



ANNUAL REPORT

2021 - 2022



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

www.daera-ni.gov.uk

Cover: View from Belvoir Park Forest, County Down.

Forest Service Agency Annual Report and Accounts

**for the year ended
31 March 2022**

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on

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**Annual Report
for the year 1 April 2021 – 31 March 2022**

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Performance Report

Chief Executive's perspective on performance



I am pleased to present the Forest Service Annual Report and Accounts for the year ended 31 March 2022. This report sets out what we have achieved in the delivery of our priority work streams during the business year and our financial performance as set out in the financial statements.

The Agency's Business Plan for 2021-22 set 8 Key Targets and 15 Supplementary Measures for the year. These align our operational activities to sustainable forestry and the protection of NI's plant health status whilst contributing to Green Growth and climate change mitigation. By 31 March 2022, we had fully achieved 4 of the Key Targets and 11 of the Supporting Measures and made significant progress towards the delivery of the other targets.

In particular fully achieving the afforestation target, to create 600 hectares of new woodland has proved challenging. However, 540 hectares were established in 2021-22 under the Forests for Our Future programme, which represents a marked increase in planting over previous years where the average has been 250 hectares over a five year period.

The 2021-22 business year completes the first year of programme delivery against our Corporate Plan, which came into effect from 1 April 2021 setting out our priority work streams including sustainable forest management, which continues to be at the core of what we do. During the year we successfully demonstrated our compliance with the UK Woodland Assurance Standard and received certification that our forests are managed sustainably through an independent external audit. The continued management of our sustainable forests will play an important role in contributing to the Executive's commitments under Green Growth and progress towards actions arising from the Climate Change Act (Northern Ireland) 2022. Sustainable forestry contributes to climate change mitigation through the carbon cycle and in 2021-22 we supplied over 400,000m³ of timber from our forests to NI's wood processing sector. This achieved a direct income in excess of £12M and enabled £60M-£80M to be generated in the local economy creating the capacity to lock up over 200,000 tonnes CO_{2e} in harvested wood products.

Forest Service continues to be impacted by capacity shortages within the wider UK forestry sector that limits its ability to recruit professional and technical staff. During the year I have engaged with professional colleagues, including the Institute of Chartered Foresters, to help address the training and competency gaps that exist within the sector due to its rapidly expanding forestry portfolio.

A handwritten signature in black ink that reads 'John Joe O'Boyle'.

JOHN JOE O'BOYLE
Chief Executive
29 June 2022

Performance Report

Non Executive Director's Report

The Forest Service, through its Plant Health Division, continues to provide official controls at Ports of Entry on goods moving from Great Britain to Northern Ireland. These have been subject to legal challenge and negotiations between the UK Government and EU on the extent and applicability of these controls remain unresolved. As a result, a draft plant health policy framework document could not be finalised and published for public consultation. The situation has been further complicated by the UK Government's announcement in April 2022, that further import controls on plants and plant products into Great Britain from the EU will not proceed this year. The Forest Service will continue to assess the implications of this decision, particularly bio-security implications for trade where there is a divergence of regulatory requirements.

The Forests for Our Future strategy was launched in 2020 and envisages the planting of 18 million trees by 2030, creating 9,000 hectares of new woodland. While some progress has been made, it is imperative that, if these targets are to be achieved, the Forest Service continues to work with central and local government partners and public authorities over the next few years to identify and agree on suitable areas of land which will be made available for this purpose. In addition, a further challenge will be the development of new and affordable incentive schemes to replace the current grant schemes administered under the Rural Development Programme which are due to end.

Workforce planning continues to be an important consideration. A review of Forest Service's Risk Register shows that the achievement of a number of its objectives are dependent upon having adequate staffing capacity and capability. However, the Forest Service is not immune from wider market conditions. For example, skills deficits within the wider UK Forestry Sector continue to hamper efforts to fill some vacancies. It is important that Forest Service continues to develop strategies to address these and future challenges.

Despite the ongoing restrictions posed by Covid-19, Non-Executive Members (NEMs) have input to these and other areas of Forest Service's activities through online attendance at Forest Service Management Board meetings and regular scrutiny of progress and risks at each online Forest Service Audit, Risk and Assurance Committee (ARAC) meeting. The former met six times in 2021-22; its agenda included performance and risk management; health and safety; timber pricing; establishment of a reserves policy; and business and human resource planning.

The Forest Service ARAC, under the Chairmanship of Brandon McMaster, met on four occasions in 2021-22. Although it has operated with only two out of three NEMs for the past 18 months, a less than ideal situation, it has continued to be effective in supporting the Accounting Officer and Forest Service Management Board in their responsibilities for issues of risk, control and governance. Extensive efforts to fill this vacancy have proved unsuccessful. However, it is important that these continue and, in this respect, ARAC has recommended that succession planning for, and the recruitment of, NEMs forms part of Forest Service's workforce planning model.



Brandon McMaster
29 June 2022

Performance Report

O V E R V I E W

Purpose and Activities

History and Statutory Background

Forest Service is an Executive Agency of the Department of Agriculture, Environment and Rural Affairs (DAERA). It is subject to the overall direction of the Minister. It delivers the Department's policy and legislative responsibilities in relation to forestry and plant health.

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

Forest Service has operated as an Agency since 1 April 1998 and was further classified as a Non-Financial Public Corporation from 1 April 2020. The Agency's Framework Document sets out the context within which it operates. This includes its role, business objectives, performance measures, relationship with the Department and its accountability to the Minister.

Agency Structure

Throughout the business year, the Agency has operated through 7 divisions.



Performance Report

O V E R V I E W

Risk

A Forest Service Risk Register has been prepared in line with best practice guidance through which the key risks impacting on the Agency's achievement of its objectives and Key Targets are assessed. It is reviewed regularly by the Forest Service Governance Sub-Committee, its Audit and Risk Assurance Committee and comprises of the following:

- An evaluation of the Key Risks in terms of 'Likelihood' of occurrence and 'Impact' in the event of occurrence;
- An overall rating of the risk as a product of 'Impact' and 'Likelihood';
- A list of the controls in place to manage the risks identified;
- Mitigating actions and progress made on mitigating actions;
- Progression on implementation of Corresponding Internal Audit recommendations; and
- Designation of the officer responsible for managing and reporting on the actions identified to improve control.

Performance Report

O V E R V I E W

Key risks summary

The table below sets out key risks to delivering the 2021-22 Business Plan and as held on the Register at 31 March 2022. The RAG status highlights the movement of the risk ratings as recommended by the Forest Service Governance Sub-Committee to the Forest Service Board, and as scrutinised by the Forest Service ARAC throughout the year.

Risk number	Risk Description	May 21	June 21	October 21	January 22
1	Forests for Our Future (FfOF) - Failure to deliver Forest Service 2021-22 afforestation targets to contribute to the FfOF Programme.	Green	Green	Green	Red
2	Failure to supply timber to the Northern Ireland wood using industry whilst maintaining an adequate reserve of growing trees, providing public access to forests and promoting sustainable forestry.	Green	Green	Green	Green
3	Failure to obtain income and/or increasing cost base	Green	Green	Green	Green
4	Failure to provide duty of care to FS staff, contractors and visitors to our forests.	Green	Green	Green	Green
5	Failure in governance, accountability or information security.	Green	Green	Green	Green
6	Inadequate development of knowledge base and capacity to deliver forestry programme and effective plant health official controls.	Amber	Amber	Amber	Amber
7	Failure to predict and prevent the introduction and establishment of organism's harmful to plant health, and of significance to industry and the environment & maintaining Plant Health Biosecurity under the requirements of both the EU SPS regime and the UK Single market and UKG Common Frameworks.	Amber	Amber	Amber	Amber

The status of Risk 1 moved from Green to Red in quarter 4 when it became apparent that the number of hectares planted and approved under the forestry grant schemes, was unlikely to be sufficient to deliver the 600 hectare 2021-22 afforestation target.

The Amber status of Risk 6 reflects an ongoing challenge for Forest Service to secure appointment of professional and technical staff, externally influenced by a capacity deficit within the wider UK forestry sector. While Forest Service has employed measures to mitigate the Likelihood of this risk materialising, the potential for high Impact has led to the risk continuing to be assessed as Amber at year end.

Forest Service continue to develop policy and legislative amendments following EU Exit. While mitigating measures are in place, associated trading arrangements continue to evolve indicating that Risk 7 continues to be assessed as Amber at year end.

Performance Report

PERFORMANCE SUMMARY

Performance Against Targets

A summary of progress against 2021-22 Key and Supporting Targets is shown below. These targets support the delivery of Forest Services priority work streams for the business year with further elaboration on activities undertaken provided in the Performance Analysis section.

Key Target or Supplementary Measure	Outturn 2021-22
<u>Key Target 1</u>	
Deliver the 2021-22 Forests for Our Future programme to plant 600 hectares of new woodland	
Not Achieved	
The target of 600 hectares is not fully achieved, however new woodland creation of 540 hectares in 2021-22 represents a substantial uplift, almost doubling achievement in previous years.	
<u>Supplementary Measure</u>	
400 hectares of new woodland planted on privately owned land - 31 March 2022	Achieved 481 ha of new woodland is on privately owned land.
<u>Supplementary Measure</u>	
200 hectares of new woodland planted on available publically owned land, including DAERA's - 31 March 2022	Not Achieved 59 ha of new woodland is on publically owned land.
<u>Supplementary Measure</u>	
Achieve recognition under the Queen's Commonwealth Canopy Initiative for a forestry project including 1 forest and joint partner's adjacent land - 31 March 2022	Achieved Glenarm Forest granted QCC accreditation 25 August 2021.

