensation payments:		
Balance at 1 April 2000	4,311	5,998
Utilised in year	(1,390)	(1,702)
Sub-total	2,921	4,296
Adjustment to provision for staff leaving during the year	766	15
Balance at 31 March 2001	3,687	4,311

This figure represents the (discounted) liability for payments to early retirees until they reach the normal retirement age, a discount rate of 6 per cent has been used.

23 Compensation Benefits Payable

Staff who take early retirement (before reaching age 60), may be entitled to compensation payments. The amounts paid in compensation payments (lump sums and monthly payments) are shown for information purposes only. They were met from the Grant-in-Aid drawn down by the Forestry Commission.

	2000/01 £000	1999/2000 £000
Annual compensation payments	1,458	1,723
Lump-sum payments	327	417
Total	1,785	2,140

24 Losses Statement

	£000s
Losses identified in 2000/2001 (91 cases)	112
Special payments (54 cases)	174
Book keeping adjustment to clear Cash Ledger Imbalance	695
(please see Note 12 above)	

D J Bills

Accounting Officer
22 January 2002

SCHEDULE 3
FORESTRY COMMISSION ENGLAND/GB CORE-DEPARTMENT ONLY

Balance Sheet

as at 31 March 2001

	Note	2000/2001		Restated 1999/2000	
		£000s	£000s	£000s	£000s
Fixed Assets:					
Tangible fixed assets	2	2,091		2,350	
Investments	3	490,912		476,318	
Total			493,003		478,668
Current Assets:					
Stocks	5	320		301	
Debtors	6	2,831		2,788	
Cash at bank and in hand	7	290		(703)	
Total			3,441		2,386
Creditors (amounts falling due within 12 months)	8		(2,597)		(3,247)
Net Current Assets			844		(861)
Total assets less current liabilities			493,847		477,807
Provisions for Liabilities and Charges	9		(2,408)		(2,941)
Net assets			491,439		474,866
Taxpayers' equity					
General fund	10	491,428		474,866	
Revaluation reserve	11	11		–	
Donated asset reserve		–		–	
Total			491,439		474,866

The notes attached form part of these accounts.

D J Bills

22 January 2002

**NOTES TO THE RESOURCE ACCOUNTS – ENGLAND/GB CORE-DEPARTMENT
BALANCE SHEET 2000/2001**

1 Statement of Accounting Policies

Where appropriate, the accounting policies outlined above for the consolidated accounts have been adopted for the core-department only accounts.

2 Fixed Assets

Tangible Fixed Assets

	Land and Buildings	Machinery, Plant and Equipment	Restated Total
	£000	£000	£000
Valuation:			
At 1 April 2000	901	4,997	5,898
Additions	–	380	380
Transfers	–	118	118
Disposals	–	(213)	(213)
Revaluation to current prices	17	(12)	5
At 31 March 2001	918	5,270	6,188
Depreciation:			
At 1 April 2000	(26)	(3,522)	(3,548)
Provided during year	(27)	(565)	(592)
Transfers	–	(132)	(132)
Disposals	–	168	168
Revaluation to current prices	(1)	8	7
At 31 March 2001	(54)	(4,043)	(4,097)
Net Book Value at:			
31 March 2001	864	1,227	2,091
1 April 2000	875	1,475	2,350

The assets described above were all professionally revalued at 31 March 1999 and their values were updated by index as at 31 March 2001.

Fixed asset additions consisted of two elements:

- Purchases of fixed assets; and
- Furniture – creation of a furniture pool.

Purchase of fixed assets

Fixed asset additions totalled £379,998 (£383,000 for 1999/2000). This includes the estimated value of the Commission's photographic library, which has been included in the accounts for the first time this year and the 2000/01 furniture pool.

Furniture – creation of asset pool

In accordance with the requirements of the Resource Accounting Manual a pool of assets has been created for each year. The first pool was deemed to have been added on 31 March 2000 at a net book value of £186,886, and has subsequently been indexed in accordance with Modified Historic Cost requirements. The 2000/01 pool amounted to £27,328.

Restatement

Gravetye, an estate in Kent was included on the FC England/GB Balance Sheet for the first time in the 1999/2000 accounts (at a value of £978,910). It has subsequently been established that this was incorrect as the Forestry Commission is not, and has never been, the legal owner of this estate. Although the Commissioners act as trustees for the estate, it is owned by a Charitable Trust which produces its own accounts. The 1999/2000 figures have been restated accordingly.

3 Investmentsa Investment Value

The Investments figure of £490,911,842 (£476,317,550 for 1999/2000) represents the Net Book Value of Forest Enterprise in England, which is a Public Corporation and as such, is beyond the departmental boundary for Resource Accounting purposes.

b Forest Enterprise Cash Deficit

Payments of £13,182,581 (£3,381,011 for 1999/2000) were made to Forest Enterprise Agency from Grant-in-Aid, this being the difference between:

Operating deficit	£9,881,242
capital expenditure	£4,635,031
Total	£14,516,273
Cash payments	£13,182,581
Difference	£1,333,692
Non-cash costs	£1,333,101
Movements in FE	
cash holding	£591
Total	£1,333,692

4 Operating Leases

Operating lease rentals are charged on a straight-line basis over the term of the lease. Commitments on operating leases for the next year are as follows:

	2000/01 £000	1999/2000 £000
Building leases expiring within:		
One year	–	–
Two to five years	23	27
More than five years	915	915
Total	938	942

5 Stocks and Work in Progress

	2000/01 £000	1999/2000 £000
Stocks (publications)	320	301

There was no work in progress as at 31 March 2001.

6 Debtors

	2000/01 £000	Restated 1999/2000 £000
Trade debtors	733	1,899
Other debtors	2,098	889
Total	2,831	2,788

Restatement

The Debtors figure for 1999/2000 has been restated to reflect the resolution of the Cash ledger reconciliation imbalance which was identified during production of the 1999/2000 accounts.

Of the total imbalance of £2,033,000, a sum of £1,337,712 was identified as being due to duplicate invoices being raised incorrectly when new Sales Ledger software was introduced. This resulted in an overstatement of the income figures for the Forestry Commission in England/GB, Scotland and Wales and for the Forest Research Agency.

The adjustment for England/GB was £354,678 and the Income figure has been decreased and the Operating Deficit and Net Cash requirement for 1999/2000 have been increased to reflect this.

The remaining £695,288 has been charged to the 2000/01 Operating Cost Statement as a book keeping adjustment and has, in accordance with Government Accounting, been included in the Losses Statement at Note 24.

7 Cash at Bank and in Hand

	2000/01 £000	1999/2000 £000
Balance with Office of Paymaster General	207	(703)
Cash at commercial banks and cash in hand	83	–
Total	290	(703)

8 Creditors

a Amounts falling due within one year

	2000/01 £000	1999/2000 £000
Payments received on account	–	–
Trade creditors	433	92
Other creditors (including taxation and social security costs)	875	1,784
Provision for Compensation payments	1,279	1,371
Total	2,597	3,247

The creditor figure includes a provision of £87,148 in respect of EU creditors.

b Commitments to pay planting and management grants

Following approval of a management plan for planting proposals, the Forestry Commission undertakes to pay planting grants in three instalments. At 31 March 2001, the Forestry Commission was committed under signed plans to the payment of future instalments of planting and replanting grants amounting to £26.6 million (£30 million in 1999/2000).

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 £19.8 million at 31 March 2001 (£20 million in 1999/2000). Applications for planting and replanting grants, awaiting approval at 31 March 2001, amounted to £0 million (£0 million in 1999/2000).

These amounts are not included above.

9 Provision for Liabilities and Charges

This amounted to £2,408,025 and relates to Annual Compensation payments due after more than 1 year. There were no contingent liabilities at 31 March 2001 for damages caused to other persons' property or for compensation for personal injury to employees (£Nil as at 31 March 2000).

10 Reconciliation of Net Operating Cost to Changes in General Fund

	2000/01 £000	Restated 1999/2000 £000
Net operating deficit for the year	(77,750)	(124,751)
Prior year adjustment	–	(455)
Net Parliamentary funding	53,996	42,640
FE Operating deficit	38,898	36,630
FE cash drawings	(13,183)	(3,381)
FC Cost of capital	(28)	122
Gain on investment	14,594	–
Notional audit fees – FC England and Pension scheme	44	–
Creation of pooled asset – value of furniture and equipment excluding cash purchases in-year	–	153
Transfers posted as non-cash in error	(113)	–
Internal transfers	104	–
<hr/> Net increase/(decrease) in General Fund	<hr/> 16,562	<hr/> (49,042)
General fund as at 31 March 2000	474,866	523,908
General fund as at 31 March 2001	491,428	474,866
Movement	16,562	(49,042)

11 Revaluation Reserve

	2000/01 £000	1999/2000 £000
Balance as at 31 March 2000	–	–
Revaluation surplus for the year ended 31 March 2001	11	–
<hr/> Balance as at 31 March 2001	<hr/> 11	<hr/> –

12 Related Party Transactions

The Forestry Commission's executive agency, Forest Enterprise is regarded as a related party. During the year, the Forestry Commission has had a significant number of material transactions with Forest Enterprise.

In addition, the Forestry Commission has had various material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Intervention Board and Paymaster General's Office, the Department for Environment, Transport and the Regions, the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food.

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In accordance with the Resource Accounting Manual, the future liabilities for payments to staff who took early retirement, until they reach 60, are shown on the main Forestry Commission accounts rather than the Pension Scheme accounts. They comprised:

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	2000/01 £000	1999/2000 £000
Annual compensation payments	1,458	1,723
Lump-sum payments	327	417
Total	1,785	2,140

List of bodies preparing Resource Accounts

The Forestry Commission (one set per country)
Forest Research Agency

Accounts Direction given by the Treasury in accordance with Section 5 of the Exchequer and Audit Departments Act 1921

- 1** This direction applies to those departments listed in the attached appendix.*
- 2** Those departments shall prepare resource accounts for the year ended 31 March 2001 in compliance with the accounting principles and disclosure requirements of the Treasury's Resource Accounting Manual ("the Resource Accounting Manual") which is in force for that financial year.
- 3** The accounts shall be prepared so as to give a true and fair view of the state of affairs of the department at 31 March 2001 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.
- 4** Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirement to give a true and fair view the requirements of the Resource Accounting Manual should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

Brian Glicksman

Treasury Officer of Accounts

30 March 2001

*The Forestry Commission was one of the departments listed in the appendix which is referred to.

Resource Accounts

for the year ended 31 March 2001



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Resource Accounts

for the year ended 31 March 2001

FOREWORD

1 Status

The Forestry Commission is a cross border Government department responsible for forestry separately and distinctly in each country of Great Britain.

The Commission consists of three elements:

The core-department (the Forestry Commission) – which is responsible for policy matters;

Forest Enterprise Agency – which manages the Forestry Commission's forests. It became an Executive Agency of the Forestry Commission with effect from 1 April 1996 but has been designated as a Public Corporation for National Accounting purposes.

Forest Research Agency – which undertakes the major part of the Commission's forest research programmes, as well as undertaking technical development and survey work. Forest Research became an Executive Agency of the Forestry Commission with effect from 1 April 1997. The relationship between Forest Research, the Forestry Commissioners and Forestry Ministers is described in its Framework Document which was published in February 1997.

The Pension Scheme is common to staff in all three countries (England, Scotland and Wales) and all parts of the organisation and, as staff move between countries and parts of the organisation during their employment with the Commission, the Pension Scheme has been designated a reserved GB matter.

In addition to the Pension Scheme Resource Accounts, separate Resource Accounts have been produced for the core-department in each country and for Forest Research. The accounts of Forest Enterprise (in each of the countries) have been produced in accordance with the Companies Act.

The Forestry Commission Compensation Scheme, which is also administered by the Forestry Commission, provides a range of compensation benefits for employees who leave service before their normal retirement age under an early retirement scheme. For staff leaving on or prior to 31 March 1999, the future liabilities for monthly "compensation" payments are shown in the Forestry Commission accounts for England and Great Britain. For staff leaving on or after 1 April 1999, the future liabilities for monthly "compensation" payments are shown in the Forestry Commission accounts for the country and part of the organisation in which the officer was serving at the time that they took early retirement.

In July 2000, a ballot of members of the recognised Trade Unions was held which gave a positive response to the proposal to unify the Commission's industrial and non-industrial staff. As a consequence certain previously non-pensionable emoluments have been consolidated into new pay structures for this group and this will result in some increase to future superannuation awards.

2 Auditors

These accounts 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.

D J Bills

Accounting Officer

30 November 2001

REPORT OF THE MANAGERS

1 Introduction

The Forestry Commission Pension Scheme is an unfunded, non-contributory, voluntary membership scheme (apart from contributions for widows'/widowers' benefits) which is administered by the Forestry Commission. The Scheme operates under the Forestry Act 1967 in strict by-analogy with the Principal Civil Service Pension Scheme.

Information about the Forestry Commission Pension Scheme can be found in the booklet "Your Benefits Explained" and further detail can be found in the rules of the Principal Civil Service Pension Scheme.

