



FOREST SERVICE

ANNUAL REPORT

2018 - 2019



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

www.daera-ni.gov.uk

**Forest Service Agency
Annual Report and Accounts**

**for the year ended
31 March 2019**

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

on

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*Annual Report
for the year 1 April 2018 – 31 March 2019*

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Darkley Forest

Performance Report

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Chief Executive's perspective on performance



I am pleased to present the Annual Report and Accounts of the Forest Service for the year ended 31 March 2019. This report, which covers my first year as Chief Executive, addresses the following:

- Who we are;
- How we are organised, including our risk management and governance arrangements;
- What we aim to achieve;
- What we spend our money on;
- How we have performed; and
- Our plans for the future.

We have substantially achieved the targets set out in our business plan for 2018/19 with five key targets and sixteen of our twenty supporting targets achieved.

Managing forests sustainably for timber and for recreational and social use remains at the core of what we do. I am pleased that we met UK Woodland Assurance Standards (UKWAS) requirements thereby maintaining the validity of our 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) certificates. This ensured that we were able to meet our income target by supplying over 0.4 million cubic metres of sustainable timber for industrial use, and we made good progress ensuring that replacement forests provide opportunities to enhance the environment, landscape, public access, health and recreation.

We continue to promote forest expansion in line with our strategy to increase forest cover in Northern Ireland. We provided grant aid for 238 ha of new forest planting under the Rural Development Programme 2014-2020.

We have strengthened our partnerships with our industry and delivery partners across local government, environmental charities and other NGOs (e.g. National Trust). We continue to engage with stakeholders in local communities both formally and informally on operational matters and also through formal consultation as part of our forest planning processes.

We remain focused on extending our partnerships and internal capability to safeguard the plant health status of our productive land based industries and our wider environment. This year we carried out approximately 13,600 inspections and official controls at our ports, on farms, at horticultural and retail premises in forests and in the wider environment.

We continue to be fully engaged, with our plant health partners, in delivering UK Government policy for EU Exit preparations. We continue to work with DEFRA, and the other Devolved Administrations, to ensure that operable plant health legislation and plant health risk management arrangements within a common regulations framework are in place by EU Exit day.

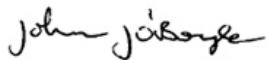
In line with our 2009 Recreation and Social Use Strategy we are working closely with local Councils and other NGOs such as the National Trust to deliver enhanced recreation and tourism facilities within our forests. This year Forest Service continued to contribute to the promotion of healthy, active lifestyles by working closely with our local Council partners to create forest recreation facilities at a number of locations, including Darkley Forest and Gosford Forest Park.

In November 2018, Forest Service, as a member of the European State Forest Association

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(EUSTAFOR), had the pleasure of welcoming Forestry leaders from across Europe to Northern Ireland for its 2018 conference. Delegates had the opportunity to share European forestry knowledge and experience, and see forests in the Glens of Antrim during a three day visit to Northern Ireland (NI). During a tour of the forests, Forest Service staff presented on a range of topics including the development of sustainable forests and the management of plant health risks. The visit also provided a unique opportunity to showcase all that Northern Ireland has to offer, including the excellent facilities available for tourists and local communities developed with our Local Council partners in forests.



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

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Non Executives' Overview

The past year has been one of significant challenge for, and activity within, the Forest Service (FS), particularly in the context of EU exit preparations. These have required new legislation to be developed and progressed; detailed plans and procedures drawn up, for example to ensure the continued effectiveness of bio-security measures; and implications for additional staffing and associated funding assessed. In addition, the Forest Service has continued to promote public access to forests through partnership arrangements with local councils. Where possible, it also continues to develop plans to accommodate wind farm project requirements as may be identified within a public-sector energy strategy. Projects such as these have the potential to contribute to “green energy” and to generate revenue for the Forest Service. However, the realisation of both objectives is dependent on the speed of political progress.

Non-Executive Members (NEMs) have input into these and other areas of Forest Service’s activity through discussions with key executives at Forest Service Management Board meetings and regular scrutiny of progress and risks at each FS Audit Risk and Assurance Committee (ARAC) meeting.

The Management Board met six times in 2018-19; its agenda included performance and risk management; commercial capability, business and human resource planning. In relation to the latter, the Forest Service is undertaking a major review of its workforce planning model. This will result in the development of plans and strategies to address ongoing staff turnover and mitigate against the impact of an ageing workforce which could potentially result in significant workforce gaps within the next 3 to 5 years.

The membership of the Board was revised with the appointment of Brandon McMaster, retired Director in NIAO, as a Non-Executive Member, in September, ensuring an even balance of Executive and Non-Executive members.

The FS ARAC, under the chairmanship of Kevin Hegarty, met on four occasions in 2018-19 and continued to support the Accounting Officer and Management Board in their responsibilities for issues of risk, control and governance. The FS ARAC welcomed the unqualified audit opinion of the 2018-19 accounts and the satisfactory audit opinion presented by Internal Audit in their 2018-19 Annual Opinion and Report. The Management Board agreed to rotate the position of FS ARAC chair and Brandon McMaster was appointed with effect from April 2019.

Brandon McMaster
Kevin Hegarty

17 June 2019

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Purpose and Activities

History and Statutory Background

Forest Service (FS) is an Executive Agency of the Department of Agriculture, Environment and Rural Affairs (DAERA). It is subject to the overall direction of the Minister. It promotes afforestation and sustainable forestry, and is responsible for plant health matters.

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

Forest Service has been an Agency since 1 April 1998. 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.