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Key Target or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 2</u></p> <p>Provide at least 400,000m³ of timber from well managed forests to customers</p>	
<p>Achieved</p> <p>Total schedules issued for sales of timber at end March 2022 = 407,499 m³.</p>	
<p><u>Supplementary Measure</u></p> <p>Produce at least 10% of timber supply from forest thinning operations. - 31 March 2022</p>	<p>Achieved</p> <p>40,945m³ of thinning sale schedules issued at end March 2022.</p>
Key Target or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 3</u></p> <p>Develop a risk based inspection framework for plant and plant products moving into NI</p>	
<p>Not Achieved</p> <p>Significant progress was made to develop a framework for risk-based inspections. Unfortunately the framework was unable to be completed pending ongoing UK-EU considerations regarding movement of internal market goods.</p>	
<p><u>Supplementary Measure</u></p> <p>Complete a pilot to test the application of a risk based inspection framework for the top 5 commodities traded into NI - 31 March 2022</p>	<p>Not achieved</p> <p>The pilot was not progressed due to the considerations referenced above.</p>

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PERFORMANCE SUMMARY

Key Target or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 4</u></p> <p>Develop a draft policy framework for plant health controls to meet requirements for UK Internal market, intra EU and trade from 3rd countries</p>	
<p>Not Achieved</p> <p>Significant work was undertaken in developing a draft policy framework document which could not be completed or progressed to consultation pending ongoing UK-EU considerations regarding movement of internal market goods.</p>	
<p><u>Supplementary Measure</u></p> <p>Publish a plant health policy framework scoping document for public consultation - 30 September 2021</p>	<p>Not achieved</p> <p>Scoping work and targeted discussions with stakeholders was undertaken however this was unable to be progressed due to the considerations referenced above.</p>
<p><u>Supplementary Measure</u></p> <p>Publish a draft plant health policy framework document for public consultation - 31 March 2022</p>	<p>Not achieved As above</p>

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PERFORMANCE SUMMARY

Key or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 5</u></p> <p>Develop a Forest Management Planning System to incorporate assessment of carbon implications and other ecosystem services associated with forests on peatland</p>	
<p>Achieved</p> <p>Forest Service 'Strategy For Restoring Peatland Habitats' revised and published 31 March 2022 to incorporate assessment of suitable unplanted peatland sites, modified by forestry activities, and in the context of the Forest Research report on the carbon implications of forests on peatland.</p>	
<p><u>Supplementary Measure</u></p> <p>Improve the environmental contribution to ecosystem services from 300 ha of bog and heath habitat. - 31 March 2022</p>	<p>Achieved</p> <p>Improved condition of 334.9 ha of bog and heath habitat by Forest Service and external partners, by removal of self-seeded conifer regeneration/ colonisation and rewetting, contributing to improved ecosystem services.</p>
Key or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 6</u></p> <p>Hold independent certification that the management of DAERA forests meets sustainable Forestry Standards</p>	
<p>Achieved</p> <p>Certification maintained in 2021-22 following independent Soil Association audit against UK Woodland Assurance Standards.</p>	
<p><u>Supplementary Measure</u></p> <p>Address findings from the 2021 certification audits to ensure that DAERA forests can continue to be sustainably managed. - 31 March 2022</p>	<p>Achieved</p> <p>All findings successfully closed.</p>

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<p><u>Supplementary Measure</u></p> <p>Protect the DAERA forest estate through securing legal summaries for 17,000 ha of first registered land on GIS and prepare a further 2,000 ha for first registration process. - 31 March 2022</p>	<p>Achieved</p> <p>Total registered 17,078 ha 3,321 ha submitted for first registration process.</p>
<p><u>Supplementary Measure</u></p> <p>Compliment local government policies on recreation and tourism by opening new forest recreational facilities in at least 3 forests in partnership with local councils - 31 March 2022</p>	<p>Achieved</p> <p>New facilities opened at Hillsborough forest, Davagh forest and Cairn Wood in partnership with local councils</p>
<p>Key or Supplementary Measure</p>	<p>Outturn 2021-22</p>
<p><u>Key Target 7</u></p> <p>Achieve an income for at least £11M from all sources</p>	
<p>Achieved</p> <p>Total Operating Income to 31 March 2022 £14.12M.</p>	
<p><u>Supplementary Measure</u></p> <p>Secure sales of timber to achieve an income of at least £10m - 31 March 2022</p>	<p>Achieved</p> <p>Timber sales at 31 March 2022 generated £12.19M</p>

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Key or Supplementary Measure	Outturn 2021-22
<p><u>Key Target 8</u></p> <p>Secure a Forest Service Employee Engagement Index of at least 60%</p>	
<p>Not Achieved</p> <p>Forest Service achieved an EEI of 58% in 2021-22.</p>	
<p><u>Supplementary Measure</u></p> <p>Implement a new training Service Level Agreement with the College of Agriculture Food and rural Enterprise (CAFRE) - 31 July 2021</p>	<p>Achieved</p> <p>A new Service Level Agreement between Forest Service and CAFRE signed July 2021.</p>
<p><u>Supplementary Measure</u></p> <p>Develop an Agency training plan to 22/23 - 31 August 2021</p>	<p>Achieved</p> <p>An Agency training plan was developed August 2021.</p>
<p><u>Supplementary Measure</u></p> <p>Develop a 2021-22 recruitment plan - 31 July 2021</p>	<p>Achieved</p> <p>An Agency recruitment plan was developed April 2021.</p>

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PERFORMANCE SUMMARY

Future Plans

Effective from 1 April 2021, the Agency's new Forest Service Corporate Plan (the Plan) lays the framework within which Forest Service planning and activity will concentrate over the coming years. The Plan recognises that Forest Service has a role in contributing to the Climate Change Act (Northern Ireland) 2022, and the delivery of Executives Green Growth Strategy, and aligns our priority work streams with both legislative responsibilities and Executive commitments.



The Plan focus' strategically on priorities and will inform annual Business Plans, through which targets will be set and from which performance can be monitored for in-year and multi-year activity. This ensures continuity of approach over a longer term, while providing flexibility to tailor plans for outcome driven targets to meet societal needs and Programme for Government.

Performance Report

PERFORMANCE SUMMARY

Priority Work Streams

Create Forests

Establish Forests for Our Future and help mitigate climate change

Protect Plant Health

Protect the plant health integrity of 75,000 hectares of forest estate and the wider plant health status of Northern Ireland

Supply Timber

Produce wood fibre and supply timber to industry

Sequester Carbon

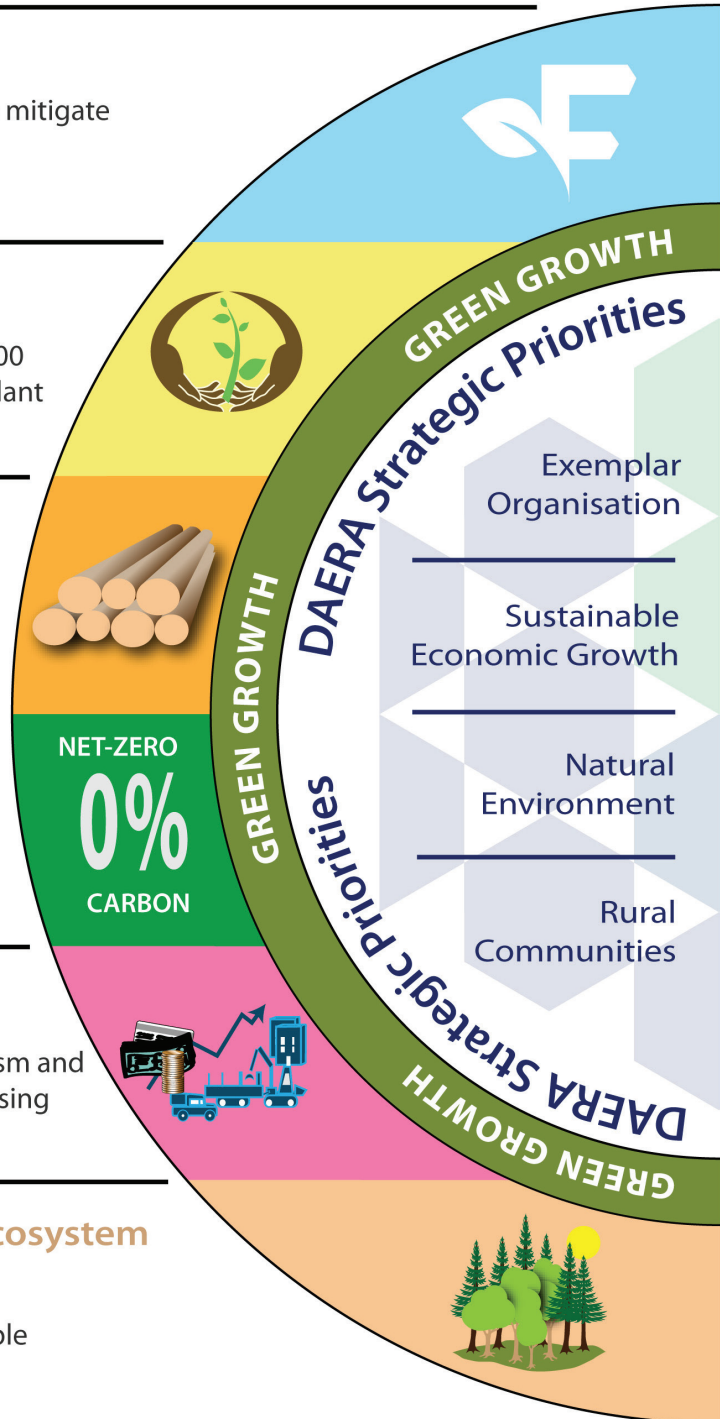
Contribute to the UK 2050 net-zero carbon target

Support Economic Growth

Develop and enhance forest based tourism and recreation and support the wood processing industry

Provide Sustainable Forest Ecosystem Services

Manage our forests in line with sustainable forestry guidance and standards



Through these priority work streams, the Agency continues to deliver the Departments legal obligations in respect to forestry, plant health and plant product certification.

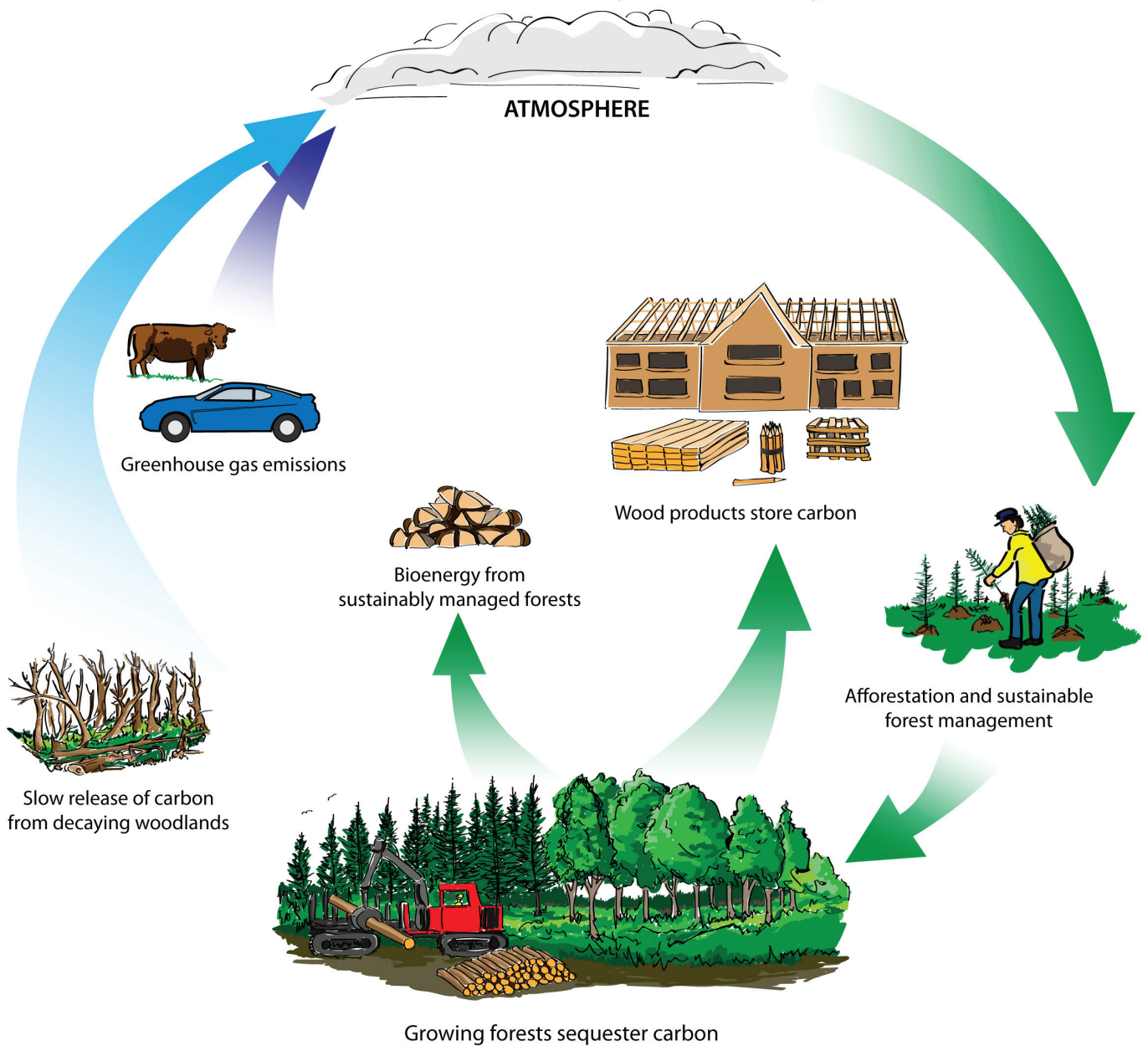
A non-financial performance analysis of activities under these priority work streams can be found at pages 22-25.