The Managers, Advisers and Employers for the Scheme are as listed below:

Managers

Accounting Officer:	David J Bills
Forestry Commission Pension Scheme Manager:	Duncan Macniven

The managers of the scheme can be contacted at The Forestry Commission, 231 Corstorphine Road, Edinburgh, EH12 7AT

Advisers

Pension Scheme Actuary:	Government Actuary's Department, New Kings Beam House, 22 Upper Ground, London SE1 9RJ
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Bankers:	Bank of England, Threadneedle Street, London, EC2R 8AH
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Legal Advisors:	The Forestry Commission solicitors, MAFF, 55 Whitehall, London, SW1A 2EY
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Auditors:	The Comptroller and Auditor General, 157-197 Buckingham Palace Road Victoria, London, SW1W 9SP
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Employers

The Forestry Commission.

Relationship with the Forestry Commission Compensation Scheme

The Forestry Commission Compensation Scheme, which is also administered by the Forestry Commission, provides a range of compensation benefits for employees who leave service before their normal retirement age under an early retirement scheme. The current regulation under which the Scheme operates is the Forestry Commission Compensation Scheme 1996, which is in strict by-analogy with the Civil Service Compensation Scheme.

Further information about the Forestry Commission Compensation Scheme can be found in the rules of the Civil Service Compensation Scheme.

Administration of the Forestry Commission Pension and Compensation schemes is contracted to Paymaster (1836) limited.

2 Changes to the Forestry Commission Pension Scheme

During the year, pension payments were increased by 1.14 per cent with effect from 1 April 2000.

3 Proposal to subsume the FCPS into the PCSPS

Treasury has recently agreed that Forestry Commission staff (but at present not non-executive Commissioners), are deemed to be civil servants and are therefore eligible for membership of the PCSPS without the need for the primary legislation that would otherwise have been required to allow a scheme transfer to take place.

Transferring to the PCSPS will not affect the superannuation benefits of staff as the FCPS operates in strict by-analogy to the PCSPS.

The Commission feels that a transfer to the PCSPS will be in the interests of the FC for a number of reasons:

- it will assist the career development of staff wishing to transfer to another CS department. Under current scheme rules FCPS staff transferring to a PCSPS department may suffer a loss of compensation in certain circumstances;
- PCSPS 2000 is being introduced in October 2002. Although the FC could also have a by-analogy FCPS 2000 scheme in addition to the current scheme, it would simplify administration procedures considerably to transfer to the PCSPS in advance of the introduction of the new scheme; and
- There are potentially considerable cash savings to be made by transferring to the PCSPS

The Commission has agreement from Treasury and Cabinet Office to a transfer to the PCSPS. One major hurdle concerning abatement of pension still requires to be resolved and is currently the subject of consultation between the Cabinet Office and the Treasury. A proposed transfer date has been set for 1 January 2002.

4 PCSPS 2000

PCSPS 2000 is a new scheme which is scheduled to be introduced in October 2002. It is radically different to the current scheme and has been created to reflect the changes in employment practices in the modern Civil Service (eg more short term contracts, fewer staff having a long-term Civil Service career) since the original scheme was introduced in 1972.

On its introduction the current PCSPS scheme will be closed to new members, and new staff instead will require to join the new scheme. An options exercise will commence in January 2002 that will provide current PCSPS staff with a statement that compares their forecasted benefits under each scheme – they may then elect to transfer their current benefits into the new scheme in October 2002.

If the FCPS transfers into the PCSPS as planned, then the above arrangements will apply to FCPS members. If the FCPS remains as a separate scheme then a FCPS 2000 scheme will be created and a similar options exercise will be extended to FCPS members.

5 Membership Statistics

Details of the current membership of the Forestry Commission Pension Scheme are as follows:

a Active Members

Active members at 1 April 2000	3,072
Add: New entrants in the year	226
Less: Leavers	(177)
Deaths	(3)

Active Members at 31 March 2001	3,118
--	--------------

b Deferred Members

Deferred members at 1 April 2000	1,598
Add: Members leaving who have deferred pension rights	23
Less: Members taking up deferred pension rights	(79)

Deferred Members at 31 March 2001	1,542
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c Pensioners in Payment

	Members	Dependants	Total
Pensioners in payment at 1 April 2000	4,313	1,706	6,019
Members retiring in year at normal retirement age	67	–	67
Members retiring in year, previously in receipt of Compensation payments	35	–	35
Members taking up deferred pension rights	23	–	23
New dependants	–	94	94
Deaths in year	(188)	(137)	(325)
Pensioners in Payment at 31 March 2001	4,250	1,663	5,913

6 Further information

Any enquiries about the Forestry Commission Pension Scheme should be addressed to:

D Macniven

The Scheme Administrator
The Forestry Commission Pension Scheme
231 Corstorphine Road
Edinburgh
EH12 7AT

FORESTRY COMMISSION SUPERANNUATION SCHEME

Report of the Actuary

Accounts for the year ended 31 March 2001

- 1 The Forestry Commission Superannuation Scheme ("FCSS") is an unfunded defined benefit public service pension scheme. The benefits payable, and the members' contributions, are identical to those of the Principal Civil Service Pension Scheme ("PCSPS"). All payments of benefits from the scheme are met by the Forestry Commission. Participating employers pay contributions, defined in terms of percentages of pensionable pay, dependant upon the employee grades. The contribution rates are assessed triennially by the Scheme Actuary to be consistent with those which might have applied had the scheme been funded. No allowances are made for amortised surpluses or deficits which would have arisen in a funded scheme.
- 2 This Report relates solely to the Forestry Commission Superannuation Scheme.
- 3 **Liabilities.** The capitalised value as at 31 March 2000 of expected future benefit payments under the Forestry Commission Superannuation Scheme, for benefits accrued in respect of employment (or former employment) prior to 31 March 2000, has been assessed using the methodology and assumptions set out in paragraphs 6 and 7 below. The results are as follows:

Value of Liabilities	£ million
Current pensions and associated contingent pensions	322
Deferred Pensions, including contingent pensions	26
Accrued benefits available for contributing members	149
Total	497

- 4 **Accruing Costs.** The cost of benefits accruing for each year of service is met partly by a specified contribution from members, with employers meeting the balance of the cost, the latter being separately assessed for each of 10 staff grade ranges. The contribution rates assessed as required to meet the cost of benefits accruing in the year 2000-2001 depended upon payband, as recommended to the employers by GAD. Liabilities relating to payments made before normal retirement age as compensation for compulsory retirement under the terms of the Civil Service Compensation Scheme fall to employers.
- 5 On average, we estimate that the participating employers were to be charged 16.3 per cent of pensionable pay. In cash terms, the total employer's contribution is assessed as £8.3 million for 2000-2001 (£7.9 million for 1999-2000) In addition, the members paid contributions at the rate of 1.5 per cent of pensionable pay.

6 Methodology. The value of the liabilities has been obtained by using the projected accrued benefits method, with allowance for expected future pay increases in respect of active members. The standard contribution rate for accruing costs has been determined using the projected unit method, with a control period of 3 years.

7 Assumptions. the principal financial assumptions adopted for the pension assessments made in relation to this statement are an investment return in excess of price increases of 3½ per cent per annum (pensions under the scheme are increased in line with prices), and an investment return in excess of earnings increases of 2 per cent per annum. The demographic assumptions used for these assessments are taken from those used for the PCSPS because full details of the FCSS experience are not available.

Notes

This statement is based on the liabilities calculated for the actuarial valuation carried out as at 31 March 1999. Taking account of the limited information that could be provided by the Forestry Commission, those liabilities have been updated to take account, inter alia, of changes in numbers and levels of pensions and pensionable pay. We believe that there are likely to be no significant distortions stemming from the data limitations and that the adjusted liabilities are near to those that would have been obtained had a full actuarial valuation been carried out as at 31 March 2000.

The pension benefits taken into account in this assessment are those normally provided under the rules of the pension scheme, including retirement benefits, ill-health retirement benefits, and benefits applicable following the death of the member. The assessments do not include the cost of injury benefits (in excess of ill-health benefits), or redundancy benefits which might arise in respect of current members. However, additional pension payments already being made in respect of such cases are included in this statement of liabilities in paragraph 3 above.

The value of the liabilities has also been assessed assuming that investment returns are 2 1/2 per cent per annum higher than those described in paragraph 7. The alternative basis, which is not in accordance with generally accepted actuarial principles, is provided at the request of HM Treasury for direct comparison with other resource accounting items discounted on the same basis. In particular, a discount rate of 6 per cent per annum in excess of price increases has been used. On this basis, the capitalised value of the liabilities is assessed as £377 million, comprising £265 million for current pensioners, £16 million for deferred pensioners, and £96 million for current contributors.

D G Ballantine

Deputy Government Actuary
London
25 April 2001

Statement of Forestry Commissioners' and Accounting Officer's Responsibilities

Under Section 5 of The Exchequer and Audit Departments Act 1921, the Forestry Commissioners and Accounting Officer are required to prepare Pension Scheme accounts for the year ended 31 March 2001 in compliance with the accounting principles and disclosure requirements of the HM Treasury's Resource Accounting Manual.

With the exception of certain transactions (which are accounted for on a cash basis) the financial statements are prepared on an accruals basis and must show a true and fair view of:

- the financial transactions during the Scheme year;
- the net resource outturn for the year; and
- the amount and disposition of the assets and liabilities at the end of the financial year, other than liabilities to pay pensions and benefits after the end of the Scheme year.

Note 2 "Accounting Policies" to the financial statements describes those transactions which are accounted for on a cash basis, the use of which has no material effect on the net outgoings for the year, nor on the net liabilities at the year end.

In preparing these financial statements, the Accounting Officer and Forestry Commissioners are required to satisfy themselves that the requirements of the Resource Accounting Manual have been met and where to do this would not give a true and fair view, that informed and unbiased judgements have been made.

Statement on the System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibilities for ensuring that an effective system of internal financial control is maintained and operated by the Forestry Commission Pension Scheme in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information; financial regulations, administrative procedures, including the segregation of duties; management supervision; and a system of delegation of accountability. The Scheme's executive managers undertake development and maintenance of the system with that particular responsibility. In particular, the system includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Management Board;
- regular reviews by the Management Board of the periodic and annual financial forecasts which indicate financial performance against those forecasts.

The Forestry Commission has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit Unit in respect of the Scheme is informed by an analysis of the risks to which the Scheme is exposed and the internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Forestry Commission Audit Committee and approved by me. In accordance with the agreed internal audit plans, the Head of Internal Audit (HIA) in the Forestry Commission provides me with a report on internal audit activity of the Scheme. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Schemes' systems of internal financial controls.

My review of the effectiveness of the system of internal financial control is informed by:

- the executive managers of the Scheme who have responsibility for the development and maintenance of the financial control framework;
- assurances provided by Paymaster (1836) limited;
- the work of the internal auditors, as described above;
- the Forestry Commission Audit Committee, which oversees the work of the internal auditors; and
- comments made by the external auditors in their management letter and other reports.

Implementation of the Turnbull Report

In September 1999, the Institute of Chartered Accountants in England and Wales published the report of the Turnbull Committee "Internal Control: Guidance for Directors on the Combined Code". The effect of the Turnbull report was to extend the existing requirement to provide a statement in respect of financial controls to cover all controls, including financial, operational, compliance and management of risk.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance issued by Treasury.

D J Bills

Accounting Officer
30 November 2001

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 103 to 112 under the Exchequer and Audit Departments Act 1921. The financial statements have been prepared under the accounting policies set out on pages 106 and 107.

Respective responsibilities of the Forestry Commission, Accounting Officer and Auditor

As described on page 98, the Commissioners and Accounting Officer are responsible for the preparation of the financial statements in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and for ensuring the regularity of transactions. The Commissioners and Accounting Officer are also responsible for the preparation of the contents of the Accounts. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and whether 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 report whether the contributions payable to the Scheme have been paid in accordance with the Scheme rules and the recommendations of the actuary. I also report if, in my opinion, the Report of the Scheme manager is not consistent with the financial statements, if the Department has not kept proper accounting records for the Scheme or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 99 reflects the Commission's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom 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 significant estimates and judgements made by the Commission in the preparation of the financial statements and of whether the accounting policies are appropriate to the scheme'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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the financial transactions of the Scheme for the year ending 31 March 2001, the net outgoings and cash requirement for the year and the amount and disposition at that date of its assets and liabilities other than liabilities to pay pensions after the end of the Scheme year and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and directions made thereunder by the Treasury;
- 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; and
- the contributions payable to the Scheme during the year ended 31 March 2001 have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
28 January 2002

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

SCHEDULE 1
FORESTRY COMMISSION PENSION SCHEME

Summary of Resource Outturn
for the year ended 31 March 2001

			2000/ 2001 Estimate	Net	Gross	2000/ 2001 Outturn	Net	2000/ 2001 Net Total	1999/ 2000 Prior
	Note	Gross	Contrib-	Total	Expend-	Contrib-	Total	Net Total	year
		Expend-	utions		iture	utions		compared	outturn
		iture	received			received		with	Net
								Estimate	
								saving/ (excess)	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Request for resources		29,000	(7,165)	21,835	27,554	(10,139)	17,415	4,420	17,481
Net Cash requirement	12			21,835			17,239	4,596	17,494
Reconciliation of Resources to Cash Requirement	Note	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Net Total Resources				21,835			17,415	4,420	17,481
less: Contributions received				–			–	–	–
Total				21,835			17,415	4,420	17,481
Accruals adjustments:									
Changes in working capital other than cash	15			–			(176)	176	13
Transfers from (to) provision				–			–	–	–
Adjustment in respect of CFERs				–			–	–	–
Net cash requirement	12			21,835			17,239	4,596	17,494

Explanation of the variance between Estimate and Outturn:

1) Actual income has proved to be higher than anticipated while expenditure has been lower.