While a Minister was not appointed to the Department in 2018/19, the Agency business plan and budget was endorsed by the Departmental Board as consistent with existing policy. The Agency's performance during the year was monitored by the Forest Service Management Board and no major policy decisions were required in respect of Agency business

Functions

The purpose of Forest Service (FS) is set out at section 1 of the Agency Framework Document.

Forest Service fulfils DAERA's legal obligations in the areas of forestry, plant and bee health, plant reproductive materials and horticulture marketing standards.

The key tasks required to deliver established Ministerial policies are:

- 1) To promote forest expansion through grant aid under the Rural Development Programme;
- 2) To promote the arrangements for partnership working on forestry lands by formalizing agreements to supply timber, provide access and enhance biodiversity;
- 3) To provide a regulatory framework as part of the UK Plant Health Service and processes to encourage compliance with forestry, plant and bee health legislation, aid scheme rules and potato seed certification and forest reproductive material schemes;
- 4) Monitor compliance and enforce legislation through inspection programmes, and protect the productive capacity of agriculture and forestry lands by monitoring for organisms harmful to plants;
- 5) To manage the Department's forests so as to:
 - Supply timber, regenerate and protect forests;
 - Promote public access by maintaining and improving facilities and visitor services, through partnership arrangements;
 - Verify sustainable management performance through a process of independent audit against the UK Woodland Assurance Standard; and
 - Release land from forestry for renewable energy generation and environmental improvement.

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Vision and Aims for 2018-19

Forest Service (FS) shared the vision and strategic outcomes of the Department of Agriculture, Environment and Rural Affairs [DAERA] during 2018/19 as follows:

Vision

“a living, working, active landscape valued by everyone.”

To achieve this vision, Forest Service:

- works collaboratively within the DAERA family and with others to set the direction for, and foster the conditions to achieve, the following strategic outcomes:

Strategic Outcomes (SO1 to SO4)

- **SO1** - *Sustainable agri-food, fisheries, forestry and industrial sectors;*
- **SO2** - *A clean, healthy environment, benefitting people, nature and the economy;*
- **SO3** - *A thriving rural economy, contributing to prosperity and wellbeing; and*
- **SO4** - *further develop our capability and improve our systems to ensure:*

‘we are a well led, high performing organisation focused on outcomes’ through:

- Strong leadership and decision making across the Agency;
- An engaged, motivated, flexible and highly skilled workforce;
- Valuing individuals and diversity;
- Strong and effective communication and cooperation with the Department; and
- Innovative, accessible and responsive systems and processes for customers and delivery partners.

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Business Priorities for 2018-19

Within the context of implementing our strategic aims, we agreed to restate a number of established business priorities for the 2018-19 business year. These included:

- Increased horizon scanning and plant health risk assessment capability to improve preparedness;
- Effective control of plant pest and disease outbreaks locally and plan for responsiveness including on a trans-boundary basis;
- Improved agricultural and forestry economy;
- Healthier people, plants and environments;
- Increased forest cover;
- Profitable and sustainable forestry and land management; and
- Improved policy making.

The 2018-19 Business Plan set out the actions, key and supporting targets, or milestones to address these priorities.

Key risks to the delivery of objectives

A Risk Register has been prepared on the basis of an assessment of the key risks impacting on the achievement of the Agency's Strategic Outcomes and Key Performance targets and comprises 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;
- An evaluation of the adequacy of the control to manage the risk and the Agency's ability to absorb any gap in control, or the additional action required to improve control and the criticality of the additional action; and
- Designation of the officer responsible for managing and reporting on the actions identified to improve control.

Key Risks Summary

In the context of the 2018/19 Business Plan the following key risks remained on the register at 31 March 2019:

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1. Inadequate reserve of growing trees to sustain a Northern Ireland wood using industry, failure to provide public access to forests and failure to promote sustainable forestry.
2. Failure to obtain income and/or increasing cost base.
3. Failure to develop forests for renewable energy and community benefits.
4. Failure to provide duty of care to Forest Service staff and visitors to our forests.
5. Reputational harm from failure to develop and deliver services that meet public expectation.
6. Failure in governance, accountability or information security.
7. Inadequate knowledge base to inform forestry development and inspection programmes.
8. Plant Disease Outbreak – Failure to prevent the introduction and establishment of organisms harmful to plant health and of significance to industry and the environment.

Performance Summary

A summary of progress against Key Strategic Targets and Objectives is shown below. Analysis and review of outturn is provided in the next section:

Outcome, Key or Supporting target or milestone.	Outturn 2018/19
DAERA Strategic Outcome: A well led, high performing organisation focussed on outcomes.	
FS Outcome: Lower Net Cost of the Forestry Programme.	
Key Target Achieve an income of at least £9 million from all sources.	Target Achieved Actual Income £10.36million.
Supporting Target Develop an improved timber sales management system using digital technology.	Target Achieved

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DAERA Strategic Outcomes:

Sustainable agri-food, fisheries, forestry and industrial sectors.

A clean, healthy environment, benefitting people, nature and the economy.

FS Outcomes:

- Stronger partnership working with industry and delivery partners.
- Wind farm sites considered in forests within a public sector energy strategy.
- Access to a sustainable supply of high value timber.
- Forests contribute to enjoyment of long, healthy, active lives.

Key Target

Have 200ha of new woodland supplying a range of ecosystem services and supply at least 400,000m³ of sustainable timber to industry.

Target Achieved

238 hectares of woodland created.
404,506 m³ of timber supplied to industry.

Supporting Target

Operate the Forest Expansion Scheme with two application windows.

Target Achieved

Supporting Target

At least 5% of timber supply to come from forest thinning.