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The Sustainable Forestry Carbon Cycle and the role forests play in sequestering carbon will continue to be a priority for Forest Service by contributing to governments net-zero carbon by 2050 objective. The Climate Change Act (Northern Ireland) 2022 includes requirements for land use and land-use change forestry, to contribute to the achievement of the carbon budgets envisaged under the Act, with policies and proposals to be set out within sectoral plans and overarching Climate Action Plans. In the coming business year, Forest Service will contribute to actions that can be included in the first Climate Action Plan, due for publication before the end of 2023.

Sustainable Forestry Carbon Cycle



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PERFORMANCE ANALYSIS

Performance Measures

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

Operational

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

Customer Service

- Performance against prescribed standards of service to the public.

Value for money

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

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PERFORMANCE ANALYSIS

Financial Performance Review

In accordance with Consolidated Budgeting Guidance 2020-21, and afforded under the Non-Financial Public Corporation classification, Forest Service has built reserves in year using revenue from its trading activities. These reserves shield our trading processes from potential market volatility in the provision of forest ecosystems services, including supplying timber within a global economic market. We regularly review our timber pricing schedules, to ensure our prices and contract arrangements continue to represent best value for public money in dynamic and prevailing market conditions.

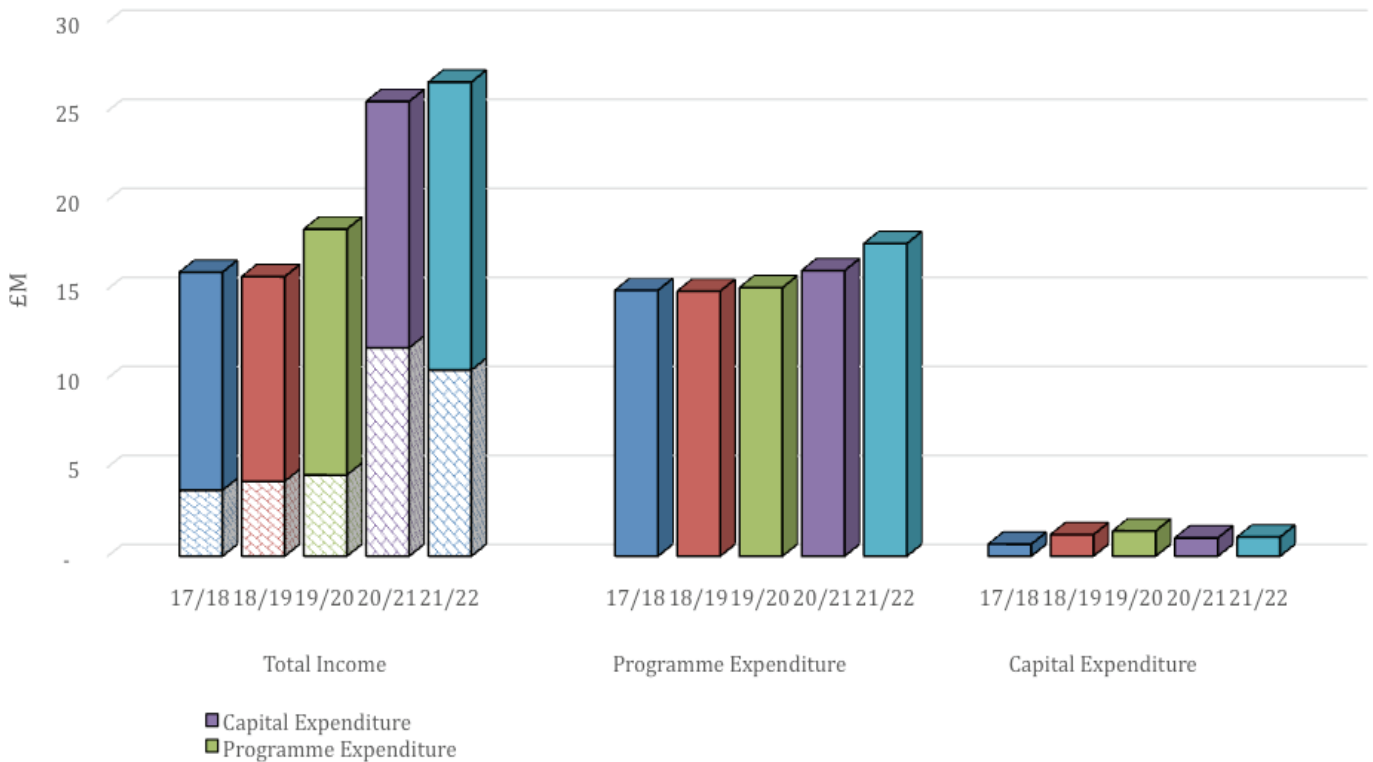
Net Operating Surplus

The Statement of Comprehensive Net Expenditure shows the net cost of the Agency's operations on a full resource basis. The net operating surplus for 2021-22 was £66.01m (2020-21: operating surplus £43.79m). The movement between 2020-21 and 2021-22 of £22.2m is due to an increase in revaluation credit (£22.4m) to the Statement of Comprehensive Net Expenditure.

Long Term Income & Expenditure Trend

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

5 Year Income & Expenditure Trend



In 2021-22 Forest Service received £26.6M (2020-21: £25.6M) Operating Income in total. This included £10.46M (2020-21: £11.7M) in DAERA funding towards meeting operating costs with a further £16.2M (2020-21: £13.8M) generated from contracts with customers and EU income. Further details can be found in Note 2 of the Accounts.

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

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EU Exit

Post EU Exit, Forest Service continue to be the competent authority for the implementation of Regulations, delivering Official Controls for plants and plant products, including import controls on wood and wood products. The Agency is part of the UK National Plant Protection Organisation under the International Plant Protection Convention and during the year delivered a programme of an Official Controls on regulated goods moving into NI.

Forest Service engages with other UK Official bodies to facilitate a common approach to safeguarding plant health across the UK. It incurred the following expenditure from an EU Exit, ring fenced budget allocation in the development of post EU Exit arrangements.

	£000's
EU Exit Costs	648

Covid-19 Response

Forest Service continues to deliver essential services during the Covid-19 pandemic, returning to other non-essential services and operations in accordance with the latest public health guidance.

From 23 April 2021, Forest Service caravan sites re-opened for self-contained units only, with non self-contained units and associated shared facilities opening from 24 May 2021. With these services reopening, Forest Service increased spend on management, cleaning and hygiene at premises during the year.

Forest Service was allocated £150,000 of funding for Covid-19 from ring fenced Executive Covid funding.

	21-22 £000's	20-21 £000's
PPE and Premises Costs	55	11
Other Operating Costs	65	53
Total	120	64

Payment to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the goods or services, or on presentation of a valid invoice or similar demand, whichever is later. During the year, 98.55% of bills were paid within this Standard (2020-21: 98.28%).

From 1 December 2008, the Agency has operated a policy of seeking to pay for goods and services within 10 days. This is in accordance with the Supporting Businesses: Prompt Payment of Invoices initiative within the Northern Ireland Civil Service. During the year, 95.34% of bills were paid within the 10 day target (2020-21: 94.5%).

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

Political and Charitable Donations

The Agency made no political or charitable donations during the year (2020-21: none).

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Non-Financial Performance Review

Forest Service identified 6 Priority Work Streams for 2021-22 business year to deliver the Minister's policies, its strategic objectives and specific in-year targets. The Agency's performance in the business year in progressing these work streams is set out below:

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

During the year, Forest Service continued to progress the 'Forests for Our Future' programme, which aims to create 9,000 ha of new woodland by 2030. This challenging afforestation programme will contribute to governments net-zero carbon target by 2050. It will also deliver other public benefits for the environment, biodiversity and the health and well-being of society. The new woodland area planted under Forests for Our Future by 31 March 2022 is nearly 900 hectares, comprising about 1.75 million trees of which approximately 1.1 million are native tree species.

Creating new and improving existing woodlands continued to be supported through the Rural Development Programme in 2021-22. Forestry grant schemes totalling £2.8 million were used to create 525 hectares of new woodland and improve others. Of this new woodland, 92 hectares are predominantly commercial coniferous species and 433 hectares are broadleaved woodland, of which 402 hectares are planted with native tree species. Grant payments were part funded by the European Commission and made to 938 landowners. Forest Service also acquired a parcel of land on which 15ha of new woodland was established. The total of 540 hectares planted in the business year represents a significant and positive increase in the rate of woodland creation, almost doubling the average area planted of 250 hectares over the previous business year.

Protect the plant health

Safeguarding the plant health status of NI continues to be a priority work stream for Forest Service. Recent years has seen a significant rise in the global movement of plants and plant products through integrated supply chains. Supply chains are serviced by air, sea, land freight and personal travel. The multiple trade pathways are a factor in managing risks of the spread of pests and diseases which will also need to take account of the impacts of climate change.

A number of pests and diseases have been found in NI for the first time in recent years that threaten the health of our plants, soil and environment. Protecting our plant health focuses on continually assessing risks and implementing preventative measures. We also maintain and review incident management arrangements to eradicate high risk pests in the event that we find outbreaks to prevent their establishment in NI. Plant health inspections include checks on regulated goods arriving in NI, checks and monitoring at trading premises and surveillance for pests and diseases in the wider environment.

Throughout the year we continued to support the domestic and export trade in seeds and plants for planting through undertaking crop inspections and issuing phytosanitary certification to traders.

Supply timber

Supply of timber from our sustainably managed forests, for commercial processing into high-quality and high-value wood products generates around £80 million per annum in the local economy and provides employment rural areas. Expanding this high-value market for locally grown timber is an important element in underpinning

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the forestry expansion programme in NI. Managing existing forests sustainably, including supplying of timber, as well as creating new forests, are necessary means to help address our climate change challenges and deliver the wider biodiversity and health and well-being benefits that forests and woodlands provide.

For the 2021-22 business year, Forest Service set a Key Target to supply at least 400,000m³ of timber for the wood processing industry. At year end, the total timber sold amounted to 407,049m³ of which 40,945m³ was harvested from thinning out woodlands to enhance their environmental characteristics, encourage species diversity, improve resilience and add commercial value to the remaining trees.