The notes attached form part of these accounts

Forestry Commission Pension Scheme
Resource Accounts for the year ended 31 March 2001 continued

SCHEDULE 2
FORESTRY COMMISSION PENSION SCHEME

Revenue account
for the year ended 31 March 2001

	Note	2000/2001		1999/2000	
		Income £000s	Receipts £000s	Income £000s	Receipts £000s
Forestry Commission Pension Scheme					
Contributions and Benefits					
Contributions received	3	9,790		9,338	
Transfers in	4	349		311	
Other Income		–		–	
Total			10,139		9,649
Benefits payable	5	27,156		26,771	
Leavers	6	398		359	
Other expenditure		–		–	
Total			27,554		27,130
Net Outgoings for the Year			17,415		17,481

The notes attached form part of these accounts.

SCHEDULE 3
FORESTRY COMMISSION PENSION SCHEME

Balance Sheet

as at 31 March 2001

	Note	2000/2001		Restated 1999/2000	
		£000s	£000s	£000s	£000s
Debtors: Contributions due in respect of:					
Pensions		–		–	
Compensation scheme		–		–	
Overpayments outstanding	8	15		18	
Total			15		18
<hr/>					
Cash balance at PAYMASTER		–		–	
Cash at bank and in hand		–		–	
Total		–		–	
<hr/>					
Current Assets			15		18
Creditors (amounts falling due within 12 months)	9		(646)		(473)
Net current assets			(631)		(455)
Provisions for liabilities and charges			–		
Net liabilities			(631)		(455)
Financed by:					
Revenue account		–		–	
Balance brought forward		–		–	
Financing from the Consolidated Fund		(631)		(455)	
Combined net out-goings for the year		–		–	
Balance Carried Forward			(631)		(455)

The notes attached form part of these accounts.

D J Bills

Accounting officer
30 November 2001

PENSION SCHEME STATEMENTS – NOTES TO THE RESOURCE ACCOUNTS FOR 2000/01

1 Basis of Preparation of the Scheme Statements

The Scheme statements have been prepared in accordance with the relevant provisions of the Resource Accounting Manual issued by the Treasury, which are in turn based on the recommendations of the Statement of Recommended Practice entitled Financial Reports of Pension Schemes and within the framework of legislation under which the Forestry Commission reports (for England and Great Britain; principally the Forestry Acts 1967 and 1979).

The Scheme statements summarise the transactions of the Forestry Commission Pension Scheme. They do not take account of obligations to pay pensions which fall due after the end of the current year. The actuarial position of the Pension Scheme, which does take account of pension obligations, is dealt with in the Report of the Actuary on pages 96 and 97 of these accounts, and the Scheme statements should be read in conjunction with that report.

The accounting policies adopted are described below. They have been applied consistently in dealing with items that are considered material in relation to the Scheme statements.

2 Statement of Accounting Policies

a Pension Contributions

Employers' normal pension contributions and Employees' pension contributions (which include amounts paid in respect of the purchase of added years but which exclude Additional Voluntary Contributions) are accounted for on an accruals basis.

b Transfers

Transfers in and out are accounted for on a cash basis.

c Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are deducted from employees' salaries and are paid over by the Commission to the approved AVC providers.

d Pension Benefits Payable

Pension benefits payable are accounted for on an accruals basis.

e Pension Payments to, and on Account of, Leavers before their Normal Retirement Age

Where a member of the pension scheme is entitled only to a refund of contributions (where they have served less than 2 years), the transaction is accounted for on a cash basis.

f Pension Payments to those Retiring at their Normal Retirement Age

Where a retiring member of the Pension Scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for on an accruals basis.

g Overpayments of Pensions

Overpayments of pensions are netted off against the original expenditure. Unrecovered overpayments are shown in the Balance Sheet.

h Liabilities for Compensation Payments

In the opinion of the Forestry Commission, in the absence of legal opinion, the Compensation Scheme acts as an agent rather than a principal.

Staff who take early retirement (before reaching age 60), may be entitled to compensation payments. The liabilities for such payments are shown in the main accounts of the Forestry Commission and its agencies, rather than the Pension Scheme accounts. The amounts paid in compensation payments (lump sums and monthly payments) are shown for information purposes only in note 17.

3 Pension Contributions Receivable

	2000/01	1999/2000
	£000	£000
Employers	8,842	8,417
Employees:		
Normal	874	839
Purchase of added years	74	82
Total	9,790	9,338

4 Pensions Transfers-in

	2000/01	1999/2000
	£000	£000
Individual transfers-in from other Schemes	349	311

Forestry Commission Pension Scheme
Resource Accounts for the year ended 31 March 2001 continued

5 Pension Benefits Payable

	2000/01	1999/2000
	£000	£000
<u>Pensions or annuities:</u>		
Amounts paid to retired employees and dependants including amounts accrued but not paid as at 31 March	25,227	24,788
<u>Commutations or lump sum benefits:</u>		
On retirement	1,825	1,914
On death	125	96
Injury benefits	–	–
<u>Less recovery of overpayments</u>		
Amounts recovered	(6)	(9)
Amounts outstanding at 31 March	(15)	(18)
Total	27,156	26,771

Overpayments of pensions are netted off against subsequent expenditure. Unrecovered overpayments are shown in the Balance Sheet.

6 Pension Payments to and on Account of Leavers

	2000/01	1999/2000
	£000	£000
Refunds to members leaving the service	45	66
Payments for members joining the State Scheme	–	–
Group transfers to other Schemes	–	–
Individual transfers to other Schemes	353	293
Total	398	359

7 Other Expenditure

There has been no other expenditure in respect of the Pension Scheme during the current or preceding years.

8 Debtors: Contributions due in Respect of Pensions

Overpayments of pension benefits are made via adjustments to subsequent payments or are reclaimed. The amount outstanding as at 31 March 2001 was £14,875 (£17,570 1999/2000).

9 Creditors – Amounts Falling due within 12 Months

	2000/01 £000	1999/2000 £000
Pensions payable	490	473
Lump sums	156	–
Total	646	473

10 Additional Voluntary Contributions

The Forestry Commission Pension Scheme provides for employees to make Additional Voluntary Contributions (AVCs) to increase their pension entitlements and/or to increase life assurance cover. Employees may arrange to have agreed sums deducted from their salaries, for onward payment to one or both of the approved providers (Scottish Widows and Equitable Life). Alternatively, they may choose to make their own arrangements by making periodic payments to an insurance company or scheme institution which offer Free Standing Additional Voluntary Contribution schemes. The Managers of the Forestry Commission Pension Scheme are only responsible for payments made to the Scheme's approved providers. Members participating in this arrangement receive an annual statement from the approved provider made up to 31 March each year confirming the amounts held in their account and the movements in year.

AVC transactions have not been recorded in the main Pension Scheme statements in accordance with the Resource Accounting Manual.

The amounts paid to each AVC provider and the value of these contributions are shown below.

Equitable Life

Total value of contributions as at 1.4.2000	Contributions paid during 2000/2001 £000	Contributions paid up to 5th April 2001 £000	Value of contributions £000
542	56	–	519

Scottish Widows

Total value of contributions as at 1.4.2000	Contributions paid during 2000/2001 £000	Sales of investments to provide pension benefits £000	Total value of contributions as at 31.03.2001 £000
51	116	103	65

Equitable Life

On 8th December 2000, the Equitable Life Assurance Society (which as noted above, is one of the two AVC providers) announced that it would stop writing new business with immediate effect. In February 2001 it was announced that the business was being bought by Halifax Group plc.

FCPS members who are contributing towards Equitable Life AVCs were later advised of an amnesty that would allow them to continue paying monthly contributions to the with-profits fund and then choose, before 31 March 2001, for any contributions paid between 8th December and the end of March, to be switched to the Equitable Life Money Fund. This is a unit-linked fund investing on deposit. Contributions would then be treated as if they had been invested in the Money Fund from the outset, rather than in the with-profits fund.

The Cabinet Office has advised that an alternative CSAVC provider will be appointed in due course.

11 Contingent Liabilities

In the event of a default by one of the approved AVC providers, pension payments would be met by the Policy Holders Protection Act 1975 (as amended by the PPA 1997). In the unlikely event of the failure of both of these sources, the Forestry Commission will guarantee pension payments (this guarantee does not apply to members who make payments to institutions offering FSAVCs).

The likelihood of two such events occurring is considered too remote to warrant inclusion of the accrued liability (or provision) in these accounts.

12 Reconciliation of Financing from Consolidated Fund to Net Cash Requirement

	2000/01
	£000
Voted from Consolidated Fund (Schedule 1)	17,239
Less: amounts undrawn at 31 March 2001	–
<hr/>	
Financing from Consolidated Fund (see Schedule 1)	17,239
<hr/>	
Adjustment in respect of Consolidated Fund	–
Extra Receipts (CFERs)	–
<hr/>	
Net Cash Requirement (Schedule 1)	17,239
<hr/>	

The Commission no longer maintains cash balances with Paymaster (1836) limited.

13 Related-Party Transactions

The Forestry Commission Pension Scheme falls within the ambit of the Forestry Commission, which is regarded as a related party. During the year, the Scheme had material transactions with the Commission and its Executive Agencies (whose employees are members of the Scheme). Other than this, none of the Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Schemes during the year.

14 Cash at Bank and at Hand

The Forestry Commission does not hold bank balances in relation to the Pension Scheme.

15 Movements in Working Capital other than Cash

These comprised:

	2000/01 £000	1999/2000 £000
Debtors	(3)	18
Creditors	(173)	(5)
Total	(176)	13

16 Consolidated Fund

The funding of the net liabilities will be met from the Consolidated Fund in subsequent years.

17 Compensation Benefits Payable

	2000/01 £000	1999/2000 £000
Annual compensation payments	1,458	1,723
Lump-sum payments	327	417
Total	1,785	2,140

Staff who take early retirement (before reaching age 60), may be entitled to compensation payments. The liabilities for such payments are shown in the main accounts of the Forestry Commission and its Agencies, rather than the Pension Scheme accounts. The amounts paid in compensation payments (lump sums and monthly payments) are shown for information purposes only above.

18 Cash Flow Reconciliation

Reconciliation of Net Outgoings for the year to Net Cash Requirement

	2000/01	1999/2000
	£000	£000
Net Outgoings for the year (Schedule 2)	17,415	17,481
Adjustments for Movements in Working Capital Other Than Cash (Schedule 3)	(176)	13
Adjustments for Movements in Provisions	–	–
<hr/> Net Cash Outflow from Operating Activities	<hr/> 17,239	<hr/> 17,494
Consolidated Fund Extra Receipts	–	–
Payments of Extra Receipts to the Consolidated Fund	–	–
<hr/> Financing	<hr/> 17,239	<hr/> 17,494
<hr/> Increase / (Decrease) in cash during the period	<hr/> –	<hr/> –
Remove payments/Add receipts not related to Supply: CFERs received and not paid over (excess A in A)	– –	– –
<hr/> Net Cash Requirement (Schedule 1)	<hr/> 17,239	<hr/> 17,494

Accounts Direction given by the Treasury in accordance with Section 5 of the Exchequer and Audit Departments Act 1921

- 1** This direction applies to those departments listed in the attached appendix.*
- 2** Those departments shall prepare resource accounts for the year ended 31 March 2001 in compliance with the accounting principles and disclosure requirements of the Treasury's Resource Accounting Manual ("the Resource Accounting Manual") which is in force for that financial year.
- 3** The accounts shall be prepared so as to give a true and fair view of the state of affairs of the department at 31 March 2001 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.
- 4** Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirement to give a true and fair view the requirements of the Resource Accounting Manual should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