Target Achieved

52,844 m³ of timber supply sourced from forest thinning.

Supporting Target

Develop a strategy by October 2018 for delivery of a woodland register in accordance with the Forestry Act (Northern Ireland) 2010.

Target Achieved

Supporting Target

Report on household based public opinion of forestry survey.

Target Achieved

Report published 28 March 2019.

Supporting Target

Open new customer facing recreational facilities in at least two forests in partnerships with Local Councils..

Target Achieved

Two new forest recreational facilities have been officially opened at Darkley forest and Gosford Forest Park in partnership with Armagh City, Banbridge and Craigavon BC.

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DAERA Strategic Outcome:

A clean, healthy environment, benefitting people, nature and the economy.

FS Outcomes:

- Accreditation with continuing professional development; Target Operating Model delivered.
- Improved knowledge of forest condition and forestry opportunity.

Key Target

To prepare for EU Exit in partnership approach with UK Plant Health Service and extend our partnership approach and internal capability to safeguard the plant health status of our productive land based industries and our wider environment

Target Achieved

Forest Service Plant Health are fully engaged as part of a UK-wide partnership in delivering UK Government policy for EU Exit, including having preparedness plans in place in the event of a No Deal EU Exit.

Supporting Target

By EU Exit date, have an agreed UK wide framework to deliver Plant Health controls for NI post exit.

Target Achieved

A draft working level Agreement between DEFRA and the devolved administrations to protect UK plant health and to ensure the functioning of the internal market for regulated plant material following the UK's exit from the European Union (EU) remains on target to be agreed by EU exit date.

Supporting Target

Implement the staff resource plan by October 2018 to prepare for the effective delivery of the plant health programme in transit and post EU exit.

Target Not Achieved

Additional inspection resource recruitment not implemented before the original EU Exit date of March 27th 2019.

Supporting Target

Develop two stakeholder partnership agreements to support improved biosecurity in plant and bee health by March 2019.

Target Achieved

Supporting Target

Have An All-Ireland Chalara Management Plan agreed with DAFM by October 2018.

Target Achieved

The An All-Ireland Chalara Management Plan was drafted in partnership and agreed for implementation by both DAFM and DAERA.

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<p>Supporting Target Test A trans-boundary plant health contingency plan with DAFM by January 2019.</p>	<p>Target Achieved Walk-through test of contingency plans completed in December 2018.</p>
<p>Supporting Target To support 15 plant health staff to become professionally accredited through membership of the RSB Plant Health Professional Register by March 2019.</p>	<p>Target Achieved</p>
<p>DAERA Strategic Outcome:</p> <p>Sustainable agri-food, fisheries, forestry and industrial sectors.</p> <p>A clean, healthy environment, benefitting people, nature and the economy.</p> <p>A well led, high performing organisation focussed on outcomes.</p> <p>FS Outcomes:</p> <ul style="list-style-type: none"> • First registration of title to forestry lands; • Shared understanding of operating agreements over forestry lands. • Independent certification under FSC® and PEFC that forests are managed sustainably 	
<p>Key Target Hold independent certification that the Forest Service management system meets the requirements of a well-managed forest.</p>	<p>Target Achieved FSC® and PEFC certification maintained.</p>
<p>Supporting Target Implement findings from the certification audits (Corrective Action Requests).</p>	<p>Target Achieved</p>
<p>Supporting Target Review and publish plans for the North West, West Tyrone, Armagh and East Tyrone/East Fermanagh planning areas including updating plans on Sperrin and Antrim planning areas.</p>	<p>Target Not Achieved Scoping documents for forest plans published for the North West planning area including updating plans on Sperrin and Antrim planning areas.</p>
<p>Supporting Target Install an internal audit process in compliance with the Programme for the Endorsement of Forest Certification (PEFC) requirements.</p>	<p>Target Achieved</p>

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<p>Supporting Target Measure 1,200 inventory plots to improve precision of timber increment estimates.</p>	<p>Target Not Achieved Deferred to next year.</p>
<p>Supporting Target Produce an Outline Business Case for a review of the forest strategy.</p>	<p>Target Achieved</p>
<p>Supporting Target Establish silvicultural demonstration sites to illustrate effective transformation of a clear-felling system to a continuous cover forestry system.</p>	<p>Target Achieved Silvicultural demonstration sites established with base line information recorded, plans developed and interventions identified.</p>
<p>Supporting Target Support the work of the Strategic Investment Board in delivering a public sector energy strategy and the Department for the Economy on energy policy.</p>	<p>Target Achieved Forest Service support the work of the Strategic Investment Board in delivering on the public sector energy strategy and Department for the Economy's energy policy. The NICS Board approved the Energy Management Strategy for NI Central Government in January 2019. This includes the adoption of a 30% energy consumption reduction target by 2030 across Central Government.</p>
<p>Supporting Target Update our GIS legal summaries in relation to 6,000 ha of first registered land and prepare a further 4,000ha for first registration by 31 March 2019.</p>	<p>Target Partially Achieved GIS legal summaries updated for 3,160 ha of first registered land. A further 4,025 ha has been prepared for first registration.</p>
<p>Supporting Target Develop a contingency planning process for localised advanced felling on Forest Service woodland with capacity to accommodate wind farm project requirements as may be identified within a public sector energy strategy.</p>	<p>Target Achieved</p>

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Resource Accounting and Budgeting

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

Throughout the year the Agency monitored performance against its resource based budget on an accruals basis.

Net Operating Cost – 2018-19

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 2018-19 was £10.181m (2017-18: an operating surplus of £3.168m).