Supplying certified timber from our sustainably managed forests throughout the year, has enabled the local wood processing sector to maintain its market share of the global trade in processed wood products.

Sequester carbon

In 2021-22 Forest Service contributed to the production of NI greenhouse gas inventories and projections produced by the UK Government. The Agency provided data on its managed forests and other woodlands identified in the NI Woodland register and basemap, which is maintained and updated annually. The inventory illustrates the important contributions from forestry in terms of: afforestation; sustainable forest management; and harvested wood products to the mitigation of climate change.

Forest Service continued to carryout habitat improvement works during the year, engaging with partner organisations to undertake forest to bog restoration at Tullychurry and Capanagh forests. The works were focussed on improving individual site ecosystem services, primarily through the re-wetting of bog areas.

Support economic growth

The consistent production of sustainable timber from Forest Service managed forests in recent years has enabled significant development investments by the wood processing sector. These developments, underpinned by partnership supply arrangements, have resulted in world-class manufacturing facilities, utilising the latest technology to deliver high quality and high value harvested wood products, to main markets in the UK and Ireland. The supply chains that now exist from forest to processing plants and onwards to customers employs around 1,000 people. Timber harvesting and haulage companies have invested in state-of-the-art machinery and logistics management, to operate efficiently and to the high compliance criteria required to meet the forest industry standards. The partnership approach, between Forest Service and its customers, has allowed the sector to increase confidence to develop, innovative working practices and equipment to mobilise all of the available timber assets. This has allowed for the extension of thinning operations into a wider range of forest site types, whilst at the same time effectively collaborating with other operating partners, to maintain access for walkers and cyclists in the forest estate.

In 2021-22, new partnership arrangements with Newry, Mourne and Down District council were finalised to facilitate a significant recreational development project at Castlewellan Forest Park. The project will see a combined investment of approximately £6.2M, delivered over the next few years, from DAERA, the National Lottery Heritage Fund and the Council. This investment will also support wider economic development in the local area associated with the provision of recreation and tourism products.

The reopening following Covid restrictions of caravanning and camping facilities during the year, provided a marked and welcome boost in visits to our forests. Records for 2021-22 indicate that with paying visitors to our forests, numbers have returned to, or exceeded pre-pandemic levels.

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Provide sustainable forest ecosystem services

During the 2021-22 business year, we were successful in achieving certification for our sustainable forest management practices, through an independent audit, recognised by Forest Stewardship Council® (FSC®) (Licence code: FSC-C084232) and the Programme for the Endorsement of Forest Certification schemes (PEFC) (Licence code: PEFC/16-40-1924).

The audit process, assesses performance against the requirements of the UK Woodland Assurance Standard (UKWAS) underpinning the principles of sustainable forest ecosystem services as set out in the UK Forestry Standard. The audit tests compliance of sustainable forest management in the following areas:

- legal compliance,
- management planning,
- woodland operations,
- natural, historical and cultural environment; and
- people, communities and workers.

Performance Report

PERFORMANCE ANALYSIS

Health and Safety

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

A major development in year was the introduction of a new lone working system. This automated failsafe system improves the controls in place for staff who are working alone in isolated environments. Once engaged, a user is monitored and an alert will be raised through their line management if they fail to log out of their activity. User data such as location and vehicle details is immediately available to line managers responsible for lone workers' wellbeing. The system was implemented in year, through a number of training events and is now accessible to the 165 staff who regularly or on occasion work alone.

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

Accident trends over the last 5 years

Person	Accidents Numbers	17/18 (Per 100 employees (Mar 18 - 205))	18/19 (Per 100 employees (Mar 19 – 200))	19/20 (Per 100 employees (Mar 20 – 208))	20-21 (Per 100 employees (Jan 21 – 201))	21-22 (Per 100 employees (Mar 22 – 200))
Staff	Reportable	3 (1.5)	- (-)	2 (1.0)	2(1.0)	2(1.0)
	Non reportable	1 (0.5)	3 (1.5)	2 (1.0)	-	2(1.0)
Public FS	Reportable	1	3	-	-	-
	Non reportable	-	5	10	7	6
	Licensed partner activity (LPA)	NA	16	10	20	10
Contractors (Direct) FS is Works manager [FWM]	Reportable	-	-	1	1	-
	Non reportable	-	-	-	-	-
Contractors (Indirect) FS is NOT FWM	Reportable (FS not FWM)	-	1	-	1	-
	Not reportable (FS not FWM)	-	1	1	-	-
	Licensed partner activity	-	1	-	1	-
ALL	Near miss/ Unsafe acts	3	6 Staff 1 Contractor 2 Public	1 Staff 1 Public	2 Staff 1 Public	1 Staff 1 Contractor 2 Public

To minimise risk of accident to the public, Health and Safety is a standing agenda item at all partnership meetings where all statistics and mitigation measures are shared. Forest Service also monitor measures taken by operating partners through Health and Safety audits and encourage the reporting of near miss incidents to support and inform accident prevention measures.

Risk of occupational or public injuries from Forest Service operations in our forests, is also mitigated through risk assessment, audits and continuing compliance with best practice guidance. As a result, the number of incidents on Forest Service land has been consistently low over the last 5 years

Performance Report

PERFORMANCE ANALYSIS

Sustainability

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

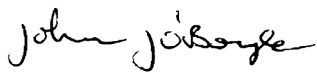
Specific work activity in the year included:

- Reviewing forest management plans continued to demonstrate that forests are managed sustainably and that plans meet the requirements of the UK Forestry Standard (UKFS).
- Achieving certification of the sustainable forest management practices undertaken by Forest Service in compliance with the UK Woodland Assurance Standard (UKWAS). This was confirmed in February 2022 by an independent audit recognised by Forest Stewardship Council® (FSC®) (Licence code: FSC-C084232) and the Programme for the Endorsement of Forest Certification schemes (PEFC) (Licence code: PEFC/16-40-1924).
- Monitoring water turbidity on re-planting sites, identifying water storage and filtration areas to reduce the siltation load and ensure clearer water leaving forests.
- Issuing 107 felling licences covering a forest area of 1,064 hectares. The area licenced for thinning or selective felling covered 742 hectares with another 322 hectares licenced for clearfelling. On average felling licences were issued within 8 weeks of receipt with none exceeding the 3 month period referenced in the Forestry Act (Northern Ireland) 2010. Felling licences were issued to carry out thinning or selective felling within 91 hectares of ancient woodland.
- Providing opinions on the likely environmental impact of 71 forestry projects in respect of the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006. The projects consisted of 64 afforestation projects covering 436 hectares, 7 deforestation projects amounting to 9.19 hectares. Opinions were published on the DAERA website, in the Belfast Gazette and a local paper in accordance with the Regulations.
- A total of 8 afforestation projects under the legislation were considered relevant projects because of the likely impact on priority habitats or priority species. Two of the deforestation projects were considered relevant and therefore required the Department's consent before they could proceed. The total area of deforestation projects which did not require an environmental statement was 4.1 hectares.
- Investigating 23 reports of suspected unlicensed tree felling. From investigation, most of the reported incidents involved tree felling outside woodland, such as in hedgerows, or was subject to planning legislation, were in either case felling licencing is not required. Four restocking notices were issued in accordance with the Forestry Act (Northern Ireland) 2010. One enforcement notice was issued in accordance with the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) to regenerate a recently felled area with woodland, where a change of land use was proposed and consent had not been given.
- Forest Service sought assent from the Northern Ireland Environment Agency for 35 projects including 26 which required either a felling licence or were subject to a forestry grant scheme conditions. Assent was required to fulfil the requirements of the Environment Order (Northern Ireland) 2002 for those operations that were considered likely to impact on an Area of Special Scientific Interest (ASSI).
- Maintaining our regions high Plant Health status through the delivery of evidence based Official Controls. We work with the public and those who trade in plants and plant products to contribute to:

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- o a sustainable natural environment;
 - o supporting the agri-food, horticultural and forestry industries;
 - o improving the economic and health and wellbeing of our citizens; and
 - o ensuring a healthy and secure food supply.
- Horizon scanning and early detection of new and novel pest threats that to inform the NI Plant Health Risk register.
 - Protecting our environment and economy by preventing the establishment of harmful organisms, through research and implementing innovative technology in plant health diagnostics, surveillance and management.



JOHN JOE O'BOYLE
Chief Executive
29 June 2022

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Forestry Performance Tables

The following tables provide statistical data on forestry performance during 2021-22.

Forest Service Statistical Summary 2021-22

	Units	2021-22	2020-21
Total area managed	Hectares	75,114	75,234
Forested area	Hectares	62,255	62,283
Acquisition Programme	Hectares	-	69.8
Disposal Programme	Hectares	119.4	0.0105
Timber Production	Cubic metres		
- roadside		39,354	30,311
- standing		358,757	377,348
New planting	Hectares	15	1
Replanting	Hectares	636.19	602
Fire Damage	Hectares	44.03	70.99
Visitors to charged recreation areas	Thousands	557	76*
Visitors to caravan / camping long stay sites	Thousands	45	16**
Average staff numbers:	Full time equivalent persons		
- industrial		89.3	96.13
- non-industrial		110.2	103.16

As a result of the Covid-19 pandemic during the 2021-22 business year:

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

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

RECORD OF TIMBER HARVESTED FROM FOREST SERVICE WOODLANDS DURING THE 2021-22 BUSINESS YEAR

STANDING VOLUME (m ³)	ROADSIDE VOLUME (m ³)	TOTAL
358,757	39,354	398,111

Note: All figures represent volume dispatched from forests.