Brian Glicksman

Treasury Officer of Accounts

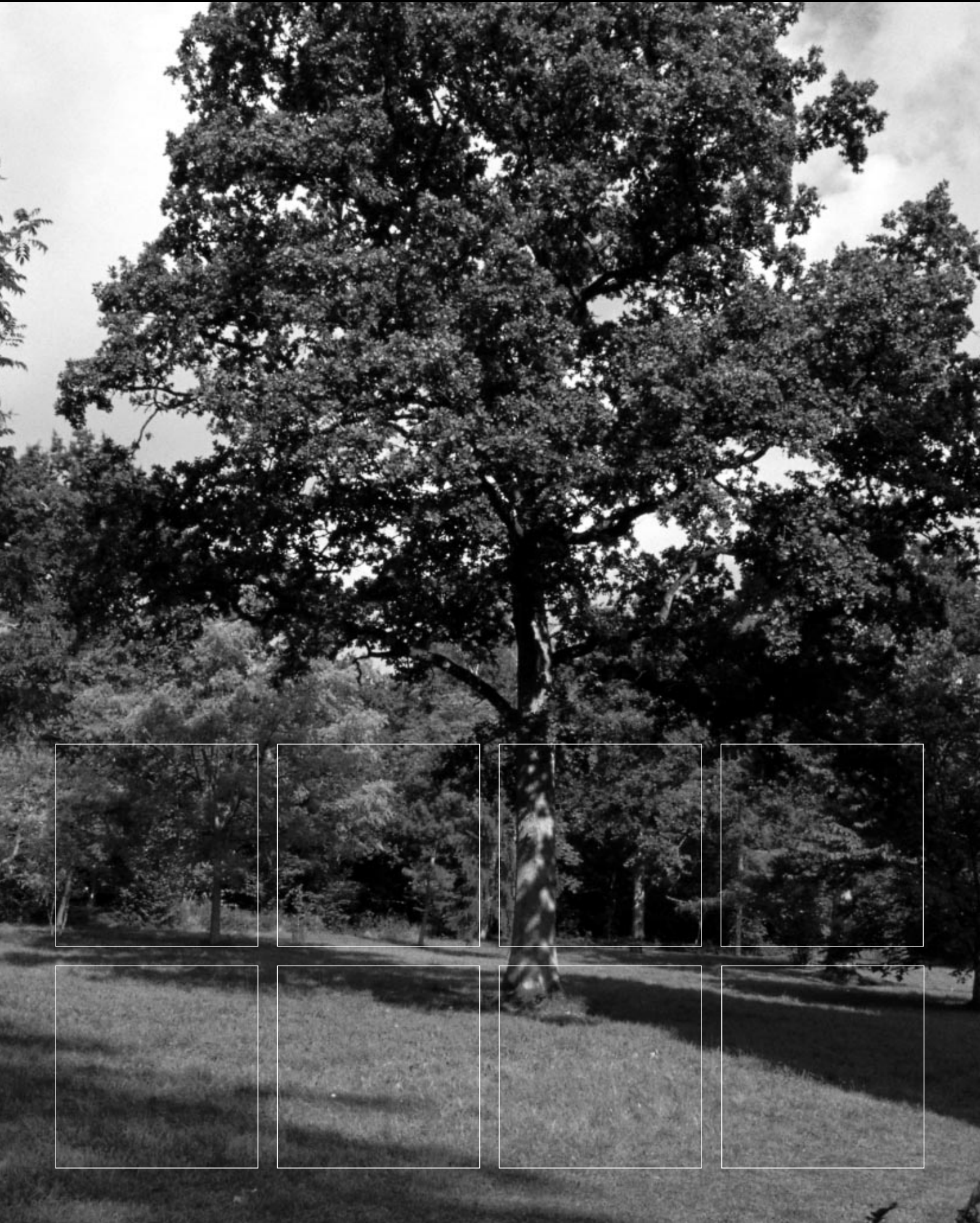
30 March 2001

*The Forestry Commission Pension Scheme was deemed to have been covered by the appendix which is referred to.

FOREST ENTERPRISE IN ENGLAND

Accounts

for the year ended 31 March 2001



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Accounts

for the year ended 31 March 2001

FOREWORD

1 Status

Forest Enterprise became an Executive Agency with effect from 1 April 1996 to manage the Forestry Commission's estate. Its status as an Executive Agency has remained unaltered following devolution except that it produces three separate accounts for activities in England, Scotland and Wales.

Forest Enterprise remains part of the Forestry Commission which is a cross-border Government Department responsible for forestry throughout Great Britain. The relationship between Forest Enterprise, the Forestry Commissioners and Forestry Ministers is described in the Framework Document published April 1996.

Prior to 1 April 1996, Forest Enterprise was managed as an internal department of the Forestry Commission for which separate accounts were presented in the Forestry Commission Annual Report and Accounts. The Agency has assumed ownership of and responsibility for the assets and liabilities of its predecessor as shown on the Forest Enterprise balance sheet as at 31 March 1996.

Until 30 June 1999, the Forestry Commission's activities were financed through the Forestry Fund and Forest Enterprise received funds from and made payments to the Forestry Fund. The Forestry Fund was abolished from 1 July 1999 as a consequence of devolution. The annual cash surplus or deficit of Forest Enterprise in England is counted in the Forestry Commission's net Grant-in-Aid drawn down from Class X Vote 3.

The Office of National Statistics designated Forest Enterprise, for National Accounting purposes, a Public Corporation in January 1999 in accordance with European System of Accounts (ESA) 95. Following devolution it has been designated as three separate Public Corporations covering activities in England, Scotland and Wales. Accordingly, it is outside the departmental boundary for Resource Accounting purposes with the net surplus or deficit and net worth reflected in the Forestry Commission's consolidated resource accounts for England/Great Britain, Scotland and Wales.

2 Aims and Objectives

The aims of Forest Enterprise are set out in the Framework Document. They are to produce the environmental, financial, social and other outputs sought by Ministers and the Forestry Commissioners in a way which meets the Government's objectives and international commitments and sustains both the environmental quality and the productive potential of the forest estate; and to offer an efficient service.

The objectives of Forest Enterprise are listed in Chapter 3 of the Agency's Framework Document.

3 Review of Activities

Forest Enterprise in England produced a deficit on its Income and Expenditure Account of £9,881,000 (£6,464,000 deficit 1999-00) excluding the notional cost of capital. A comparison of income and expenditure with the previous year shows that:

- The current year operating deficit of £2,383,000 compares with a surplus of £413,000 last year, a movement of £2,796,000.
- Net spending on recreation, conservation and heritage increased by £601,000.
- The surplus on sale of properties reduced by £20,000.

After adjusting the total deficit for items not involving the movement in cash and for capital expenditure and income, the net cash deficit funded by the Forestry Commission was £13,183,000, compared to £3,381,000 in 1999-00.

4 Financial Objectives

Forest Enterprise's financial objective set out in the Framework Document is to maximise financial returns on the assets of the estate through wood production and the exploitation of commercial opportunities using private capital wherever appropriate. It is part of a series of multiple benefit objectives which reflect the overall aims of Forest Enterprise.

Details of the financial performance targets set for the Agency by the Forestry Commissioners and achievement against those targets are shown in Note 17 to the Accounts. Achievements against other non-financial targets are noted in the Agency's annual report published separately.

5 Supplier Payment Policy

Forest Enterprise observes the principles of the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated in the contract, we aim to pay within 30 days from the receipt of goods and services or the presentation of a valid invoice, whichever is the later. A sample analysis for 2000-01 indicates that 97.0% of invoices were paid within the due date. Arrangements for handling complaints on payment performance are notified to suppliers on contracts and orders.

6 Employment Policies

Forest Enterprise is committed to the principle of equality of opportunity for employment and advancement for all eligible people on the basis of their ability, qualifications and fitness for the work. Forest Enterprise has systems to ensure that all permanent appointments are made on merit on the basis of fair and open competition and in accordance with the guidance laid down by the Civil Service Commissioners. Further information on the employment of disabled persons, the provision of information to, and consultation with, employees, and the promotion of equal opportunities is available on request.

7 Pension Liabilities

Forest Enterprise staff are part of the Forestry Commission Pension Scheme which is run by analogy with the Principal Civil Service Pension Scheme. A separate pension scheme statement is published in the Forestry Commission England/Great Britain annual report as it is a reserved Great Britain matter.

8 Management Board

Members of the Management Board of Forest Enterprise during the year were:

Bob McIntosh	Chief Executive
Bob Farmer	Territorial Director Wales
Geoff Hatfield	Territorial Director England
Hugh Insley	Territorial Director Scotland (North)
Mike Lofthouse	Territorial Director Scotland (South)
Ian Forshaw	Director Forest Operations
Keith Gliddon	Director Corporate Services
Wilma Harper	Head of Forest Planning
Craig Heaney	Director Engineering
Iain Miller	Head of Personnel Advisory Unit
Peter Ranken	Director Estate Management
Alan Stevenson	Head of Environment & Communications

9 Auditors

These accounts cover the activities of Forest Enterprise in England 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.

R McIntosh

Chief Executive and Agency Accounting Officer
30 November 2001

Statement of Forestry Commission's and Chief Executive'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 in England for each financial year in the form and on the basis set out in the accounts direction at Appendix 1 to these accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the Forest Enterprise in England 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 at Appendix 1 to these financial statements, 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 Director General of the Forestry Commission, as departmental Accounting Officer, has designated the Chief Executive of Forest Enterprise as the Accounting Officer for the Agency. 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).

Statement on the System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by Forest Enterprise.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Management Board of Forest Enterprise;
- regular reviews by the Management Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines;
- a programme of accounting inspections.

The Forestry Commission has an internal audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit unit is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Forest Enterprise Audit Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in Forest Enterprise. The report includes the HIA's independent opinion on the adequacy and effectiveness of the body's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditor, the executive managers within the body who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

Implementation of the Turnbull Report

In September 1999, the Institute of Chartered Accountants in England and Wales published the report of the Turnbull Committee "Internal Control: Guidance for Directors on the Combined Code". The effect of the Turnbull report was to extend the existing requirement to provide a statement in respect of financial controls to cover all controls, including financial, operational, compliance and management of risk.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by Treasury.

R McIntosh

Chief Executive and Agency Accounting Officer
30 November 2001

The Certificate of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 124 to 137 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 128 to 129.

Respective responsibilities of the Commission, Accounting Officer and Auditor

As described on page 119 the Commission and Accounting Officer are responsible for the preparation of the financial statements in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Commission and Accounting Officer are also responsible for the preparation of other contents of the Annual Report. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and whether 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 also report if in my opinion the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 120 reflects the Commission's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom 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 significant estimates and 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 Commission'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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Forest Enterprise in England at 31 March 2001 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
28 January 2002

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

Forest Enterprise in England
Accounts for the year ended 31 March 2001 continued

Income and Expenditure Account

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Operating Income			
Sales of Timber		22,448	24,585
Forest Protection and Maintenance		390	689
Management and Development of Estate	2b	8,869	7,605
		31,707	32,879
Operating Expenditure			
Forest Planning		2,506	2,101
Harvesting and Haulage of Timber		10,283	10,655
Forest Roads		2,303	2,454
Forest Protection and Maintenance		10,538	10,296
Management and Development of Estate	2b	8,460	6,960
		34,090	32,466
Operating Deficit		(2,383)	413
Recreation, Conservation & Heritage (RC&H)			
Income		4,459	5,101
Expenditure		12,301	12,342
		(7,842)	(7,241)
Operating Deficit Net of RC&H		(10,225)	(6,828)
Surplus on sale of properties	4	344	364
Deficit		(9,881)	(6,464)
Notional cost of capital	5	(29,017)	(30,164)
Net Deficit for the year		(38,898)	(36,628)
Transferred to General Fund		(38,898)	(36,628)

There have been no discontinued operations during the year

The notes on pages 128 to 137 form part of these accounts.

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2001

	2001 £000	2000 £000
Net deficit for the year	(38,898)	(36,628)
Revaluation surplus/(deficit) for the year	81,459	(49,747)
Total Recognised Gains/(Losses)	42,561	(86,375)

Forest Enterprise in England
Accounts for the year ended 31 March 2001 continued

Balance Sheet

as at 31 March 2001

	Note	2001 £000	2000 £000
Fixed Assets			
Tangible Fixed Assets	6	485,011	471,415
Current Assets			
Stocks	7	2,068	2,047
Debtors	8	7,814	6,096
Cash at banks and in hand	9	10	10
		9,892	8,153
Creditors – amounts falling due within one year	10	(3,859)	(3,163)
Net Current Assets		6,033	4,990
Provision for Liabilities and Charges	11	(133)	(88)
Total Assets Less Liabilities		490,911	476,317
Capital and Reserves			
General Fund	12	343,550	410,415
Revaluation Reserve	13	147,361	65,902
Total Capital and Reserves		490,911	476,317

The notes on pages 128 to 137 form part of these accounts.