The movement between 2017-18 and 2018-19 of £7.013m is mainly due to the revaluation of timber credited to the Statement of Comprehensive Net Expenditure, offset by a combination of a decrease in operating income of £696k and a reduction in operating expenditure of £107k.

The reported increase in forestry land value in 2018-19 of £8.156m does not reflect trends in the value of land without trees but does show the average effect of afforestation on land. This is because the value reported for land is the arithmetic difference between the market value of plantations (as calculated by Land and Property Services [LPS]) and the calculated fair value of growing trees based upon the average values obtained for timber over the previous 5 years (informed by data from the Agri Food & Biosciences Institute [AFBI]). The value of timber sales at maturity rose to £10,112 per hectare, a 4.1% increase on 2017-18 and accounted for the higher timber value at 31 March 2019.

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

Non-Current Assets

Details of the movement of non-current assets are set out in notes 6 to 10 to the accounts.

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, 97.9% of bills were paid within this Standard (2017-18: 96.1%).

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

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of Invoices initiative within the Northern Ireland Civil Service. During the year, 92.7% of bills were paid within the 10 day target (2017-18: 89.7%).

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

Political and Charitable Donations

The Agency made no political or charitable donations during the year.

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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]
- Volume of timber produced [m³]
- Forest visitor surveys
- Area of woodland qualifying for UK Forestry Standard [hectares]
- Plant health partnerships, awareness, inspections, sampling, surveys and enforcement programmes.

Customer Service

- Performance against prescribed standards of service to the public

Value for money

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

Performance Review

We set ourselves 5 key tasks in 2018/19 to deliver the policies and described outcomes and specific in year targets in our business plan for the year past that we aimed to deliver to evidence our progress. This progress and the context in which we operated are reviewed below:

Forest Expansion

We continue to support forest expansion through the Rural Development Programme. During the year we made Forestry Grant Scheme payments of £1.66 million to create 238 hectares of new woodland and to maintain existing woodlands. These payments are part funded by the European Commission and were made to 855 landowners. We paid 99% of 2018 annual premia claims by the year end. 99 hectares of new woodland consisted of predominantly coniferous woodland (42%), 139 hectares of predominantly broadleaved woodland of which 58 hectares was new native woodland (24%). We also provided grant assistance for replanting 60 hectares that had been harvested. The replanting grant payment promotes more diverse woodlands with greater resilience and environmental benefits. Successful applications for 175 hectares of new woodland funded through the Forest Expansion Scheme were approved during the year.

To promote new woodland planting we attended a number of events including a new woodland community planting day hosted by Mid Ulster District Council and the Balmoral Show. Our Balmoral Show stand was designed to promote the benefits woodland for everyone and we gave away 3,000 native trees to visitors.



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Partnership Working

Partnership working with industry and delivery partners continues to be a strategic objective. This has been a long term strategy since we captured our thinking in this regard in our 2009 Recreation and Social Use Strategy and gave legal affect to a public right of pedestrian access to our forests through the 2010 Forestry Act.

We were pleased that this partnership approach continued to result in the improvement of recreation and tourism facilities within our forests. In line with legal arrangements agreed with Armagh City, Banbridge and Craigavon Borough Council, management of recreation provision at Gosford Forest Park transferred on 1 January 2019. Our partnership approach is considered an important step in the Council's vision to become the premier outdoor destination in Northern Ireland. Legal arrangements were executed during the year with Mid Ulster District Council to facilitate improved access provision and parking facilities at Pomeroy forest to enhance visitor use of the walking and playpark recreation provision already being managed by the Council, and also to facilitate long term recreation and tourism development at Knockmany forest, Augher, Co Tyrone.

Our sustainable forest management practices remained compliant with the UK Woodland Assurance Standard (UKWAS), confirmed through an independent audit accredited by Forest Stewardship Council® (FSC®)(Licence code: FSC-C084232) and the Programme for the Endorsement of Forest Certification schemes (PEFC) (Licence code: PEFC/16-40-1924) in February 2019.

Compliance with Plant and Bee Health, Crop Certification and Marketing Legislation

Plant Health Inspectors conducted over 13,600 inspections during the year. A range of official controls were delivered at our entry ports, on-farms, at horticultural and retail premises that trade in regulated plants and plant products as well as within the wider environment including forests. Our official control and inspection programmes are designed using a risk based approach to implement legislation to protect the plant health status of our natural environment, to facilitate trade and to provide assurance to customers that seed potato and cereal seeds are inspected and certified to the required standard and that importers of specified horticultural products compliance with marketing standards. During the period 59 Statutory Plant Health Notices were issued due to non-compliance compared to 76 the previous year this encourages us to continue with our focus on achieving compliance through working in partnerships with stakeholder groups. During 2018 Partnership agreements were developed with the National Trust in NI and with the Ulster Beekeepers Associations.

Routine Plant Health surveillance activity identified a breeding population of the eight-toothed spruce bark beetle (*Ips typographus*) in Kent. Forest Service engaged through the UK Core Contingency Planning Group Incident Management team established to implement measures to prevent further spread. The eight-toothed spruce bark beetle does not affect human health but can be a serious and destructive pest of the spruce tree species which are an important element of our state forest, although it generally prefers weakened or damaged trees. In January 2019 Forest Service inspectors and AFBI scientists attended a field visit to the outbreak site in Kent. A winter survey protocol was developed to determine if spread had occurred to Northern Ireland and a member of staff participated in the IMT for the UK. A targeted survey of woodland in proximity to mills, ports and main transport routes was undertaken with no findings of the pest that NI retains Protected Zone status for.