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PERFORMANCE ANALYSIS

BREAKDOWN OF SALES : Agreed for April 2021 - March 2022

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

FOREST SERVICE	VOLUME by SPECIES			THINNINGS			CLEARFELL			TOTAL VOLUME
	Spruce	Other Conifers	Hard-woods	Area	Volume	Vol. Per hectare	Area	Volume	Vol. Per hectare	
	364,307	15,438	770	209	16,148	77	728	364,367	501	380,515
	19,737	3,477	3,770	292	24,797	85	8	2,187	267	26,984
	384,044	18,915	4,540	501	40,945	82	736	366,554	498	407,499

STANDING SALES

ROADSIDE SALES

ALL SALES

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AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT ROADSIDE

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2021 to 31 March 2022		
	(b) 1 April 2020 to 31 March 2021		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 247	12,733	51.55
	(b) -	-	-
0.075 - 0.124	(a) -	-	-
	(b) -	-	-
0.125 - 0.174	(a) 1,799	57,007	31.69
	(b) 2,000	56,695	28.35
0.175 - 0.224	(a) 4,994	145,917	29.22
	(b) 4,233	124,156	29.33
0.225 - 0.274	(a) 1,854	56,764	30.62
	(b) 4,713	168,910	35.84
0.275 - 0.424	(a) 8,487	314,876	37.10
	(b) 1,518	55,547	36.59
0.425 - 0.499	(a) 2,398	98,927	41.25
	(b) 4,291	154,973	36.12
0.500 - 0.599	(a) 924	45,113	48.82
	(b) 325	13,873	42.69
0.600 - 0.699	(a) -	-	-
	(b) 1,487	63,660	42.81
0.700 - 0.799	(a) 587	35,725	60.86
	(b) 3,280	130,172	39.69
0.800 - 0.899	(a) -	-	-
	(b) 1,110	45,307	40.82
0.900 - 0.999	(a) 383	28,092	73.35
	(b) -	-	-
1.000 and over	(a) -	-	-
	(b) 558	22,145	39.69
TOTAL	(a) 21,673	795,154	36.69
	(b) 23,515	835,438	35.53

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

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT STANDING

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2020 to 31 March 2022			
	(b) 1 April 2019 to 31 March 2021			
	Volume	m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a)	-	-	-
	(b)	-	-	-
0.075 - 0.124	(a)	-	-	-
	(b)	-	-	-
0.125 - 0.174	(a)	800	23,610	29.51
	(b)	2,980	55,599	18.66
0.175 - 0.224	(a)	-	-	-
	(b)	13,505	266,392	19.73
0.225 - 0.274	(a)	8,043	257,803	32.05
	(b)	26,870	573,886	21.36
0.275 - 0.424	(a)	46,125	1,301,259	28.21
	(b)	68,632	1,688,246	24.60
0.425 - 0.499	(a)	55,333	1,584,285	28.63
	(b)	56,455	1,623,912	28.76
0.500 - 0.599	(a)	19,738	630,989	31.97
	(b)	120,171	3,614,629	30.08
0.600 - 0.699	(a)	61,597	2,105,892	34.19
	(b)	27,283	897,898	32.91
0.700 - 0.799	(a)	47,094	1,652,969	35.10
	(b)	21,960	718,538	32.72
0.800 - 0.899	(a)	45,237	1,623,144	35.88
	(b)	3,377	106,235	31.46
0.900 - 0.999	(a)	17,852	580,442	32.51
	(b)	7,453	251,032	33.68
1.000 and over	(a)	31,729	995,576	31.38
	(b)	16,947	570,396	33.66
TOTAL	(a)	333,548	10,755,969	32.25
	(b)	365,633	10,366,763	28.35

Accountability Report

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

Director's Report

Management Board / Structure

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

During 2021-22 the Board members were:

John Joe O'Boyle	Chief Executive
Damian Larkin	Corporate Governance & Finance
Fiona Johnston	CE Office and Strategic Estate Development
Jim Crummie	Plant Health
John Joe Cassidy	Forest Management & Inspection
Michael Fairgrieve	Forest Policy, Regulation & Development
Ben Searle / Richard Schaible	Afforestation and Strategic Forestry Planning
Brandon McMaster	Non-Executive Member

The Chief Executive has overall responsibility for achieving the aims, objectives and targets set out in the Business Plan with each Executive Director having ownership and responsibility for achieving objectives and targets within their management control. During the year members of the board were supported by divisional heads including attendance at board meetings and advice of matters of stewardship.

Conflict of Interests

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

Accounts Direction

The Forest Service Accounts for the Financial Year ending 31 March 2022 have been prepared in accordance with the accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and is consistent with the accounting principles and disclosure requirements of the 2021-22 Government Financial Reporting Manual (FReM) issued by the Department of Finance

Pension Costs

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

Auditors' Remuneration

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

The audit of the financial statements for 2021-22 resulted in an audit fee of £18,540 (2020-21: £21,000) and is included in Operating Expenditure – Non-Cash items in the Statement of Comprehensive Net Expenditure. The auditors did not provide any non-audit services in year.

Accountability Report

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

Security of Personal Data

Forest Service is committed to the safeguarding of personal data and has set in place appropriate measures to ensure its security including nomination of Information Asset Owners (IAOs). The Data Protection Act 2018, which updated data protection laws in the UK, is a national law which complements the EU's General Data Protection Regulation which has been in operation since May 2018. IAOs are trained and supported in managing our information assets, with specific reference to their responsibilities as set out in the Information Asset Owner handbook. Forest Service maintain a register of its personal data assets identifying the purpose and legal bases for the processing of that personal data. The Agency informs its stakeholders about their rights and our processing of their personal data through publically available Privacy Notices and regularly review the security of those personal data assets under our control. Our IAOs ensure that retention and disposal schedules are implemented in a timely fashion in order to ensure that personal data is kept only for as long as is necessary. All Forest Service staff are advised of their personal responsibilities for ensuring the confidentiality, integrity and availability of personal data. Forest Service have had no security breaches in 2021-22.

Human Resource Development

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

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

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

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

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

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

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

Accountability Report

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

Public Service Alliance (NIPSA), which represents our non-industrial staff.

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

Complaints Handling

Forest Service is committed to providing the highest possible standards of service to all its customers, and has adopted the Department's core standards of service that customers can expect to receive. Central to these is the facility for customers to lodge formal complaints if things go wrong. In line with the DAERA complaints procedures, we report on complaints received and our handling of them to the Department. Forest Service received and responded to fourteen customer complaints in 2021-22.

Public access to Information

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

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

Accountability Report

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

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, DoF has directed Forest Service to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Forest Service and of its net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department of Finance (DoF), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

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

- *regularity and propriety*, including seeking DoF approval for any expenditure outside the normal delegations or outside the subheads of Estimates, and carried through with appropriate disclosures in the Annual Report and Accounts;
- *selection and appraisal* of programmes and projects: using the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGAE) and relevant supporting guidance to evaluate alternatives, and good quality project and programme management techniques, such as Gateway Reviews, to track and where necessary adjust progress;
- *value for money*: ensuring that the organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole, not just for the Accounting Officer's organisation;
- *management of opportunity and risk* to achieve the right balance commensurate with the institution's business and risk appetite;
- *learning from experience*, both using internal feedback, and from right across the Public Sector; and

Accountability Report

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

- *accounting accurately* for the organisation's financial position and transactions: to ensure that the government published financial information is transparent and up to date, and that the organisation's efficiency in the use of resources is tracked and recorded.

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NI Audit Office are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



JOHN JOE O'BOYLE
Chief Executive
29 June 2022

Accountability Report

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

Governance Statement

Governance Framework

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

Forest Service Management Board

I am supported by the Forest Service Management Board (FSMB) which during 2021-22 comprised of six Forest Service Executive Directors and one Non-Executive Member who are fully involved in the monitoring of agency performance, financial, resource, and risk management and provide a challenge function where appropriate.

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

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

The FSMB aims to meet at least six times per year as required by our Terms of Reference. FSMB members are required at the beginning of each FSMB meeting to declare any conflicts of interest or any new interests. During the 2021-22 period no declared interests were deemed to conflict with the conduct of FSMB business.

A total of six Forest Service Management Board meetings were held in 2021-22. Attendance details of members are summarised in the following table:

Name	Number of meetings attended
John Joe O'Boyle (Chair)	6
Damian Larkin	6
Jim Crummie	5
John Joe Cassidy	4
Michael Fairgrieve	4
Fiona Johnston	4
Richard Schaible (rotation)	2
Ben Searle (rotation)	2
Brandon McMaster (Non Executive)	6

Accountability Report

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

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

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

Forest Service Audit & Risk Assurance Committee (FS ARAC)

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

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

It was chaired in 2021-22 by Brandon McMaster, a Non-Executive Member of the FSMB. The other Committee member was Mrs. Helen Anderson (NIEA).

FS ARAC met on four occasions in 2021-22, as prescribed in the terms of reference. At each meeting the Committee reviews the Forest Service Corporate Risk Register, an Audit Implementation Plan update, a progress report from Internal Audit and other reports as required or requested.

Attendance details of members are summarised in the following table:

Name	Number of meetings attended
Brandon McMaster (Non Executive Chair)	4
Helen Anderson	4

Key findings of FS ARAC in 2021-22

- A DAERA internal audit review of Forest Service health and safety published 29 June 2021 with a 'Satisfactory' audit opinion regarding governance, risk management and control.
- The Comptroller and Auditor General (C&AG) certified the 2020-21 financial statements with an unqualified audit opinion without modification. There were no priority one recommendations in relation to regularity and the internal control environment.
- The satisfactory audit opinion presented by Internal Audit in their 2020-21 Annual Opinion and Report.
- The completion of a Forest Service Internal Audit Plan for the 2021-22 financial year. Aimed at providing a more flexible approach that allows Internal Audit to focus on areas of specific risk in light of the ongoing impact of Covid-19 and the uncertainty associated with EU Exit and NI Protocol commitments.
- Internal Audit Progress report dated 20 January 2022 – overall audit opinion is 'Satisfactory'.
- Forest Service continues to embed governance in the organisation, including ongoing management of the Forest Service Corporate Risk Register, monitoring of the Audit Implementation Plan and the timely completion of Stewardship Reports.

Accountability Report

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

- A new SLA between CAFRE and FS for the provision of training services has been agreed for the period 1 April 2021 - 31 March 2024.
- No whistleblowing cases in 2021-22.

Governance Committee

The committee is chaired by the Head of the Corporate Governance & Finance Division. Membership consists of Executive Directors of the FSMB who may also invite senior managers to attend. Attendees are required to report on the controls they have in place to ensure proper governance of their work programmes including management of key risks to the delivery of outcomes. The committee meets a minimum of four times per year and normally in advance of FSMB meetings.

Name	Number of meetings attended
Damian Larkin (Chair)	4
John Joe O'Boyle	4
Jim Crummie	4
John Joe Cassidy	4
Michael Fairgrieve	4
Ben Searle	4
Richard Schaible	1
Diane Stevenson	4
Fiona Johnston	3

Finance, Fees and Charges Committee

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

Name	Number of meetings attended
Damian Larkin (Chair)	2
Jim Crummie	1
John Joe Cassidy	2
Michael Fairgrieve	2

Accountability Report

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

Health and Safety Committee

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

Name	Number of meetings attended
Ben Searle (Chair)	2
Jim Crummie	2
John Joe Cassidy	2
Michael Fairgrieve	2
Richard Schaible	1
Des Campbell	2

The Forest Service Management Board's performance

The Forest Service Management Board (FSMB) carry out an annual formal review of its effectiveness based upon confidential individual questionnaires completed by all members. The questionnaires are independently reviewed by a Non-Executive member for reporting effectiveness to FSMB. In February 2022 the Non-Executive member advised the FSMB of the results of questionnaires and returned that the FSMB continued to operate effectively.

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

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

Corporate Governance

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

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

The Agency uses the service provided by DAERA Internal Audit, which operates to standards defined in the Public Sector Internal Audit Standards. The terms of reference given to Internal Audit is focused on 'principal

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risks' identified along with a range of corporate governance issues. Their annual report includes an opinion on the adequacy and effectiveness of the Agency's system of corporate governance, risk management, and internal control processes, together with recommendations for improvement.

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

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

Whistleblowing

During 2021-22, the Agency continued to operate the Whistleblowing recording system. This requires all Divisions to maintain a Whistleblowing Register to record all disclosures received in each Division. The maintenance of Registers is a mandatory requirement across the Department. All whistleblowing notifications are investigated and addressed by the relevant business area and in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is requested.

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

During 2021-22, no whistleblowing notifications were received by the Agency.