R McIntosh

Chief Executive and Agency Accounting Officer
30 November 2001

Cash Flow Statement

for the year ended 31 March 2001

	Note	2001 £000	2000 £000
Reconciliation of Net Deficit to Net Cash Flow from Operating Activities			
Net deficit for the year		(38,898)	(36,628)
Notional cost of capital		29,017	30,164
Depreciation charges		2,836	2,200
(Profit)/Loss on sale of properties	4	(695)	(714)
(Profit)/Loss on sale of other tangible fixed assets		41	(166)
Transfers posted as non-cash in error		148	0
(Increase)/Decrease in stocks		(21)	98
(Increase)/Decrease in debtors		(1,718)	188
Increase/(Decrease) in creditors		741	(1,482)
Net Cash Outflow from Operating Activities		(8,549)	(6,340)

Cash Flow Statement

Net Cash Outflow from Operating Activities	(8,549)	(6,340)
--	----------------	---------

Capital

New planting	(676)	(277)
Payments to acquire tangible fixed assets	(6,193)	(437)
Receipts from sale of properties	4	2,232
Receipts from sale of other tangible fixed assets	3	291
Net Capital	(4,634)	2,954

Net Cash Outflow after Capital	(13,183)	(3,386)
---------------------------------------	-----------------	---------

Financing

(Surplus)/deficit funded by Forestry Commission	13,183	3,381
Increase/(Decrease) in cash	0	(5)

Reconciliation of Net Cash Flow to Movements in Net Funds

Increase/(Decrease) in Cash	0	(5)
Net funds at 1 April 2000	10	15
Net funds at 31 March 2001	10	10

The notes on pages 128 to 137 form part of these accounts.

NOTES TO THE ACCOUNTS

1 Accounting Policies

a 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. The accounts are prepared under the historical cost convention modified by the inclusion of the valuation of assets. Without limiting the information given, the accounts meet the requirements of the Companies Acts and of the Financial Reporting Standards where relevant.

b Accounting for fixed assets

Where the Agency is the principal beneficial user of assets of the Forestry Commission estate they are treated as a fixed asset of the Agency although legal ownership is vested in the Forestry Minister.

c Valuation of assets

The forest estate and land classified as plantable reserve, included in other land and buildings, is revalued every five years by regional valuation panels, taking account of the species mix, age, yield class and other relevant factors. The open 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 which follows the principles of RICS Statements of Asset Valuation Practice and Guidance Notes and Financial Reporting Standards.

In the absence of an annual forestry based index, an external professional opinion of the open market value is obtained each year. The opinion given is outside the RICS Red Book Guidelines and without reference to the Valuation Panels which undertook the 1998 five-year revaluation.

Other land and buildings and plant and machinery are revalued every three years by professionally qualified staff employed by the Forestry Commission. Office machinery and equipment is revalued every three years by Forestry Commission administrative staff. Between revaluations these assets are updated annually by a general price index.

Commercial recreation assets are revalued by a specialist firm.

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

d 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

e Stocks

Finished goods and work in progress are valued as follows:–

- a timber at the cost of production;
- b seed at the lower of 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.

f Corporation Tax

Forest Enterprise is not subject to corporation tax.

g 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.

h Operating Leases

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

i Early departure compensation payments

For staff leaving on or after 1 April 1999, the future liabilities for monthly 'compensation' payments are shown in the Forest Enterprise accounts for the country in which the officer was serving at the time they took early retirement.

2 Operating Deficit**a The operating deficit net of recreation, conservation and heritage is stated after charging:**

	2001	2000
	£000	£000
Depreciation of fixed assets	2,831	2,216
Hire of plant and equipment	451	339
Operating lease rentals:		
Land and Buildings	218	
Other	1,003	
Travel and subsistence	1,423	1,458
Other expenses	4,122	2,500

Other expenses included Auditors' remuneration of £32,000.

There are four Forest Enterprise units supplying England, Scotland and Wales with specialist services: supply of trees for planting, mechanical engineering, civil engineering and design and interpretation. The costs of these units are recovered through the year by internal charges.

Forest Enterprise in England
Accounts for the year ended 31 March 2001 continued

Forest Enterprise Head Office has three primary functions: developing corporate strategy and policies, performance monitoring and reporting, and providing corporate support services including estate management, accountancy services and business planning support. Wherever possible the support services are charged out in the year to each country based on service level agreements. The remaining costs are apportioned at the end of the year on a defined basis, first to operational activities and then to each country.

The central services of the Forestry Commission for information technology, personnel, training, public relations and internal audit are made available through service level agreements. These services are charged out in the year to internal customers in Forest Enterprise. The Forestry Commission is charged for their share of finance services provided by Forest Enterprise and for mechanical engineering services

The Forest Research Agency provides research development and survey services to Forest Enterprise through a service level agreement and charges internal Forest Enterprise customers in the year. Forest Enterprise charges the Forest Research Agency for mechanical engineering services, property rentals and central finance services.

b Income and expenditure from management and development of estate included in the operating deficit are:

	Income £000	Expenditure £000	2001 Net £000	2000 Net £000
Forest Holidays	2,749	2,183	566	796
Estate Management	4,598	4,276	322	(542)
Other	1,522	2,001	(479)	391
Totals	8,869	8,460	409	645

Forest Holidays is a separate business unit which operates within Forest Enterprise to provide accommodation at self-catering log cabins and camping and touring caravan sites. Income and expenditure is apportioned at the end of the year to England, Scotland and Wales based on turnover by country. Forest Holidays earned a real rate of return on capital invested of 9.1 per cent compared with a target rate of 8 per cent.

Estate Management 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. It includes surplus assets which are disposed of wherever possible.

Other includes agency work carried out on a full cost recovery basis, net income earned by Mechanical Engineering Services business unit and the sale of Christmas trees.

3 Staff Costs and Numbers

Staff unification was achieved in August 2000 and as a consequence employees are no longer categorised in terms of wages and salaries and industrial and non-industrial as they were in previous years.

a Employee costs during the year amounted to:

	2001	2000
	£000	£000
Salaries	16,052	14,617
Social Security Costs	1,136	997
Employers Superannuation Costs	2,231	2,053
	19,419	17,667

The Agency's staff are covered by the Forestry Commission Pension Scheme which is a defined benefit pension scheme. Employers' superannuation contributions, calculated as percentages of pensionable pay, are paid to the Forestry Commission Pension Scheme and are included in the Income and Expenditure Account. The employers' contribution rates were set at 15 per cent for industrials and from 15 per cent to 22 per cent for non-industrials according to grade as determined by the Government Actuary. Actual payments are met by the Forestry Commission and reflected in its annual accounts.

b The average number of employees in Forest Enterprise in England during the year was as follows:

	2001	2000
Average number of employees	715	741

The average number of employees during the year in the specialist service units, the Forest Holidays Business Unit and Head office, who provide services to Forest Enterprise on an Agency wide basis and are not reflected in the above numbers was 530 (542 in 2000)

c The range of salaries of management board members is shown below. Management board members are senior staff and are ordinary members of the Forestry Commission Pension Scheme.

Bob McIntosh	Please refer to Forestry Commission accounts
Bob Farmer	Consent to disclosure withheld
Geoff Hatfield	Consent to disclosure withheld
Hugh Insley	Consent to disclosure withheld
Mike Lofthouse	Consent to disclosure withheld
Ian Forshaw	Consent to disclosure withheld
Keith Gliddon	Consent to disclosure withheld
Wilma Harper	Consent to disclosure withheld
Craig Heaney	Consent to disclosure withheld
Iain Miller	Consent to disclosure withheld
Peter Ranken	Consent to disclosure withheld
Alan Stevenson	Consent to disclosure withheld

d Pension benefits are provided through the Forestry Commission Pension Scheme which is run by analogy with the Principal Civil Service Pension Scheme. The scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. Pensions increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

e Benefits in kind are provided under the following schemes:-

- (i) Advances of Salary for House Purchase
- (ii) Advances of Salary for purchase of Season Tickets and Bicycles
- (iii) Car Provision for Employees Scheme

Each scheme is subject to conditions and financial limits.

The Advance of Salary for House Purchase scheme had 25 loans with an outstanding balance of £2,500 or more to individual members of staff at 31 March 2001. The total value of these loans was £185,269.

In addition, 12 loans with an outstanding balance of £2,500 or more to individual members of staff in specialist service units and Head Office were outstanding at 31 March 2001. The total value of these loans was £111,245. For accounting purposes, the number and value of these loans is spread over the various Forest Enterprise reporting entities on an agreed basis.

4 Surplus on Sale of Properties

	2001 £000	2000 £000
Income	2,232	3,377
Book value	(1,537)	(2,663)
Disposal costs:		
External costs	(54)	(161)
Administrative expenses	(297)	(189)
Surplus on sale of properties	344	364

5 Notional Cost of Capital

Notional cost of capital based on 6% of average total assets less current liabilities employed in 2000-2001 amounted to £29,017,000.

6 Fixed Assets

Tangible Fixed Assets

	Forest Estate £000	Land £000	Forest Holidays Land £000	Buildings £000	Forest Holidays Buildings £000	VME £000	OME £000	Total £000
Valuation:								
At 1 April 2000	418,431	16,447	1,865	29,363	3,650	11,104	2,186	483,046
Additions	1,326	2,675	–	173	–	2,407	288	6,869
Disposals/Transfers	(1,084)	(264)	54	(525)	–	(57)	(375)	(2,251)
Revaluation adjustment	11,171	(565)	(4)	482	321	211	(15)	11,601
At 31 March 2001	429,844	18,293	1,915	29,493	3,971	13,665	2,084	499,265

Depreciation:

At 1 April 2000	–	–	–	872	183	8,878	1,698	11,631
Provided during year	–	–	–	868	182	1,479	302	2,831
Disposals/Transfers	–	–	–	(17)	–	(53)	(336)	(406)
Revaluation adjustment	–	–	–	30	–	178	(10)	198
At 31 March 2001	–	–	–	1,753	365	10,482	1,654	14,254

Net Book Value:

At 31 March 2001	429,844	18,293	1,915	27,740	3,606	3,183	430	485,011
At 1 April 2000	418,431	16,447	1,865	28,491	3,467	2,226	488	471,415

Forest Enterprise in England
Accounts for the year ended 31 March 2001 continued

The forest estate was professionally revalued at 31 March 2001. The next full professional revaluation will be undertaken at 31 March 2002. The other assets described above were all professionally revalued at 31 March 1999. Forest estate and other land and buildings assets comprise both freehold and leasehold assets.

7 Stocks

	2001 £000	2000 £000
Timber	517	476
Plants and seed	985	932
Consumable materials, supplies and Livestock	566	639
	2,068	2,047

8 Debtors

	2001 £000	2000 £000
Trade Debtors	5,665	6,093
Other Debtors	2,149	3
	7,814	6,096

Other debtors include amounts falling due after more than one year of £191,000 (£200,000 as at 31 March 2000).

9 Cash at Banks and In Hand

	2001 £000	2000 £000
Cash at Commercial banks and in hand	10	10
	10	10

Cash, except petty cash, is held by the Forestry Commission GB/England

10 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Payments received on account	11	40
Trade Creditors	3,321	778
Provision for Compensation Charges	53	19
Other Creditors including taxation and social security costs	474	2,326
	3,859	3,163

Trade Creditors includes a provision of £177,400 for known cases of Employers Liability claims where the value and likely timing of these payments is uncertain (£355,200 in 1999-00).

11 Provision for Liabilities and Charges

	Compensation Payments £000
Restated Balance at 1 April 2000	88
Increase in Provision	98
Payable within one year (see note 10)	(53)
Balance at 31 March 2001	133

12 General Fund

	£000	£000
Balance brought forward	410,415	413,500
Movement in year:		
- Net deficit for year	(38,898)	(36,630)
- Notional cost of capital	29,017	30,164
- Cash deficit funded by Forestry Commission	13,183	3,381
- Internal transfers	(70,315)	-
- Transfers posted as non-cash in error	148	-
	(66,865)	(3,085)
Balance carried forward	343,550	410,415

13 Revaluation Reserve

	2001 £000	2000 £000
Cumulative Revaluation Reserve brought forward	65,902	115,649
Revaluation surplus for the year ended 31 March 2001		
- Internal transfers	70,315	–
- Forest estate	11,171	(49,612)
- Other tangible assets	(27)	(235)
- Adjustment on resurvey and reclassification of properties	0	100
	81,459	(49,747)
Balance carried forward	147,361	65,902

14 Operating Leases

Commitments on operating lease rentals for the next year are as follows:

	2001 £000	2000 £000
Land and building leases expiring within:		
One year	9	–
Two to five years	19	192
More than five years	187	243
	215	435

The four Forest Enterprise units supplying specialist services have commitments on operating leases rentals for the next year as follows:

	2001 £000	2000 £000
Other leases expiring within:		
One year	281	
Two to five years	2,714	
More than five years	15	
	3,010	

15 Contingent Liabilities

There were £109,300 contingent liabilities at 31 March 2001 for damages caused to other persons' property and for compensation for personal injury to employees (NIL at 31 March 2000).

16 Related Party Transactions

The Forestry Commission is regarded as a related party. In the year to 31 March 2001, Forest Enterprise entered into the following material transactions involving the non-executive Commissioners of the Forestry Commission:–

Mr Tom Bruce Jones is a director of James Jones & Sons Ltd. which purchased approximately 302,000 cubic metres of timber at £4,878,000 from Forest Enterprise.

Sir Michael Strang Steel is non-executive chairman of Alba Trees plc which purchased seed and plants at £1,300 from Forest Enterprise.

17 Financial Performance Measures

The financial performance measures set by the Forestry Commissioners for 2000-2001 and the actual outturns achieved were:

	Target £000	Achieved £000
Operating Deficit	2,900	2,383
Cash Deficit	10,200	13,183
Gross receipts from sale of properties	1,100	2,232

Note 2b contains the target and actual rate of return for Forest Enterprise Holidays.