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In 2018 Fireblight Buffer Zones were instated in Northern Ireland for the first time after transitioning from Protected Zone status for *Erwinia amylovora* in April 2018 and brings the NI status of Fireblight into alignment with GB. Fifteen nurseries had applied for buffer zone status and fourteen were granted based on previous surveys carried out and continue to trade in Fireblight hosts material. During the period three new nurseries applied for buffer zone status for the coming year and subject to remaining clear will be granted after a two-year lead-in period.

Bee Health Inspections continued in 2018 with 14 recorded outbreaks of European Foul Brood in the North West of the Province, which was a significant increase from previous years.

We delivered a substantial legislative and operational readiness plant health programme in preparation for the date of EU Exit and wrote to over 2000 stakeholders providing guidance on arrangements to continue trade in plants and plant products from the EU and Rest of the World in the event of a no deal EU Exit. We developed contingency arrangements in the event of a No Deal EU Exit to ensure continued safeguarding of the high plant health status of our agricultural, horticultural and forest industries, and to protect the wider environment while ensuring that trade could continue in as frictionless a manner as possible. We continued to work in partnership with DEFRA and the other Devolved Administrations to manage risks to plant health, to adopt a common framework for implementation of future plant health controls in a post EU environment, and to continue to influence interpretation of the new EU Plant Health Regulation.

We established a Plant Health Risk Management Board to agree scientific and trade route risk based assessments of harmful organisms and publish those risk ratings on the NI Plant Health Risk Register as a means of prioritising, for surveillance and action, the highest threats to our plant health status. The Risk Register is available online to professional operators and the wider public. The Plant Health risk board is supported by sub groups reporting on science and evidence needs, policy and legislation priorities, technical issues and to also to improve stakeholder engagement. We also introduced legislation requiring the pre-notification of imports of high risk woody plants and trees to assist in efforts to combat serious risks to plant health, including from *Xylella* a bacterial disease spreading in Italy.

We recognized the threat from introductions of the Invasive Alien Species Asian hornet in GB to native Honeybees and developed a response plan with colleagues in NIEA.

Plant Health Policy, Legislation and Regulation

Plant Health policy and delivery staff engaged on a regular basis internally with DAERA, Department for Environment, Food & Rural Affairs [DEFRA] and other Devolved Administrations' colleagues on preparing for EU Exit. We continued to engage with UK Plant Health Service counterparts to prepare for the implementation of the new EU Plant Health Regulation [EU 2016/2031 which becomes applicable from 14 December 2019 and will replace the current EU Directive [EU 2000/29]. During the year we introduced the Environmental Impact Assessment (Forestry) (Amendment) Regulations (NI) 2017, Marketing of Fruit Plant and Propagating Material Regulations (NI) 2017 and the Seed Potatoes (Amendment) Regulations (NI) 2017.

Protect the productive capacity of Agriculture and Forestry

As part of a broader strategy to reduce the risk that a new plant health pest will cause significant damage to the productivity of agriculture or forestry, we engaged throughout the year with

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stakeholders including professional operators, representative groups and the wider public. We used a range of communication channels including publication of the NI Plant Health Risk Register, workshops, meetings, targeted correspondence, plant and bee health outbreak updates and pest alert notifications, in addition to a presence at Balmoral Show.

Plant Health Professional Membership continues to progress well within PHIB, with 18 fully accredited PHIB Plant Health Professionals on the 18 PHIB members of the Royal Society of Biology. Of these, 3 personnel have achieved Senior Plant Health Professional Status, while 4 additional staff are progressing their portfolios towards Plant Health Professional Status.

Management of the Departments' Forests

A key outcome of the management and stewardship of state forests planted in the latter decades of the last century is to ensure access to a sustainable supply of high value timber. The key target for 2018/19 was to supply at least 400,000m³ of timber to industry and this was achieved and we sold 404,506m³ of logs.

The following supporting targets were also achieved, all of which will have contributed directly or indirectly to achievement of our key target that we successfully retain independent certification that our management system meets the requirements of a well-managed forest as assessed against the UK Woodland Assurance Standard:

- Addressing certification Corrective Action Requests. Close out plans to address findings from the 2018 surveillance audit were presented at the surveillance audit which took place on 4-7 February 2019. The audit confirmed that Forest Service had management systems of a satisfactory level for retention of the FSC® and PEFC certificates.
- Sourcing more than 5% of timber supply from forest thinning improving the long-term resilience of forests on wind firm soils.

Health and Safety

Forest Service is committed to ensure the health and safety of all its employees and to provide for the appropriate health and safety of others, including contractors, visitors, neighbours and members of the public who use our forests. During the year we published a new industry best practice document called "Managing public safety on forestry work sites" and organised a Forest Industry Safety Accord trainer to deliver "Forest Works Manager and Main Contractor Training" to timber customers, our main contractors and Forest Service operational managers. The following table sets out the incidence of reportable and non-reportable accidents for all staff and others in the preceding years.