Quality of the data used by the Forest Service Management Board

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

Disclosure of information

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

Data Handling

Director's governance statements provide assurance that sound records management practices are in place that ensure the appropriate creation, maintenance, and disposal of important information held in paper and electronic formats. Information and information systems as assets are carefully controlled with restricted access provided as appropriate to undertake tasks. The NICS information management systems provide full audit functionality to minimise and track information risk.

Procedures for the management of data breaches are documented in the Agency's Data Breach Management Plan which is kept under review and refreshed accordingly. There were no incidents of data breach reported during the year.

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Risk Management

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

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

The Agency's risk profile includes managing direct risks to staff, contractors and the public.

The Agency adopts a duty of care to forest users and has procedures for defining safety arrangements for the protection of users in the vicinity of forestry operations. Those using forests for recreation purposes that require special permission for their activities are required to carry out their own risk assessments.

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

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

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

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

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

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

Governance Summary

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

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

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



JOHN JOE O'BOYLE
Chief Executive
29 June 2022

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Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service Contracts

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

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

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

Sickness absence data

The Agency had an overall sickness absence rate of 6.2 days lost per employee in 2020-21. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2021-22” report at [Sickness Absence in the Northern Ireland Civil Service 2021-22 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk). Figures for the 2021-22 financial year will be published by the end of June 2022.

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

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

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 2021-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme (GIS).

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

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Learning & Development

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

Development and delivery of generic staff training is centralised in NICSHR¹. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing talent management toolkit.

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

Employee Consultation and Trade Union Relationships

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

Equality, Diversity and Inclusion

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

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

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

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information on the NICS' commitment to equality of opportunity is available in the [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS Human Resources Statistics section of the [Northern Ireland Statistics and Research Agency \(NISRA\)'s website](#)

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

¹ [NICSHR is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance](#)

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

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

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

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Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements [Audited]

Officials

	2021-22				2020-21			
	Salary £'000	Benefits in kind (to nearest £1,000)	Pension benefits (to nearest £1,000)	Total £'000	Salary £'000	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1,000)	Total £'000
Mr JJ O'Boyle (Chief Executive)	75-80	-	33	110-115	75-80	-	43	115-120
Mr J Crummie (Executive Member)	65-70	-	25	90-95	60-65	-	50	110-115
Mr D Larkin (Executive Member)	50-55	-	30	80-85	50-55	-	24	70-75
Ms F Johnston (Executive Member Sept 21 - Mar 22)	25-30 (50-55 FYE)	-	11	35-40 (60-65 FYE)	N/A	N/A	N/A	N/A
Mr M Fairgrieve (Executive Member Aug 21 - Mar 22)	30-35 (50-55 FYE)	-	37	70-75 (85-90 FYE)	N/A	N/A	N/A	N/A
Mr JJ Cassidy (Executive Member Sept 21 - Mar 22)	30-35 (50-55 FYE)	-	39	70-75 (90-95 FYE)	N/A	N/A	N/A	N/A
Mr Ben Searle (Executive Member Aug 21 - Oct 21 & Feb - Mar 22)	20-25 (50-55 FYE)	-	19	40-45 (70-75 FYE)	N/A	N/A	N/A	N/A
Dr R Schaible (Executive Member Nov 21 - Jan 22)	10-15 (50-55 FYE)	-	17	30-35 (65-70 FYE)	N/A	N/A	N/A	N/A
Mr B McMaster (Non Executive Member)	5-10	-	-	5-10	5-10	-	-	5-10

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

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Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021-22 relate to performance in 2021-22 and the comparative bonuses reported for 2020-21 relate to the performance in 2020-21.

Pay Ratios [Audited]

Forest Service is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Forest Service in the financial year 2021-22 was £75K - £80K (2020-21, £75K - £80K). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2021-22	25th Percentile	Median	75th Percentile
Remuneration	23,863	26,473	34,437
Ratio	3.2:1	2.9:1	2.3:1

2021-22	25th Percentile	Median	75th Percentile
Remuneration	21,990	23,483	33,758
Ratio	3.5:1	3.3:1	2.3:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £23,863, £26,473 and £34,437 respectively.

In 2021-22, Nil (2020-21, Nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £14,511 to £77,981 (2020-21, £5,632 to £75,379).

Percentage Change in Remuneration

Forest Service is required to disclose the percentage change from the previous Financial Year in Salary & Allowances, and Performance Pay and Bonuses of the highest paid director and of their employees as a whole.

The calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	11.3%
Highest paid director's salary and allowances	0%

No Bonus' were paid in the 2021-22 Financial Year.

Northern Ireland Civil Service (NICS) Pension arrangements

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of premium or joining the Partnership Pension Account.

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Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022 – 31 March 2023 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements.

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They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Pension Entitlements [Audited]

Officials	Accrued pension at pension age as at 31/03/22 £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/22 £000	CETV at 31/03/21 £000	Real increase in CETV £000
Mr JJ O'Boyle (Chief Executive)	35 - 40 plus lump sum 110 - 115	0 - 2.5 plus lump sum 5 - 7.5	825	784	31
Mr J Crummie (Executive Member)	30 - 35 plus lump sum 95 - 100	0 - 2.5 plus lump sum 2.5 - 5	687	655	24
Mr D Larkin (Executive Member)	10 - 15	0 - 2.5	128	110	12
Ms F Johnston (Executive Member Sept 21 - Mar 22)	15 - 20	0 - 2.5	225	210	6
Mr M Fairgrieve (Executive Member Aug 21 - Mar 22)	20 - 25 plus lump sum 40 - 45	0 - 2.5 plus lump sum 2.5 - 5	381	346	28
Mr JJ Cassidy (Executive Member Aug 21 - Mar 22)	20 - 25 plus lump sum 45 - 50	0 - 2.5 plus lump sum 2.5 - 5	413	364	31
Mr Ben Searle (Executive Member Aug - Oct 21)	15 - 20	0 - 2.5	195	182	7
Mr Ben Searle (Executive Member Feb - Mar 22)	15 - 20	0 - 2.5	203	198	4
Dr R Schaible (Executive Member Nov 21 - Jan 22)	20 - 25 plus lump sum 65 - 70	0 - 2.5 plus lump sum 0 - 2.5	509	488	17

Compensation for loss of office [Audited]

No compensation payments were made or due to any of the senior management of Forest Service under Civil Service Compensation Scheme (NI) (CSCS (NI)) in the year ending 31 March 2022 or 31 March 2021.

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Staff Report

Number of SCS staff by band

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

Staff Costs [Audited]

Staff costs comprise:

	<i>Permanent Staff £000</i>	<i>Temporary Staff £000</i>	<i>2021-22 Total £000</i>	<i>2020-21 Total £000</i>
Wages and Salaries	6,435	335	6,770	6,522
Social Security Costs	665	-	665	626
Other Pensions Costs	1,759	-	1,759	1,730
Total net costs	8,859	335	9,194	8,878

Of which:

Charged to Administration	Nil	Nil
Charged to Programme	9,194	8,878

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but Forest Service is unable to identify its share of the underlying assets and liabilities.

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

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and

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the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £1,759,073 were payable to the NICS pension arrangements (2020-21 £1,730,168) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2020-21 £Nil) were paid to one or more of the panel of two appointed stakeholder pension providers.

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

Employer contributions of £Nil, 0.5% (2020-21 £Nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

Average Number of Persons Employed

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

			2021-22	2020-21
	Permanent staff	Others	Total	Total
Industrial	86.14	3.16	89.30	96.13
Non Industrial	100.87	9.33	110.20	103.16
Total	187.01	12.49	199.50	199.29

Staff Turnover

Staff turnover rates for 21-22 are shown below. The Agency continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the Agency and take appropriate action to improve effectiveness, including where turnover could potentially become problematic.

Departmental Turnover Rate		General Turnover Rate	
Turnover Rate	Turnover %	Turnover Rate	Turnover %
0.05	5.0%	0.050	5.0%

The Forest Service Departmental Turnover percentage (the total number of people that have left the Agency including those who have moved within the NICS) for 2021-22 is 5.0%, and the General Turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 5.0%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

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

Accountability Report

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

Ill Health Retirement

Forest Service had two individuals retiring early on ill health grounds 2021-22 the total accrued pension liabilities in the year amounted to £8,145.

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

The Forest Service Management Board comprises the Chief Executive (male), seven Executive Directors (6 male and 1 female) and one non-Executive Member (male). Staff composition at 31 March 2022 is as per the table below.

	G5	G6	G7	DP	SO	EO1	EO2	AO	AA	IND	TOTAL
Female	0	0	2	2	5	8	7	8	0	6	38
Male	1	0	2	12	17	42	3	7	0	88	172
Total	1	0	4	14	22	50	10	15	0	94	210

Employee Engagement

The 2021 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. As the 2020 survey related primarily to the impact of Covid-19 and did not include engagement themes, and prior year statistics are not available at Agency level, no direct comparison can be made in this Financial Year. For Forest Service there were 201 staff invited to complete the survey, of which 66 participated, a response rate of 33%. The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. Forest Service responses indicated an Employee Engagement Index of 58%, compared to the NICS average of 57% (2019: 51%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

Expenditure on consultancy

The Agency had no external consultancy expenditure during the year.

Off-payroll engagements

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

Accountability Report

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

Regularity of Expenditure [Audited]

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

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

Fees and Charges [Audited]

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

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

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

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

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

Remote Contingent Liabilities [Audited]

The Agency has no remote contingent liabilities as at 31 March 2022 (31 March 2021: none).



JOHN JOE O'BOYLE
Chief Executive
29 June 2022

Forest Service

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

Opinion on financial statements

I certify that I have audited the financial statements of the Forest Service for the year ended 31 March 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Forest Service's affairs as at 31 March 2022 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs)(UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Forest Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

Opinion on other matters

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

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

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

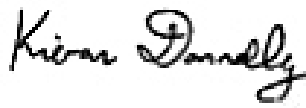
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB
30 June 2022



Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

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

		2021-22 £000	2020-21 £000
	Note		
Operating Income			
Resource funding from DAERA	2	(9,291)	(10,685)
Capital grants from DAERA	2	(1,164)	(1,054)
Operating income	2	(14,116)	(12,538)
EU Income	2	(2,056)	(1,302)
Total Operating Income		(26,627)	(25,579)
Operating Expenditure			
Staff Costs	4	9,201	8,878
Grants	4	2,768	1,779
Other Operating Expenditure	4	5,592	5,384
Non-Cash Items	4	2,618	2,863
Revaluation	4	(59,561)	(37,117)
Total Operating (Income)/Expenditure		(39,382)	(18,213)
Net surplus for the year		(66,009)	(43,792)

All income and expenditure is derived from continuing operations.

Other Comprehensive Net Expenditure:

Net (gain)/loss on revaluation of Property, Plant and Equipment	7.1	(17,801)	(33,004)
Net (gain)/loss on revaluation of Intangibles Assets	8	(2)	-
Comprehensive Net Surplus for the year		(83,812)	(76,796)

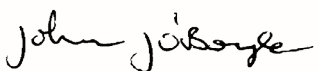
The notes on pages 65 to 86 form part of these accounts.