APPENDIX 1

**Accounts direction given by the Treasury in accordance with
Section 5(1) of the Exchequer and Audit Departments Act 1921**

1 The Forestry Commission shall prepare accounts for Forest Enterprise of its activities in England for the financial year ended 31 March 2001 comprising:

- a a foreword;
- b an income and expenditure account;
- c a statement of total recognised gains and losses;
- d a balance sheet;
- e a cash flow statement;
- f a statement of Accounting Officer's responsibilities; and
- g a statement on the system of internal financial control;

including such notes as may be necessary for the purposes referred to in the following paragraphs.

2 The accounts shall give a true and fair view of the income and expenditure, and cash flows for the financial year, and the state of affairs as at the end of the financial year.

3 Subject to this requirement, the accounts shall be prepared in accordance with:

- a generally accepted accounting practice in the United Kingdom (UK GAAP);
- b the disclosure and accounting requirements contained in "The Fees and Charges Guide" (in particular those relating to the need for segmental information for services or forms of service provided) and in any other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c the accounting and disclosure requirements of "Government Accounting", as amended or augmented from time to time,

insofar as these are appropriate to Forest Enterprise and are in force for the financial year for which the accounts are to be prepared.

4 Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

5 The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

- a the forest estate at its existing use value;
- b land and buildings at their existing use value where a market exists, otherwise at depreciated replacement cost;
- c machinery, plant and equipment at current replacement cost;
- d commercial recreation assets at their existing use value, and
- e stocks of seed at the lower of cost or net realisable value, stocks of plants and livestock at net realisable value and stocks of consumable materials at current replacement cost.

David Loweth

Head of the Central Accountancy Team

HM Treasury

12 June 2001

SCHEDULE 1

Application of the Accounting and Disclosure Requirements of the Companies Act and Accounting Standards

Companies Act

- 1** The disclosure exemptions permitted by the Companies Act shall not apply to Forest Enterprise unless specifically approved by the Treasury.
- 2** The Companies Act requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to Forest Enterprise shall be contained in the foreword.
- 3** The income and expenditure account shall be in a form which discloses the information described in paragraph 2 of Schedule 2, as the recommended formats described in Schedule 4 to the Companies Act are not appropriate to Forest Enterprise.
- 4** When preparing its balance sheet, Forest Enterprise shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies Act. The balance sheet totals shall be struck at "Total assets less current liabilities".
- 5** Forest Enterprise is not required to provide the historical cost information described in paragraph 33(3) of Schedule 4 to the Companies Act.
- 6** The foreword and balance sheet shall be signed by the Accounting Officer and dated.

Accounting Standards

- 7** Forest Enterprise is not required to include a note showing historical cost profits and losses as described in FRS3.
- 8** The cash flow statement shall be presented under the indirect method as described in FRS1.
- 9** Forest Enterprise shall not adopt the Financial Reporting Standard for Smaller Entities unless specifically approved by the Treasury.

SCHEDULE 2

Additional Disclosure Requirements

Foreword

- 1 The foreword shall, inter alia;
 - a state that the accounts have been prepared in accordance with a direction given by the Treasury in accordance with section 5(1) of the Exchequer and Audit Departments Act 1921;
 - b include a brief history of Forest Enterprise and its statutory background.

Income and Expenditure Account

- 2 The income and expenditure account shall show, inter alia;
 - a under "operating income":
 - sales of timber
 - other forest sales
 - other activities
 - b under "operating expenditure (by activity)":
 - harvesting and haulage of timber
 - restocking after felling
 - forest roads
 - forest maintenance and protection
 - other activities
 - c the resulting operating surplus/deficit shall be shown as a separate total.
 - d under "recreation, conservation and heritage"
 - income
 - expenditure

giving operating surplus/deficit net of recreation, conservation and heritage
 - e the surplus/deficit arising from the sale of properties and the notional cost of capital
 - f the "net surplus/deficit for the year" which shall be transferred to the general fund.
- 3 Minor changes may be made to the headings in the accounts without the approval of the Treasury.

Notes to the Accounts

- 4** The notes to the accounts shall include, inter alia:
- a details of the key corporate financial targets for the year and performance achieved against those targets for the year;
 - b details of the total income, expenditure and operating result for each of the operations shown within "other activities," together with explanatory notes of the financial objectives set and performance achieved;
 - c an analysis of the total staff costs and numbers of employees engaged on Forest Enterprise activities and the relevant disclosure elements of the Greenbury Code.

Appendices



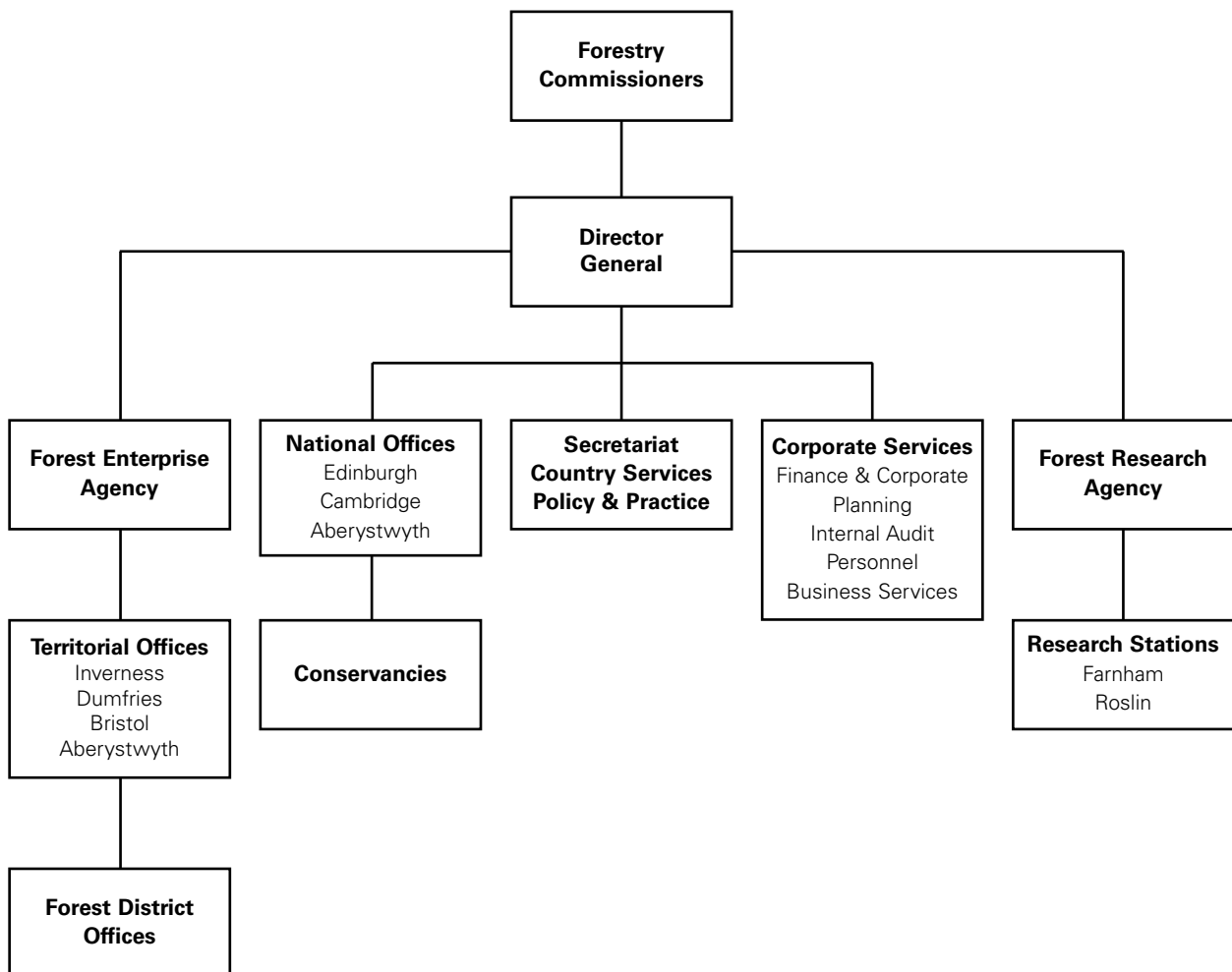
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Appendix 1

The Role and Structure of the Forestry Commission

As the Government Department for forestry in Britain we have a statutory duty to promote the interests of forestry, balancing the needs of timber production with those of landscape and conservation. We are responsible for effective implementation of forestry policies and can only do this by working with others. We aim to be an effective, open and responsive organisation, committed to providing a first class service and striving to achieve continuous improvement. We have a structure designed to deliver Government policy in England, Scotland and Wales.



Forestry Commissioners and Senior Staff as at 31 March 2001

Board of Commissioners

Sir Peter Hutchison Bt CBE	Chairman
David Bills	Deputy Chairman and Director General
Anthony Bosanquet	
Tom Bruce Jones	
Tony Cooper	
Dr Victoria Edwards	
John James OBE	
Duncan Macniven TD	
Dr Bob McIntosh	
Andrew Raven	
Gareth Wardell	
Frank Strang	Secretary

Forestry Commission

Duncan Macniven TD	Head of Corporate Services
Frank Strang	Secretary and Head of Secretariat
Eddie Arthurs	Director, Finance and Corporate Planning
Jim Anderson	Director, Personnel
Alan Mitchell	Head of Business Services
Liz Holmes	Head of Internal Audit
Tim Rollinson	Head of Policy and Practice Division
Roger Herbert	Head of Country Services
Paul Hill-Tout	Chief Conservator, England
David Henderson-Howat	Chief Conservator, Scotland
Simon Hewitt	Chief Conservator, Wales

Forest Enterprise Agency

Dr Bob McIntosh	Chief Executive
Keith Gliddon	Director, Corporate Services
Peter Ranken	Director, Estate Management
Alan Stevenson	Head of Environment and Communications
Iain Miller	Head of Personnel
Ian Forshaw	Head of Forest Operations
Wilma Harper	Head of Forest Planning
Geoff Hatfield	Director, England
Dr Hugh Insley	Director, Scotland (North)
Mike Lofthouse	Director, Scotland (South)
Dr Bob Farmer	Director, Wales

Forest Research Agency

Jim Dewar	Chief Executive
Dr Peter Freer-Smith	Chief Research Officer

Appendix 3

Statutory and other Committees appointed by the Forestry Commission

Membership as at 31 March 2001

National Committees

The Committee is appointed by the Forestry Commissioners under Section 2(3) of the Forestry Act 1967, which states that:

“The Commissioners shall by order appoint committees for England, Scotland and Wales respectively, whose membership shall consist partly of persons who are Forestry Commissioners or officers of the Commission and partly of persons not exceeding three in number, who are not Forestry Commissioners or officers of the Commissioners; and the Commissioners may delegate, subject to such restrictions or conditions as they see fit, and of their functions to a committee so appointed.”

England

Mr J D James OBE (Chairman), Miss B Bloom OBE, Mr T A Bruce Jones, Mr D A Cooper, Dr V M Edwards, Mr C H Stratton OBE, Professor C Swanwick, Mr G L Wardell. Secretary to the Committee: Mr B R Sidaway. The Committee had no meetings during the year.

Scotland

Mr T A Bruce Jones (Chairman), Dr V M Edwards, Mr J D James OBE, Mr D Macniven TD, Professor H G Miller OBE, Mr A O E Raven, Mr G L Wardell, Mr J Wightman CBE. Secretary to the Committee: Mrs A Alexander. The Committee had no meetings during the year.

Wales

Mr G L Wardell (Chairman), Mr S A J P Bosanquet, Mr T A Bruce Jones, Dr V M Edwards, Professor J Good, Mr J D James OBE, Mr D Macniven TD, Mr A O E Raven. Secretary to the Committee: Mr P Finch. The Committee had no meetings during the year.

Regional Advisory Committees

The Committees are appointed by the Forestry Commissioners under Sections 37 and 38 of the Forestry Act 1967, their Terms of Reference, in the context of their regions, being:

- a. to advise the Commissioners as to the performance of the Commissioners' functions under Section 1(3) and Part II of the Forestry Act 1967;
- b. to advise the Commissioners on such other functions as the Commissioners may from time to time determine. These additional functions include:
 - to adjudicate in disputed applications for grant aid or felling licences and in disputes by the statutory bodies arising from Forest Enterprise Design Plans
 - to advise on a small number of specific topics and issues which Commissioners will select, focusing on regional issues or implications;

- to inform the Commissioners of matters of regional or local concern on which the RAC considers it necessary to comment.

The Commissioners would normally seek the RAC's views on proposed changes to the RAC structure, composition or remit, or to Commission's grant schemes and felling licence procedures and the associated consultation arrangements.

England

Following a re-organisation of Conservancies in England from 1 April 2000, to align with the Government Offices for the Regions boundaries, eight new Regional Advisory Committees, one for each Conservancy, were appointed with effect from 1 December 2000.