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Accident trends over last 5 years

	Accidents Numbers	14/15 (Per 100 employees)	15/16 (Per 100 employees)	16/17 (Per 100 employees (Aug 16 - 218))	17/18 (Per 100 employees (Mar 18 - 205))	18/19 (Per 100 employees (Mar 19 – 200))
Staff	Reportable	6 (2.6)	4 (1.7)	0 (0)	3 (1.5)	0 (0)
	Non reportable	2 (0.9)	0	2 (0.9)	1 (0.5)	3 (1.5)
Visiting Public	Reportable	1	1	0	1	3
	Non reportable	0	1	1	0	5
	Licenced partner activity	NA	NA	NA	NA	16
Contractors	Reportable [FS not works manager]	NA	NA	2	0	1
	Non reportable [FS not works manager]	NA	NA	0	0	1
	Licenced partner activity	NA	NA	NA	NA	1

In November, we hosted The European State Forest Association (EUSTAFOR) conference. Forestry leaders from across Europe had the opportunity to share experiences about European forestry and view forests in the Glens of Antrim during a three day visit to Northern Ireland (NI). During a tour of forests in the scenic Antrim coast and Glens, staff within Forest Service discussed a range of issues with which included the development of sustainable forests, plant health and showcasing the excellent facilities available for tourists and local communities within our forests.

Wind Energy

As part of a wider public-sector Energy Management Programme led by the Strategic Investment Board (SIB), the Agency continued to support the work of the SIB in delivering a public sector energy strategy and DFE on energy policy through two supporting targets; 4,025 ha prepared for first registration of land and the completion of a contingency planning process document for localised advanced felling.

The NICS Board approved the Energy Management Strategy for NI Central Government in January 2019. This includes the adoption of a 30% energy consumption reduction target by 2030 across Central Government.

Income and Cost Control

A large part of our operational costs are staff salaries and wages and, like all public-sector bodies, we are required to constrain these costs; particularly so when an NICS Voluntary Exit Scheme was funded in 2015. We determined that the following should be explicit outcomes over the period from 2016-2021:

Performance Report

PERFORMANCE ANALYSIS

- Lower cost services
- Lower net cost of the Forestry programme
- Higher income from use of Forestry assets

As at 31 March 2019 we exceeded our stated target to achieve an income of at least £9m from all sources. This income was generated mostly from timber sales but also included income from forest recreation services, and rentals. It totalled £10.36m.

We operated well below the full cost of the target staff operating model that we developed in early 2016. Full staff costs of that model were £8.7m. Our salaries and wages budget outturn during the year was some £800k less than this at £7.9m. We successfully made the case that the Forestry programme is at risk if we do not rebuild professional capacity. Staff costs will therefore increase in 2019-20 as we recruit up to the headcount limits approved by the Department.

The number of days lost per staff member, calculated as total absence divided by the number of staff, was 6.8, a significant improvement on last year's figure of 9.4.

Sustainability

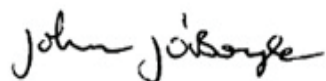
Sustainability continued to be an underpinning principle of the draft Programme for Government. Forest Service contributes to the DAERA Strategic Outcome of 'Sustainable agri-food, fisheries, forestry and industrial sectors'. Key actions in 2018-19 included:

- Seeking to maintain high Plant Health status to protect our Agricultural, Horticultural and Forest industries as well as the wider environment, through our actions in tackling the fungal pathogen causing ash dieback disease (Chalara) and the fungus-like pathogen affecting Japanese larch (*P. ramorum*) and other common tree and shrub species.
- Forest Service approved grant payments for 238 hectares of new woodland, delivering a wide range of ecosystem services to people. We launched the fourth phase of the Forest Expansion Scheme under the 2014-2020 Rural Development Programme and successful applications for 175 hectares of new woodland were approved.
- Forest Service obtained an income of £10.26 million from forest resources, mostly arising from the sale of timber certified as coming from Forest Service's sustainably managed forests.
- Forest Service issued 54 felling licences covering a forest area of 1,183 hectares of which 52 were processed within 3 months (96%). The area licenced for thinning or selective felling covered 922 hectares and 261 hectares was clearfelling.
- Forest Service provided opinions on the likely environmental impact of 42 forestry projects in respect of the Environmental Impact Assessment (Forestry) Regulations (Northern Ireland) 2006. The projects consisted of 27 afforestation projects, 13 deforestation projects and 2 forest road works. Opinions are published on the DAERA website and in the Belfast Gazette in accordance with the Regulations.

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- In accordance with the Forestry Act (Northern Ireland) 2010 Forest Service issued 2 restocking notices requiring woodland to be regenerated. 13 reports of suspected unlicensed tree felling were investigated and Forest Service found no breach of the legislation.
- Forest Service has assessments in place to fulfil the requirements of the Habitats Regulations. These cover forestry operations in Forest Service forests in the Antrim Hills, Slieve Beagh - Mullaghfad - Lisnaskea Special Protection Areas and for forests within the catchments of the Owenkillew River, the Foyle and Tributaries and Lough Melvin Special Areas of Conservation. Outside of these designated areas an additional 11 Habitats Regulations Assessments were completed for forestry operations within Forest Service forests and 33 Habitats Regulations Assessments for forestry operations on land which is not managed by Forest Service.
- Forest Service sought Assent from Northern Ireland Environment Agency for 52 Forest Service operations and 11 operations not managed by Forest Service where the operation was within in or close to an Area of Special Scientific Interest. This work is to comply with the Environment Order (Northern Ireland) 2002.



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

Performance Report

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Forestry Performance Tables

The following tables provide statistical data on forestry performance during 2018/19:

Forest Service Statistical Summary 2018 / 2019

Table 1

	Units	2017/18	2018/19
Total area managed	Hectares	75,216	75,198
Forested area	Hectares	62, 223	62, 373
Acquisition Programme	Hectares	-	-
Disposal Programme	Hectares	-	-
Timber Production	Cubic metres		
- roadside		48,654	48,166
- standing		372,100	347,270
New Planting	Hectares	-	-
Replanting	Hectares	856	787
Fire Damage	Hectares	41.2	24
Visitors to charged recreation areas	Thousands	509	532
Visitors to caravan / camping long stay sites	Thousands	56	47
Average staff numbers:	Full time equivalent persons		
- industrial		100	97
- non-industrial		107	102

Table 2

RECORD OF HARVESTING FROM FOREST SERVICE MANAGED WOODLAND: April 2018 – March 2019

FOREST SERVICE	STANDING VOLUME (m ³)	ROADSIDE VOLUME (m ³)	TOTAL
EAST	101,042	36,828	137,870
WEST	246,228	11,338	257,566
TOTAL	347,270	48166	395,436

Note: All figures represent volume dispatched from forests.