Accounts

Statement of Financial Position as at 31 March 2022

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

		2021-22 £000	2020-21 £000
	Note		
Non-current assets:			
Heritage assets	6	1,167	1,167
Property, plant and equipment	7	151,774	134,412
Intangible assets	8	598	610
Biological assets	10	318,768	260,258
Net Investment in Finance Lease	21	34	-
Total non-current assets		472,341	396,447
Current assets:			
Assets classified as held for sale	11	2,109	1,155
Inventories	14	48	56
Trade and other receivables	15	3,046	2,275
Cash and cash equivalents	16	18,665	9,637
Total current assets		23,868	13,123
Total assets		496,209	409,570
Current liabilities:			
Trade and other payables	17	(1,878)	(1,256)
Provisions	18	(1,510)	(1,354)
Total current liabilities		(3,388)	(2,610)
Total assets less current liabilities		492,821	406,960
Non-current liabilities			
Provisions	18	-	-
Total non-current liabilities		-	-
Total assets less total liabilities		492,821	406,960
Taxpayers' equity and other reserves:			
General fund		406,362	337,705
Revaluation reserve		86,459	69,255
Total equity		492,821	406,960


JOHN JOE O'BOYLE
 Accounting Officer
 29 June 2022

Accounts

Statement of Cash Flows for the year ended 31 March 2022

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

		2021-22 £000	2020-21 £000
	Note		
Cash flows from operating activities			
Net operating surplus		66,009	43,792
Adjustments for non-cash transactions	4	(56,943)	(34,254)
(Increase) / Decrease in trade and other receivables	15	(771)	1,206
(Increase) / Decrease in Inventories	14	8	(9)
Increase in trade and other payables	17	622	(203)
Bad debt provisions provided for / (released) in year	4	-	1
Net cash inflow/(outflow) from operating activities		8,925	10,533
Cash flows from investing activities			
Purchase of non-financial assets	7	(1,075)	(1,026)
Proceeds from disposal of non-financial assets	7	1,178	37
Net cash outflow from investing activities		103	(989)
Cash flows from financing activities			
Funding from parent department		-	-
Net cash inflow from financing activities		-	-
Net increase in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund		9,028	9,544
Cash and cash equivalents at the beginning of the year	16	9,637	93
Cash and cash equivalents at the end of the year	16	18,665	9,637

The notes on pages 65 to 86 form part of these accounts.

Accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

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

		General Fund	Revaluation Reserve	Taxpayers' Equity
	Note	£000	£000	£000
Balance at 31 March 2020		291,987	36,820	328,807
Net Assembly Funding - drawn down from DAERA		-	-	-
Comprehensive Net Expenditure for the Year - Net surplus	SoCNE	43,792	-	43,792
Non-Cash Adjustments	7.2, 8.2	-	33,004	33,004
Non-cash charges - other notional costs	5	1,336	-	1,336
Non-cash charges - auditor's remuneration	5	21	-	21
Transfers between reserves		569	(569)	-
Balance at 31 March 2021		337,705	69,255	406,960
Comprehensive Net Expenditure for the Year - Net surplus	SoCNE	66,009	-	66,009
Non-Cash Adjustments	7.1, 8.1	-	17,803	17,803
Non-cash charges - other notional costs	5	2,030	-	2,030
Non-cash charges - auditor's remuneration	5	19	-	19
Transfers between reserves		599	(599)	-
Balance at 31 March 2022		406,362	86,459	492,821

Notes to the Agency's Accounts

1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the accounts direction issued by the Department of Finance in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (NI) 2001 and shall be consistent with the accounting principles and disclosure requirements of the 2021-22 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS's) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Forest Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by Forest Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, biological assets and certain financial assets and liabilities.

1.2a Funding

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

1.2b Public Corporation Dividend

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

	2021-22	2020-21
	£000	£000
Operating Income before DAERA Subsidy	16,172	13,840
Operating expenditure before revaluation	(20,179)	(18,904)
Net operating Expenditure	(4,007)	(5,064)

1.3 Property, plant and equipment

Capitalisation

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

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

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

Accounts

Valuation

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

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

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

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

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

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

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

Assets under construction are carried at cost.

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

Depreciation

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

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

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

Heritage Assets will be maintained in perpetuity and consequently have not been depreciated. Assets under construction are not depreciated until they are commissioned.

1.4 Intangible Assets

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

Land Rights

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

Software Licences

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

Developed Software

Developed Software is a combination of automated digital data collection facilities including that used for vehicle and inspection management as well as independently commissioned reports on the usage of the forests. These are amortised over the expected useful life of the asset, which can be from 1 to 15 years.

1.5 Biological Assets

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

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

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

1.6 Heritage Assets

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

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

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

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

Forest Service classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets that are held for sale are valued on the basis of open market value less any material directly attributable selling costs and are reclassified as current assets held for sale. Current assets held for sale are regularly reviewed to ascertain whether they continue to meet the above criteria. Where a current asset held for sale no longer meets the criteria, the asset is reclassified as a non-current asset.

1.8 Inventories

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

1.9 Contingent Liabilities

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

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

1.10 Provisions

Forest Service provides for present legal and constructive obligations, which are of an uncertain timing, or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the real rate set by HM Treasury.

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

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

1.11 Revenue recognition

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

1.12 Grants payable and EU funding

Grants payable to individuals and bodies are accounted for as they are approved for payment. No provision is made in the financial statements for grant offers made but not yet approved for payment. Forestry grant schemes for the creation of new woodland, the restocking of previously felled areas and the management of existing mature and semi-mature woodlands are co-funded by the European Agricultural Fund (EAF). Once grants become recognised, contributions from the EU are claimed.

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

1.13 Administration and Programme Income and Expenditure

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

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

1.14 Employee Benefits including Pension Costs

Pensions

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

Short-term employee benefits

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

1.15 Functional Currency / Foreign Exchange / Roundings

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

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

1.16 Value Added Tax

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

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

1.17 Taxation

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

1.18 Financial Instruments

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

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

Forest Service has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

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

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

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

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

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

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

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

1.19 Related Party Transactions

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

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

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

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

1.20 Segmental Reporting

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

1.21 Critical accounting estimates and key adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

Land and Timber and Buildings have been valued by an external advisor and have been undertaken having regard to International Financial Reporting Standards (IFRS) and International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017. These include estimates of growth, sales price and costs. Forest service have made an estimation of the useful economic lives of property, plant and equipment and Intangible assets. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable. These estimates are discussed in notes 1.3 to 1.5 above.

1.22 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2022

Forest Service has reviewed the standards, interpretations and amendments to published standards that became effective during 2021-22 and which are relevant to its operations. Forest Service anticipates that the adoption of these standards will have no material impact on Forest Service's financial position or results of operations.

1.23 Impending application of newly issued accounting standards not yet effective

IFRS 16 Leases replaces IAS17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. Forest Service have assessed that the impact on the Statement of Comprehensive Net Expenditure will be less than £5k. The impact on the Statement of Financial Position is estimated to be less than £180k increase in Right of Use assets and less than £180k increase in Lease liabilities as at 31 March 2022.

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2. Income

	2021-22 £000	2020-21 £000
Revenue within the scope of IR35		
Income from contracts with customers:		
Timber Sales	12,187	11,629
Other Forest Products	68	48
Recreation	1,262	257
Rentals	533	517
Other Activities	66	87
	14,116	12,538
Other Operating Income		
EU Income	2,056	1,302
	2,056	1,302

Income from DAERA

From 1 April 2020 Forest Service was reclassified as a Public Corporation and received funding from DAERA in year as follows:

Capital Funding	1,164	1,054
Departmental Subsidy	391	1,185
Funding to cover costs so that trading income can be allocated to reserves*	8,900	9,500
	10,455	11,739
Total Income	26,627	25,579

*In addition the Department paid out £8.9M to Forest Service to cover part of the running costs for the year. This will allow Forest Service to retain the equivalent amount of income as reserves. This will provide financial security and protect against future market shocks.

Accounts

3 Business Activities Attracting Fees and Charges

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

- i) Commercial Recreation encompasses camping and caravanning, as well as game shooting.
- ii) Non-Commercial Recreation refers to visits to all of our forests. Entrance charges are only levied for 5 Forest Parks.
- iii) The financial objective of Commercial Recreation is full cost recovery. In the case of Non-Commercial Recreation, 100% recovery cannot realistically be achieved in the foreseeable future and the short term objective is to recover at the maximum level that the market will bear. Income has not fully recovered in 2021/22 due to Covid Restrictions at the start of the year.
- iv) Plant Health Inspection Branch charge fees for Potato Growing Crop and Tuber Inspections. These relate to costs for inspections carried out under the Seed Potato Certification Scheme.
- v) Timber sales refers to the sale of timber from the forest estate to customers, through the arrangement of long-term contracts, tender sales or negotiated sales.

	2021-22			2020-21		
	Income £000	Cost £000	Surplus / (Deficit) £000	Income £000	Cost £000	Surplus / (Deficit) £000
Timber Sales	12,187	1,191	10,996	11,629	1,327	10,302
Commercial Recreation	506	478	28	120	456	(336)
Non-Commercial Recreation	756	1,604	(848)	138	1,426	(1,288)
Potato Growing Crop and Tuber Inspections	45	48	(3)	35	53	(18)
Total	13,494	3,321	10,173	11,922	3,262	8,660

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4. Programme Costs

Grant Payments

National element
EU element

Staff Costs

Wages and Salaries
Social Security Costs
Other Pension Costs

Other Expenditure

Contracted out services
Other costs
Plants and horticultural consumables
Staff related costs
Fuel costs
Equipment costs
Accommodation costs
Office Services
Professional costs
Rentals under operating leases
Non-capital purchases

Non-cash items

Transfer of Land to DAERA
Depreciation
Amortisation
Liability provisions provided for / (released in year) in year
(Profit) / Loss on Disposal
Finance Lease Receivable
Bad debts written off
Bad debts provided for / (released in year)
Notional charges

Other non-cash items

Revaluation - Timber
Revaluation - Other assets

Total Programme Costs

Grant Payments

The total of grant payments for 2021-22 included £NIL paid to public bodies (2020-21: £NIL) and £2,768,571 (2020-21: £1,778,596) paid to private sector recipients.

Growing Timber Revaluation

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

Staff Costs

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

		2021-22	2020-21
Note	£000	£000	£000
		712	477
		2,056	1,302
		2,768	1,779
		6,777	6,522
		665	626
		1,759	1,730
		9,201	8,878
		2,660	2,811
		747	692
		653	603
		273	238
		318	207
		305	301
		264	211
		154	149
		204	154
		9	15
		5	3
		5,592	5,384
		92	-
7		1,369	1,284
8		14	12
18		156	165
		(1,026)	44
21		(36)	-
		-	-
		-	1
5		2,049	1,357
		2,618	2,863
		(59,463)	(28,243)
7, 12		(98)	(8,874)
		(59,561)	(37,117)
		(39,382)	(18,213)

Accounts

5. Notional Costs

	2021-22	2020-21
	£000	£000
<i>Services provided by parent department:</i>		
Central Support	1,405	788
	1,405	788
<i>Services provided by other departments:</i>		
DoF Accommodation	269	229
NICS HR	109	109
Departmental Solicitor's Office	44	11
Account NI	47	48
IT Assist	156	151
Auditor's remuneration and expenses	19	21
	644	569
Total Notional Costs	2,049	1,357

Notional Costs

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

Accounts

6. Heritage Assets

6.1 2021-22

Cost or valuation

At 1 April 2021

At 31 March 2022

Carrying amount at 31 March 2022

Carrying amount at 31 March 2021

Heritage Assets
£000
1,167
<u>1,167</u>
<u>1,167</u>
<u>1,167</u>

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

During 2021/22, The Department of Agriculture Environment and Rural Affairs entered into a lease arrangement (DAERA as Lessor) with a Local Council in respect to Castlewellan Forest Park for a number of right-of-use assets- property, plant and equipment. The lease is made up of four phases with phase 1 of the lease commencing on 1 January 2022 and lasting until 31 December 2045. Phase 2 will commence on 1 April 2022 with the Peace Maze to transfer to the Council as part of Phase 2.