North West England Conservancy

Professor J Handley (Chairman), Councillor D Bateman, Mr J Harris, Ms E Hughes, Mr G B Little, Ms E Newton, Mr M P Reynolds, Mrs K Slater, Mr T Struthers. Secretary to the Committee: Mr C Shearlock. The Committee met in January and March 2001.

North East England Conservancy

Professor M Whitby (Chairman), Mr C Davies, Mr R Edwards, Mr D Fruin, Mr A Hampton, Lord A Hill, Dr J B Hogger, Ms C Stewart, Ms L Weeks. Secretary to the Committee: Mrs I Farries. The Committee met in December 2000.

Yorkshire and the Humber Conservancy

Professor C Swanwick (Chairman), Mr I Carstairs, Mr D Clayden, Ms V Dilcock, Professor M Jones, Mr T J Liddon, Mr R Walker, Mr D Wattam, Mr D J R Wilmot-Smith MBE. Secretary to the Committee: Mrs L Dyson. The Committee met in January 2001.

West Midlands Conservancy

Mr S Potter (Chairman), Mr M S Bradbury, Dr A Harris OBE, Mr G M Hunt, Ms N Jones, Mr H Rickett, Ms S Roberts, Mr R Rowley, Mr A Thompson. Secretary to the Committee: Mr J Phillips. The Committee met in January and March 2001.

East Midlands Conservancy

Mr J C Purvis (Chairman), Mr T Cleaves, Mr C Keble, Mr J A Lockhart, Mr J G Machin OBE, Councillor R Mayhew, Dr R Middleton, Mr T Walker, Dr B D Waters. Secretary to the Committee: Miss L Singleton. The Committee met in January 2001.

East England Conservancy

Mr C H Stratton OBE (Chairman), Mr E H C Brun, Mr S Haughton, Mr J Hefford, Dr K Kirby, Mr J Meehan, Mr R Powell, Mr R Tattersall, Mr M White. Secretary to the Committee: Mrs R Proctor. The Committee met in February 2001.

South West England Conservancy

Sir H Studholme (Chairman), Dr R Cresswell MBE, Mr M Durk, Mr J McHardy, Dr G F Peterken OBE, Mr T Phillips, Mr O C Roberts, Mrs V Whitworth, Mr G Wren. Secretary to the Committee: Ms J Brimley. The Committee met in March 2001.

South East England Conservancy

Miss B Bloom OBE (Chairman), Mr A Binmore, Mr N Braden, Ms L Cole, Mr M Henderson, Mr D Jordan, Mr J Leigh-Pemberton, Mr S Rodrick, Dr A Whitbread. Secretary to the Committee: Mrs C Ewin. The Committee met in January 2001.

SCOTLAND

Highland and Grampian Conservancies

Professor H G Miller OBE (Chairman), Mr D Balharry, Mrs C Belshaw, Mr M J Chapman, Councillor B Dunlop, Mr B Hudson, Mr T Inglis, Mr M F B Leslie, Mr A MacLennan, Dr P J Tilbrook, Dr U H Urquhart, Mr J Wordsworth. Secretary to the Committee: Mrs A Alexander. The Committee met in April and October 2000 and March 2001.

Strathclyde and Perth Conservancies

Ms S Chambers (Chairman), Councillor R Banks, Dr A W Barbour, Mr R Beaney, Ms E R Christie, Mr A G Christison, Ms A Douglas, Mr A J Kerr, Mr L MacLean, Mr J McCarthy, Mr G McRobbie, Mr J D Stormonth-Darling. Secretary to the Committee: Mrs A Alexander. The Committee met in April and September 2000.

South West Scotland and Lothian and Borders Conservancies

Mr J Wightman CVO, CBE (Chairman), Dr P Ashmole, Mr C Badenoch, Mr G Booth, Mr C J Cloy, Councillor R Higgins, Mr G Hodgson, Dr P Hopkins, Mr R E Kay, Mrs D Playfair, Mr G R Watt, Mr R Wood. Secretary to the Committee: Mrs A Alexander. The Committee met in October 2000.

WALES

North Wales and South Wales Conservancies

Professor J Good (Chairman), Professor D Austin, Mr J Davies, Mr D G Evans, Dr A Gee, Mr E Harris, Mr R Lovegrove, Mr I Monckton, Mr M R Murray, Ms S Price, Dr J Taylor, Mrs J Webb. Secretary to the Committee: Mr H L Davies. The Committee met in June and September 2000 and January 2001.

Forestry Commission Advisory Panel (FCAP)

Sir Michael Strang Steel (Chairman), Professor W B Banks, Mr A F Bloomfield, Mr C Davies, Mr M F Gale, Mr R M Hay, Mr P R Higginbotham, Mr D M Hughes, Mr A Phillips, Professor J Tait, Mr M T Thomasin-Foster, Mr M J Townsend, Mr R G Venables, Dr T Whitbread, Mr W.R Worsley, Mr L L Yull. Secretary to the Committee: Mr R Barker. The Committee met in June and November 2000 and March 2001.

Environment Sub-Committee of the FCAP

Professor J Tait (Chairman), Mr C Bain, Mr P C P Bourdillon, Mr S Craig, Ms A Douglas, Mr R Jarman, Mr R Leslie, Mr N Marshall, Professor H G Miller OBE, Mr P Nolan, Dr S Pryor, Mr P Sandys. Secretary to the Committee: Mr M Sangster. The Sub-Committee met in June and September 2000 and February 2001.

Supply and Demand Sub-Committee of the FCAP

Mr D Hughes (Chairman), Mr N Campbell, Mr A G Christison, Mr N Purdy, Mr A Smith, Mr S Smith, Mr J Viviani, Mr G Webb, Mr W A Willis. Secretary to the Committee: Mr R E Selmes. The Sub-Committee met in May, August and November 2000 and February 2001.

Technical Sub-Committee of the FCAP

Professor W B Banks (Chairman), Mr D Balfour, Mr C Bridgeman, Dr C Cahalan, Mr G Callender, Mr I Forshaw, Mr C Forsyth, Mr B Hudson, Mr G Little, Dr P Savill, Mr N Starks, Dr D Wood, Dr R Worrell. Secretary to the Committee: Dr H McKay. The Sub-Committee met in May and November 2000 and March 2001.

Advisory Committee on Forest Research

Professor H G Miller OBE (Chairman), Dr A R Griffin, Professor M J Jeger, Mr R Kempton, Professor B R Kerry, Dr P S Savill, Professor M B Usher. Secretary to the Committee: Dr P H Freer-Smith. The Committee met in May and November 2000.

Forestry Research Co-ordination Committee

Mr T J D Rollinson (Chairman), Dr J H Baker, Mr N Barker, Dr M G R Cannell, Dr P A Costigan, Mr J Dewar, Dr A S Gee, Ms C Jarvis, Dr K Kirby, Dr C McMurray, Professor H G Miller OBE, Mr J Palmer, Dr S Riley, Dr D A Rook, Dr P J Saunders, Mr R E Selmes, Dr S Webster, Dr T Willison. Secretary to the Committee: Dr P H Freer-Smith. The Committee met in November 2000.

Forestry and Arboriculture Safety and Training Council

Mr T Preston (Chairman), Mr P Annett, Mr G Bonner, Mr P Breathnach, Mr J Brown MBE, Mr P Bullimore, Mr J Dewar, Mr J Dymond, Mr R J Evans, Mr K Hawkins, Mr M Henderson, Mr P R Higginbotham, Mr T R Howard, Mr B Hudson, Mr P Hunter Blair, Mr J Kenyon, Mr E Marshall, Mr I Millward, Mr C Nixon, Dr D O'Callaghan, Ms E Ramsay, Mr E Rowlands, Mr R Shapland MBE, Mr R Shaw, Mr E Shepherd, Mr K Sinclair, Mr C Starr, Dr J H Williams. Secretary to the Council: Mr T Radford. The Council met in May 2000 and March 2001.

England Forestry Forum

The England Forestry Forum reports to the Forestry Minister for England, Elliot Morley MP, through the Forestry Commission and has the following terms of reference:

- to share and exchange proposals for implementing the Government's Forestry Strategy for England; and
- to monitor and review progress with implementation of the Forestry Strategy.

Reports of Forum meetings and supporting papers are available on our Internet website. During the year, Working Groups of the Forum submitted detailed reports and recommendations on a number of subjects including: Business Advice, Training and Support; Land Regeneration; Regional Issues; Land Use Planning; Protection of Ancient Woodlands; Community Forestry; Landscape; and Funding. We are co-ordinating the Government's response to the reports which will be published in the autumn 2001.

Membership of the Forum includes representatives of the following organisations:

Association of National Park Authorities; Association of Professional Foresters; The Community Forests; Council for British Archaeology; Council for the Protection of Rural England; Country Landowners Association; Countryside Agency; English Heritage; English Nature; English Partnerships; The Environment Agency; Forestry Commission Regional Advisory Committees; Forestry Contracting Association; Forestry Industry Council; Institute of Chartered Foresters; Local Government Association; National Farmers Union; National Forest Company; National Small Woods Association; The National Trust; National Urban Forestry Unit; Planning Officers Society; Ramblers Association; North West Regional Development Agency; Royal Forestry Society of England, Wales and Northern Ireland; Royal Institution of Chartered Surveyors; Royal Society for the Protection of Birds; Royal Town Planning Institute; Timber Growers Association; United Kingdom Forest Products Association; Wildlife and Countryside Link; Wildlife Trusts; The Woodland Trust. Officials from the Department of the Environment, Transport and the Regions, and the Ministry of Agriculture, Fisheries and Food also attend. The Forestry Commission provides the secretariat for the Forum.

The Forum met in July 2000 and January 2001.

Forestry and Arboriculture Safety and Training Council (FASTCo)

Annual Report for the year ending 31 March 2001

Gaining recognition for a National Training Organisation (NTO) as a vertically integrated trees and timber sector has continued to be a predominant issue. Negotiations during the period culminated in a meeting of representatives from all Sub-sectors and Occupational Groups which briefed Forestry Ministers on the Industry's view following a decision from the Department for Education and Employment (DfEE) that the sector should seek NTO services as an Industry Group within Lantra NTO. The meeting with Ministers concluded by agreeing an independent team, lead by a Chairman approved by the Chairmen of FASTCo, TreeLine and FIDC, should act on behalf of the Sector to secure acceptable terms for its integration within Lantra NTO. It is expected the process will be completed no later than July 2001.

Whilst the effort devoted to achieving NTO recognition has been a necessary diversion of resources, the Council has continued to be active in the fields of education, training, health and safety.

The Qualifications and Standards Committee are co-operating with regulatory bodies and adjacent sectors in a radical review of National Occupational Standards (NOS) and the nationally recognised qualifications derived from those Standards. Technical Work Groups covering the functional areas of establishment and maintenance, harvesting and management have made significant progress. A new Technical Work Group covering arboriculture made a slower start but is expected to complete its work by the 1 June deadline. The output from the Technical Work Groups will be the subject of wide consultation over the summer to gain Industry approval for the revised NOS and proposed qualifications structure.

A project proposal seeking funding to complete work to create NOS for the Greenwood Trades and Allied Crafts has been submitted. Once approved by the regulatory bodies the work will be carried out over the period April/October 2001.

The project to review, revise and extend the training guidance issued to FASTCo Registered Instructors was completed in the period. The outputs, which give detailed guidance in the syllabus, structure, duration and objectives were agreed after extensive consultation with expert practitioners. The revised guidance reflects best working and safety practice. It will only be issued to Registered Instructors whose Training Standards Officers have confirmed that they are competent to deliver specific courses.

The Management Group directing the Forest Machine Operators Certification Programme (FMOCP) completed its work. Feedback from a pilot assessment scheme involving 100 candidates, 98 of whom gained certification, was used to refine the structure and content of the programme. The certification scheme was formally launched on 1 December 2000. The rate of applications for assessment is an encouraging demonstration of the Industry's acceptance of the need for Machine Operator Certification.

Representatives of FASTCo have continued to play an active part in the land-based sector wide work covering labour market information surveys, Skills Foresight and Sector Workforce Development planning.

At the start of the period the Health and Safety Committee launched a thorough revised suite of Chainsaw Safety Guides. The launch was used to publicise and promote the FASTCo web site (www.fastco.gb.com) which provided instant access to current and comprehensive safety information. The site will be expanded to provide coverage of FASTCo's training and education provision. Apart from guaranteeing web site information that is current, it is expected it will reduce the significant costs of the free distribution of Safety Guides as printed copies, currently running at 250,000 per annum.

In co-operation with the Forestry Commission Safety Officer, a team of arborists developed a training course for inspectors of tree climbing personal protective and associated equipment. Over twenty inspectors have been trained in the period. This initiative provides the Sub-sector with access to a cost effective and independent inspection service, which is required by HSE regulations.

Following extensive consultation the Health and Safety Committee produced a booklet on the signage required on operational work sites. The guidance covering all those involved capitalises on the success of the work to secure effective and active management of health and safety in forestry and arboriculture.