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Table 3

Breakdown of Sales from Forest Service Managed Woodland: Agreed for April 2018 – March 2019

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	
STANDING SALES										
EAST	68,103	19,714	100	83	10,863	131	184	77,054	419	87,917
WEST	270,477	10,075	298	132	13,745	104	588	267,105	454	280,850
TOTAL	338,580	29,789	398	215	24,608	115	772	344,159	446	368,767
ROADSIDE SALES										
EAST	17,524	5,362	360	148	15,743	106	27	7,503	278	23,246
WEST	11,512	701	280	167	12,493	75	-	-	-	12,493
TOTAL	29,036	6,063	640	315	28,236	90	27	7,503	278	35,739
ALL SALES										
GRAND TOTAL	367,616	35,852	1,038	530	52,844	100	799	351,662	440	404,506

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Table 4

Average Prices for Coniferous Timber Sold at Roadside

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2018 to 31 March 2019		
	(b) 1 April 2017 to 31 March 2018		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 611	16,843	27.57
	(b) 0	0	-
0.075 - 0.124	(a) 1266	34,275	27.07
	(b) 2256	55,493	24.60
0.125 - 0.174	(a) 9017	224,763	24.93
	(b) 2758	56,622	20.54
0.175 - 0.224	(a) 3865	92,501	23.93
	(b) 4065	76,566	18.84
0.225 - 0.274	(a) 290	5,990	20.66
	(b) 4652	98,641	21.20
0.275 - 0.424	(a) 15484	442,107	28.55
	(b) 12152	324,296	26.69
0.425 - 0.499	(a) 1178	34,495	29.28
	(b) 2528	104,152	41.20
0.500 - 0.599	(a) 1075	43,907	40.84
	(b) 4858	138,061	28.42
0.600 - 0.699	(a) 430	13,366	31.08
	(b) 3738	125,064	33.46
0.700 - 0.799	(a) 2238	73,372	32.78
	(b) 222	7,284	32.81
0.800 - 0.899	(a) -	-	-
	(b) 1701	50,966	29.96
0.900 - 0.999	(a) 505	16,556	32.78
	(b) 374	11,635	31.11
1.000 and over	(a) -	-	-
	(b) 5073	156,184	30.79
TOTAL	(a) 35959	998,175	27.76
	(b) 44377	1,204,964	27.15

Performance Report

PERFORMANCE ANALYSIS

Table 5

AVERAGE PRICES FOR CONIFEROUS TIMBER SOLD AT STANDING

Average Volumes Per Tree in m ³ over bark	(a) 1 April 2018 to 31 March 2019		
	(b) 1 April 2017 to 31 March 2018		
	Volume m ³	Total Price (Exc VAT) £	Average Price £/m ³
Less than 0.075	(a) 0	0	-
	(b) 0	0	-
0.075 - 0.124	(a) -	-	-
	(b) 6,498	54,739	8.42
0.125 - 0.174	(a) -	-	-
	(b) 2,148	19,207	8.94
0.175 - 0.224	(a) 29,249	396,122	13.54
	(b) 4,885	45,976	9.41
0.225 - 0.274	(a) 8,411	119,971	14.26
	(b) 27,721	356,445	12.86
0.275 - 0.424	(a) 94,707	1,840,979	19.44
	(b) 143,527	2,364,372	16.47
0.425 - 0.499	(a) 60,804	1,492,124	24.54
	(b) 41,683	863,297	20.71
0.500 - 0.599	(a) 79,930	1,887,007	23.61
	(b) 64,562	1,380,365	21.38
0.600 - 0.699	(a) 32,499	955,018	29.39
	(b) 26,829	801,879	29.89
0.700 - 0.799	(a) 26,979	746,544	27.67
	(b) 13,130	307,454	23.42
0.800 - 0.899	(a) 13,876	349,557	25.19
	(b) 10,496	253,029	24.11
0.900 - 0.999	(a) 7,487	208,610	27.86
	(b) 10,713	248,959	23.24
1.000 and over	(a) 6,947	308,000	44.34
	(b) 7,025	174,312	24.81
TOTAL	(a) 360,889	8,303,932	23.01
	(b) 359,217	6,870,034	19.13

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 2018-19 the Board members were:

John Joe O'Boyle	Chief Executive
Kevin Hegarty	NEM, Strategic Investment Board (SIB)
Brandon McMaster	NEM, appointed as a Board member on 1st September 2018.
Jim Crummie	Acting Director of Plant Health
Marcus McAuley	Director of Corporate Services - Board member until 14 December 2018
Gordon Bell	Acting Director of Corporate Services - Board member since 2 January 2019.

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.

Conflict of Interests

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

Accounts Direction

The Forest Service's Accounts for the Financial Year ending 31 March 2019 have been prepared in accordance with the Accounts Direction (FD(DoF) 02/19 and DAO(DoF) 01/19) given by the Department of Finance in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

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 2018-19 resulted in a notional audit fee of £19,600 (2017-18: £13,250) 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 during the 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). A key task for our IAOs had been to prepare for the implementation of the EU General Data Protection Regulation, which became effective on 25th May 2018. The Data Protection Act 2018, which updates data protection laws in the UK, is a national law which complements the EU's General Data Protection Regulation. 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. We maintain a register of our personal data assets identifying the purpose and legal bases for the processing of that personal data. We inform our 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 the 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.