6.2 2020-21

Cost or valuation

At 1 April 2020

At 31 March 2021

Carrying amount at 31 March 2021

Carrying amount at 31 March 2020

Heritage Assets
£000
1,167
<u>1,167</u>
<u>1,167</u>
<u>1,167</u>

Accounts

7. Property, Plant and Equipment

7.1 2021-22

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2021	122,139	10,620	7,637	799	265	141,460
Additions	-	651	236	-	188	1,075
Disposals	(163)	(177)	(790)	-	-	(1,130)
Reclassifications & transfers	-	(93)	-	(1)	-	(94)
Revaluations through SoCNE	92	8	3	(3)	-	100
Revaluations through Reserves	16,964	558	408	(11)	-	17,919
Transfers	-	93	-	1	-	94
At 31 March 2022	139,032	11,660	7,494	785	453	159,424
Depreciation						
At 1 April 2021	-	1,979	4,523	546	-	7,048
Charge in year	222	662	432	53	-	1,369
Disposals	-	(106)	(781)	-	-	(887)
Reclassifications & transfers	-	-	-	-	-	-
Revaluations through SoCNE	-	2	1	(1)	-	2
Revaluations through Reserves	(222)	128	222	(10)	-	118
At 31 March 2022	-	2,665	4,397	588	-	7,650
Carrying amount at 31 March 2022	139,032	8,995	3,097	197	453	151,774
Carrying amount at 31 March 2021	122,139	8,641	3,114	253	265	134,412
Asset financing:						
Owned	139,032	8,995	3,097	197	453	151,774
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2022	139,032	8,995	3,097	197	453	151,774

Forest Service land is valued annually by Land Property Services (LPS). The comparative method of valuation, based on market-based evidence, has been used to support assessment of value. Research has been undertaken into comparative capital value transactions to enable valuation of the forest estate. The most appropriate market-based evidence is the sale of woodland and forests in excess of 50 hectares. However, there is no such market of any significance in Northern Ireland as over 90% of coniferous forest of this size sits within the ownership of the public sector. There is a significant forest and woodland market in Great Britain and the UK Forest Market Report 2021 states that the value of transactional sales during the year exceeded £200m.

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

The combined value of land and timber on Forest Service estate at 31 March 2022 of £457.8m has increased by £75.5m (19.75%) on the 2021 value of £382.3m. Within this combined value the timber has been valued at £318.8m (note 10), an increase of £58.6m (22.52%) on the 2021 value of £260.2m and the Land at £139m (note 7.1 above), a 13.84% increase of £16.9m on 2021 value of £122.1m.

Accounts

LPS have advised, that the pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, the property market sector specific to the Forest Service estate is functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the LPS valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

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

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

Within Land and Buildings holdings above, assets to the value of £9.6m are subject to peppercorn rental and will form part of the IFRS Implementation as at 1 April 2022 and in line with NIC's policy.

7.2 2020-21

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

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8. Intangible Assets

8.1 2021-22

	Land Rights £000	Software Licences £000	Developed Software £000	Total £000
Cost or valuation				
At 1 April 2021	554	48	42	644
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations through Reserves	-	3	3	6
At 31 March 2022	554	51	45	650
Amortisation				
At 1 April 2021	-	14	20	34
Charge in year	-	8	6	14
Disposals	-	-	-	-
Revaluations through Reserves	-	2	2	4
At 31 March 2022	-	24	28	52
Carrying amount at 31 March 2022	554	27	17	598
Carrying amount at 31 March 2021	554	34	22	610

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

Accounts

8. Intangible Assets (cont.)

8.2 2020-21

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

9. Donated Assets

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

There were no donated assets during 2021-22 (2020-21: £NIL).

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10. Biological Assets

		2021-22	2020-21
		£000	£000
	Note		
Value at 1 April		260,258	231,635
<i>Movement in timber valuation</i>			
Transfer to assets held for sale	11	(2,109)	(1,155)
Timber removals		(10,968)	(9,924)
Timber lost to fire		(210)	(75)
Price / Growth increment		71,797	39,777
Carrying amount at 31 March		318,768	260,258
Movement in timber valuation:			
Revaluation adjustment credited to Statement of Comprehensive Net Expenditure	4	59,463	28,243
In-year movement in assets held for sale	11	(954)	380
Net movement in timber valuation		58,509	28,623

Growing timber is valued as per note 1.5. Timber lost to fire and disease is also valued on the same basis.

Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2021-22 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

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

11. Current Assets – Assets Classified as Held for Sale

		2021-22	2020-21
		£000	£000
	Note		
Timber			
Opening balance		1,155	1,535
Additions		2,109	1,155
Disposals		(1,155)	(1,535)
Carrying amount at 31 March	10	2,109	1,155

There are no assets surplus to requirements as at 31 March 2022.

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

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12. Revaluations

	2021-22	2020-21
Note	£000	£000
Property, Plant & Equipment	4, 7 (98)	(8,874)
Growing Timber Revaluation	4, 10 (59,463)	(28,243)
Total Revaluation credit charged to the Statement of Comprehensive of Net Expenditure	4 (59,561)	(37,117)

13. Financial Instruments

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

14. Inventories

	2021-22	2020-21
	£000	£000
Stock	48	56
Balance at 31 March	48	56

15. Trade Receivables and Other Current Assets

	2021-22	2020-21
	£000	£000
Amounts falling due within one year:		
Trade receivables	2,815	2,115
Other receivables	2	1
Prepayments and accrued Income	227	159
VAT	-	-
Net Investment in Finance lease	2	-
Total Receivables at 31 March	3,046	2,275

16. Cash and cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	9,637	93
Net change in cash and cash equivalent balances	9,028	9,544
Balance at 31 March	18,665	9,637
The following balances at 31 March were held at:		
Commercial banks and cash in hand	18,665	9,637
Balance at 31 March	18,665	9,637

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17. Trade Payables and Other Current Liabilities

	2021-22	2020-21
	£000	£000
Amounts falling due within one year:		
Trade payables	40	17
Other payables	41	36
Accruals and deferred income	1,571	1,062
VAT	226	141
Total payables at 31 March	1,878	1,256

18. Provisions for liabilities and charges

2021-22

	Legal Claims	Total
	£000	£000
Balance at 1 April 2021	1,354	1,354
Provided in the year	156	156
Provisions utilised in the year	-	-
Provisions not required written back	-	-
Balance at 31 March 2022	1,510	1,510

Analysis of expected timing of discounted cash flows

Not later than one year	1,510	1,510
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2022	1,510	1,510

2020-21

	Legal Claims	Total
	£000	£000
Balance at 1 April 2020	1,189	1,189
Provided in the year	169	169
Provisions utilised in the year	-	-
Provisions not required written back	(4)	(4)
Balance at 31 March 2021	1,354	1,354

Analysis of expected timing of discounted cash flows

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

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18. Provisions for liabilities and charges (cont.)

Legal Claims

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

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

19. Grant Commitments

The agency has entered into non-cancellable contracts (which are not leases or PFI and other service concession arrangement contracts) for grants for the creation and management of woodlands which are payable annually in arrears, so long as specific objectives and criteria are met. The payments to which the agency is committed, based upon co-finance rates specified in the 2014-2020 Rural Development Programme (version 8.0 adopted by the EC on 18/10/2020) are as follows:

	2021-22 £000	2020-21 £000
EU Grant Schemes		
Not later than one year	3,202	3,074
Later than one year and not later than five years	3,332	3,395
Later than five years	1,684	1,717
	8,218	8,186
National Grant Schemes		
Not later than one year	1,129	1,049
Later than one year and not later than five years	1,111	1,063
Later than five years	562	384
	2,802	2,496
Total EU / National Grant Schemes		
Not later than one year	4,331	4,123
Later than one year and not later than five years	4,443	4,458
Later than five years	2,246	2,101
Present value of obligations	11,020	10,682

20. Capital Commitments

There are no contracted capital commitments at 31 March 2022 (2020-21: £NIL).

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21 Commitments under leases

Operating leases

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

	2021-22 £000	2020-21 £000
Land		
Not later than one year	2	2
Later than one year and not later than five years	8	8
Later than five years	170	172
	180	182

Finance leases

During 2021/22, The Department of Agriculture Environment and Rural Affairs entered into a lease arrangement (DAERA as Lessor) with a Local Council in respect to Castlewellan Forest Park for a number of right-of-use assets- property, plant and equipment. The lease is made up a four phases with phase 1 of the lease commencing on 01 January 2022 and lasting until 31 December 2045. Phase 2 will commence on 01 April 2022.

During 2021/22, Forest Service recognised a loss of £34,843 (2020/21:£NIL) on de-recognition of the right-of-use asset pertaining to the building and presented the gain as part of 'Gain on sale of property, plant and equipment' (see Note 7.1).

During 2021/22, Forest Service recognised interest income on lease receivables of £75 (2020/21:£NIL).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2021-22 £000	2020-21 £000
The following table summarises the components of the net investment in Finance Leases:		
Future Minimum Lease Payment Receivable	40	-
Gross finance lease receivables	40	-
Unearned Finance Income	(4)	-
Net Investment in finance lease	36	-

Maturities of Forest Service gross finance lease receivable subsequent to 31 March 2022 are as follows:

	£000
Years ending 31 March	
2023	2
2024 to 2027	6
2028 and thereafter	32
	40

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22 Contingent liabilities disclosed under IAS 37

Public Liability Claims

Forest Service has one ongoing public liability claim at March 2022. Due to confidentiality full disclosure is not possible.

Holiday Pay Provision:

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. *The appeal to the Supreme Court (as detailed above);*
2. *Lack of accessible data for years previous to 2011;*
3. *Ongoing negotiations with Trade Unions; and*
4. *Obtaining relevant approvals.*

The Department of Agriculture, Environment and Rural Affairs has made a provision for the amount provided by NICS HR in their accounts including the Forest Service element.

23. Losses and Special Payments

Losses

	2021-22 £000	Number of cases	2020-21 £000	Number of cases
Forest Fires	210	6	75	7
Fraud / Theft / Vandalism	-	-	1	1
Total	210	6	76	8

Special Payments

There were no special payments paid in 2021-22 (2020-21: £NIL).

24. Related Party transactions

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

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

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

25. Third-party assets

Forest Service has no third-party assets as at 31 March 2022 (31 March 2021: £NIL).

26. Events after the reporting period

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

27. Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 01 July 2022.