Since health and safety is not a direct responsibility of an NTO, the Council has welcomed a proposal from the Health and Safety Commission (HSC) to assume responsibility for the production of safety guides and associated information, previously done by the Health and Safety Committee. FASTCo is particularly pleased by the assurance from HSC that the successor committee will remain as widely representative of all Sub-sectors and Occupational Groups within forestry and arboriculture, as was its predecessor. At its meeting in March, FASTCo wished the new committee every success and promised full co-operation during the hand-over period.

As anticipated in the opening remarks, during 2001 FASTCo's responsibilities will be subsumed by the Trees and Timber Industry Group within Lantra NTO and the HSC Forestry and Arboriculture Advisory Committee. This is therefore the final report of the Council. Inevitably, there is some regret at its demise. However, provided members of the successor bodies give the same commitment which FASTCo has enjoyed, the Industry can be confident that the Council's aims and objectives will continue to be met. The contribution made by past and current members of FASTCo is gratefully acknowledged. Without their outstanding support FASTCo would not have been able to achieve the very significant advances it has during its relatively brief existence.

Trevor Preston, Chairman
Ted Radford, Secretary

Publications

The following titles were published during the year ending 31 March 2001

Reports

Annual Report and Accounts Great Britain and England 1999-2000 (£23.60)

Annual Report and Accounts The Forestry Commission in Scotland 1999-2000 (£17.50)

Annual Report and Accounts Wales 1999-2000 (£23.90)

Forest Research Annual Report and Accounts 1999-2000 (£16.30)

Forest Enterprise Annual Report 1999-2000 (£12.70)

Bulletins

122 Agroforestry in the UK, edited by M Hislop and J Claridge (£25)

123 Managing rides, roadsides and edge habitats in lowland forests, by R Ferris and C Carter (£16)

Guideline Notes

1 Forests and peatland habitats, by G Patterson and R Anderson

Information Notes

31 Climate change – implications for forestry in Britain, by M Broadmeadow

32 Plant communities and soil seedbanks in broadleaved-conifer mixtures on ancient woodland sites in lowland Britain, by R Ferris and E Simmons

33 Forest condition 1999, by D Redfern, R Boswell and J Proudfoot

34 An introduction to new landscape ecology research to enhance biodiversity in British forests, by R Ferris, K Purdy, J Humphrey and C Quine

35 Natural regeneration in broadleaved woodlands: deer browsing and the establishment of advance regeneration, by R Harmer and R Gill

36 The impact of deer on woodland biodiversity, by R Gill

37 Environmental monitoring in British forests, by D Durrant

Inventory Reports

National Inventory of Woodlands and Trees – Scotland – Fife

Part 1 – Woodlands of 2 hectares and over (£5)

National Inventory of Woodlands and Trees. Scotland – Tayside

Part 1 – Woodlands of 2 hectares and over (£5)

National Inventory of Woodlands and Trees. Scotland – Central

Part 1 – Woodlands of 2 hectares and over (£5)

National Inventory of Woodland and Trees. Scotland – Highland Region

Part 1 – Woodlands of 2 hectares and over (£5)

National Inventory of Woodlands and Trees. Scotland – Western Isles

Part 1 – Woodlands of 2 hectares and over (£5)

Practice Guides

Hazards from trees – a general guide, by D Lonsdale (£7)

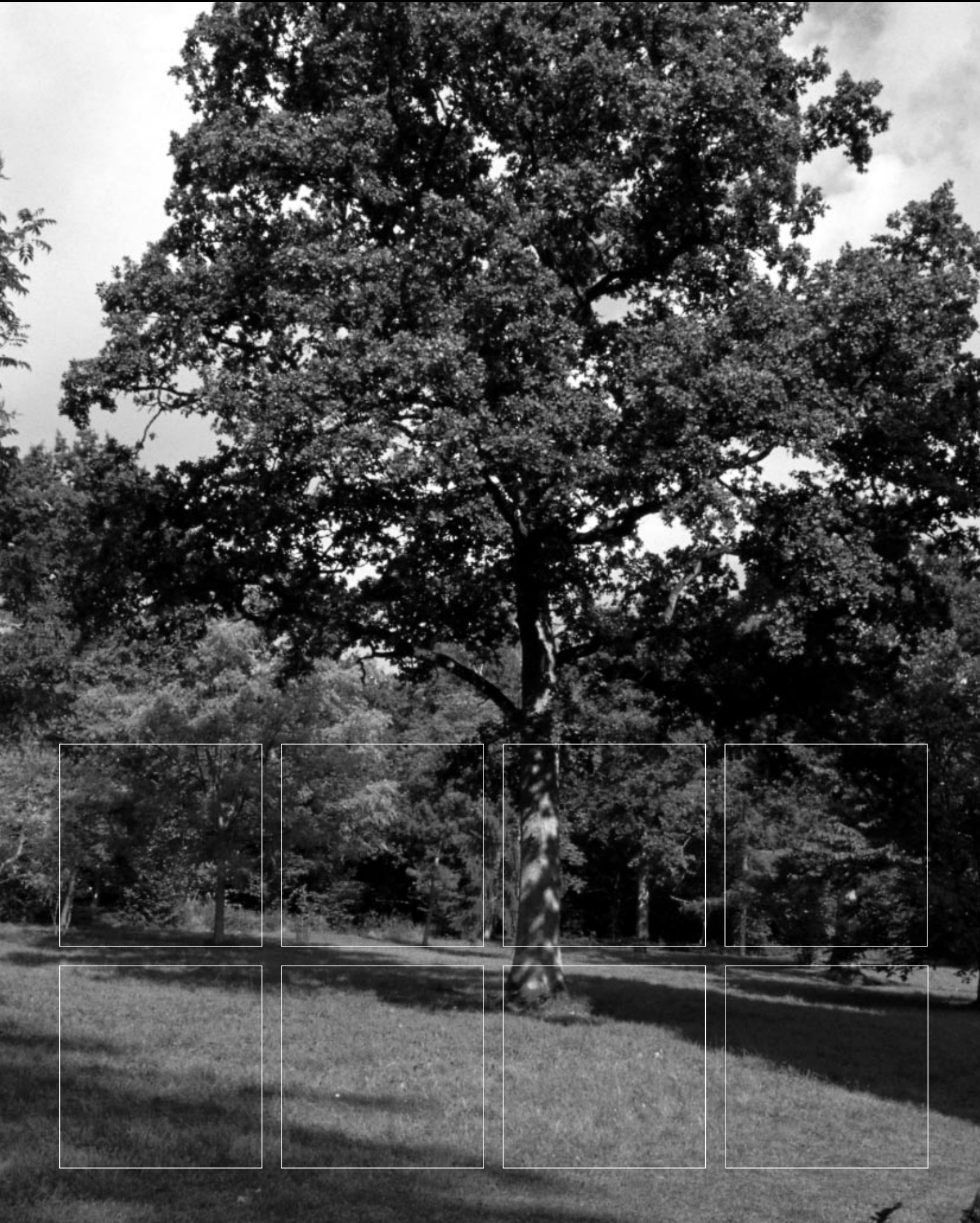
Technical Papers

- 18 Perceptions, attitudes and preferences in forests and woodlands, by T R Lee (£15)
- 29 The potential for woodland on urban and industrial wasteland in England and Wales, by D Perry and J Handley (£5)
- 31 Genetic variation and conservation of British native trees and shrubs – current knowledge and policy implications, by R Ennos, R Worrell, P Arkle and D Malcolm (£5)

Miscellaneous

Forest Research – world class research for sustainable benefits (Free)

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Table 1

Area of planting by private woodland owners for which grants were paid in the year ended 31 March 2001

Hectares

	England			Wales			Scotland			Great Britain		
	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total
Woodland Grant Scheme												
Conifer	622	747	1,369	93	489	582	3,843	2,500	6,343	4,558	3,736	8,294
Broadleaved	4,743	961	5,704	354	270	624	7,784	1,061	8,859	12,881	2,292	15,187
Total	5,365	1,708	7,073	447	759	1,206	11,627	3,561	15,202	17,439	6,028	23,481

Notes:

- 1 The figures include new planting grant-aided in association with the Farm Woodland Premium Scheme 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 The GB area of new planting includes 422 hectares of Short Rotation Coppice which was grant aided.
- 4 In addition to the WGS figures above, 1 hectare of new planting and 42 hectares of restocking were grant aided in GB under old schemes now closed to new applications.
- 5 In addition to the restocking figure above, 876 hectares of existing natural regeneration have been secured in Great Britain through the payment of grant aid.

Area of planting by private woodland owners for which grants were paid in the 20 year period 1 April 1981 to 31 March 2001

Hectares

	England			Wales			Scotland			Great Britain		
	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total	Planting	New Re-stocking	Total
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	3,169	13,364	14,975	5,761	20,736
1997	4,348	2,027	6,375	411	814	1,225	11,212	3,692	14,904	15,971	6,533	22,504
1998	4,123	1,984	6,107	485	804	1,289	11,304	2,737	14,041	15,912	5,525	21,437
1999	4,875	1,726	6,601	629	802	1,431	10,410	2,958	13,368	15,914	5,486	21,400
2000	5,414	1,414	6,828	744	813	1,557	10,363	3,083	13,446	16,521	5,310	21,831
2001	5,365	1,708	7,073	447	759	1,206	11,627	3,561	15,202	17,439	6,028	23,481

Note:

This table includes planting grant-aided under the Woodland Grant Scheme in association with the Farm Woodland and the Farm Woodland Premium Schemes administered by the Agriculture Departments.

Table 3

Area of Management Grant for which grant was paid in the year ended 31 March 2001

Hectares

	England	Wales	Scotland	Great Britain
Woodland Grant Scheme				
Standard MG	626	202	5,073	5,901
Special MG	3,580	721	7,498	11,799
Annual MG	122,963	9,438	41,554	173,954
Woodland Improvement Grant	8,360	2,897	8,013	19,270
Livestock Exclusion Annual Premium	1,747	771	7,266	9,784
Total	137,276	14,029	69,404	220,709

Area approved for Management Grant under the Woodland Grant Scheme

Hectares

	England	Wales	Scotland	Great Britain
Woodland Grant Scheme				
1992-93				
Conifer	11,096	1,222	10,985	23,303
Broadleaved	36,578	1,834	2,549	40,961
Total	47,674	3,056	13,534	64,264
1993-94				
Conifer	18,246	3,911	41,983	64,140
Broadleaved	39,302	1,879	5,762	46,943
Total	57,548	5,790	47,745	111,083
1994-95				
Conifer	7,620	1,750	31,293	40,663
Broadleaved	21,749	1,037	8,088	30,874
Total	29,369	2,787	39,381	71,537
1995-96				
Conifer	4,478	1,164	9,136	14,778
Broadleaved	15,545	1,353	4,322	21,220
Total	20,023	2,517	13,458	35,998
1996-97				
Conifer	3,257	458	5,103	8,818
Broadleaved	12,679	1,295	4,946	18,920
Total	15,936	1,753	10,049	27,738
1997-98				
Conifer	5,900	885	5,808	12,593
Broadleaved	18,474	1,189	3,890	23,553
Total	24,374	2,074	9,698	36,146
1998-99				
Conifer	6,205	820	6,594	13,619
Broadleaved	24,556	1,523	3,552	29,631
Total	30,761	2,343	10,146	43,250
1999-00				
Conifer	8,563	908	5,396	14,867
Broadleaved	24,893	1,018	4,349	30,260
Total	33,456	1,926	9,745	45,127
2000-01				
Conifer	4,920	445	6,323	11,688
Broadleaved	18,519	1,437	2,590	22,546
Total	23,439	1,882	8,913	34,234

Table 4

Summary breakdown of Woodland Grant Scheme expenditure by grant type

	England £000
a New Planting	
Establishment (1st instalments)	3,831
(2nd & 3rd instalments)	1,352
Community Woodland Supplement	845
Better Land Supplement	1,944
Locational Supplement	416
Short Rotation Coppice	288
Short Rotation Coppice (Locational Supplement)	398
Challenge Funding	395
Tendering	
Total	9,469
b Existing Woodlands	
Restocking (1st instalments)	734
(2nd & 3rd instalments)	589
Discretionary Grant	70
Standard Management Grant	11
Special Management Grant	191
Annual Management Grant	4,375
Forest Plans and Native Woodland Plan Pilot	118
Woodland Improvement Grant ChI	51
Woodland Improvement Grant 50 per cent	1,412
Livestock Exclusion Annual Premium	140
Total	7,691
c Closed Grant Schemes	
New Planting	354
Restocking	53
Management Grants	65
Other (Legal Expenses)	38
Total	510
Total Grant Expenditure	17,670

Forestry Commission National and Conservancy Boundaries



Forest Enterprise Boundaries



Addresses of the Main Offices of the Forestry Commission

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Headquarters

231 Corstorphine Road, Edinburgh, EH12 7AT
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01223 314546 Fax 01223 460699

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340 Bristol Business Park, Coldharbour Lane, Bristol, BS31 2BF
0117 906 6000 Fax 0117 931 2859

Other Offices

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231 Corstorphine Road, Edinburgh, EH12 7AT
0131 314 6156 Fax 0131 314 6152

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