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 Direct Offices, and at Forest Offices at Castlewellan and Garvagh. Senior staff work peripatetically to maintain networks and service DAERA HQ in Belfast.

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:

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

The Management Board monitors Human Resource issues including absence statistics, and the Board is assisted by our HR Business partner. The Management Board encourages communication and engagement, and exchange of information within the Agency. This is brought about through team briefings, circulars and our 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. We consult regularly with

Accountability Report

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

representatives of the industrial workforce at the Joint Industrial Council. We also meet regularly with the NI Public Service Alliance (NIPSA), which represents our non-industrial staff.

We have made staff aware that 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. We utilise 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 new complaints procedures introduced for DAERA, we report on complaints received and our handling of them to the Department. This will be disclosed in their Resource Accounts.

Public access to Information

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

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

Statement of Accounting Officer's Responsibilities

Under Section 11 of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance has directed the Forest Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Forest Service and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department of Finance (DoF), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information;

Accountability Report

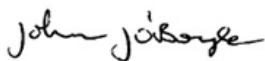
C O R P O R A T E G O V E R N A N C E

- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

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

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



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

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's 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 cases.

As noted above, while a Minister was not appointed to the Department in 2018/19, the Agency business plan and budget was endorsed by the Departmental Board who monitored our performance during the year.

Forest Service Management Board (FSMB)

I am supported by a Management Board. During 2018-19, the Board comprised of two Forest Service Directors, and two Non-Executive Members who, as well as being fully involved in the monitoring of agency performance, financial, resource, and risk management, also provide a challenge function where appropriate.

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

The Board 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 Board 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 Board maintains a transparent system of prudent and effective controls, including internal controls.

The Board aims to meet at least six times per year as required by our Terms of Reference. Board members are required at the beginning of each Board meeting to declare any conflicts of interest or any new interests. During the 2018-19 period no declared interests were deemed to conflict with the conduct of Board business.

Accountability Report

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

A total of 6 Forest Service Management Board meetings were held in 2018-19. Attendance details of members are summarised in the following table:

Name	Number of the 6 meetings attended
John Joe O'Boyle	6
Jim Crummie	6
Marcus McAuley/Gordon Bell	6
Kevin Hegarty (Non-Executive Member)	6
Brandon McMaster (Non-Executive member)	5

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

- Forest Service Audit & Risk Assurance Committee (FSARAC)
- Governance Committee
- Finance [Fees & Charges] Committee
- Health & Safety Committee

Forest Service Audit & Risk Assurance Committee (FSARAC)

FSARAC supports me in my responsibilities for stewardship of Agency resources by reviewing the comprehensiveness of arrangements and processes for meeting the Board's and Accounting Officer's assurance needs, and reviewing the reliability and integrity of these assurances.

FSARAC 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 2018-19 by Kevin Hegarty, a Non-Executive Member. Other members of the Committee were Mrs Helen Anderson (NIEA) and Mr Brandon McMaster, a Non-Executive Member, appointed on 1st September 2018.

FS ARAC met on 4 occasions in 2018-19, as prescribed in the terms of reference. At each meeting the Committee is provided with a report summarising any changes to the Forest Service Corporate Risk Register, an Audit Implementation Plan update, a progress report from the Head of DAERA Internal Audit and other reports as required or requested.

Attendance details of members are summarised in the following table:

Name	Number of the 4 meetings attended
Kevin Hegarty (Chair)	4
Helen Anderson	3
Brandon McMaster	2

Accountability Report

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

Key findings of FSARAC in 2018-19

The Committee noted:

- A comprehensive Forest Service Health & Safety report for the period 1st April 2017 to 31st March 2018;
- The Comptroller and Auditor General (C&AG) certified the 2017-18 financial statements with an unqualified audit opinion without modification. No report on the account was required and no priority one recommendations were made in relation to regularity and the internal control environment;
- The risk of a plant disease outbreak remained on the DAERA Corporate Risk Register;
- The substantial work completed by Forest Service staff in planning and preparing for EU Exit day; Forest Service continues to embed governance in the organisation, including ongoing management of the Forest Service Corporate Risk Register, monitoring of the Audit Implementation Plan and the timely completion of Stewardship Reports;
- Fraud and Loss reporting updates and Financial Liabilities updates in Forest Service;
- No whistleblowing disclosures in Forest Service for 2018/19;
- The conclusions of Internal Audit reviews. Internal Audit work was conducted in accordance with Public Sector Internal Audit Standards; The successful implementation of previous Internal Audit recommendations by management and the closing of audit recommendations by Internal Audit following follow-up reviews; and
- The Internal Audit Service received a satisfactory assurance and therefore met the required Public Sector Internal Audit Standards after an External Quality assessment (EQA) had been completed by the Institute of Internal Auditors (IIA).

Governance Committee

I chair this Committee of Executive Directors who periodically invite their senior managers to attend to report on the controls they have in place to ensure proper governance of their work programmes including management of key risks to the delivery of outcomes. We aim to meet monthly. In the event that I or a Director is unavailable, we nominate a deputy to ensure continuity of business each month.

Finance (Fees and Charges) Committee

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

Accountability Report

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

The Forest Service Management Board's (FSMB) performance

The Board carried out a formal review of its effectiveness based upon confidential individual questionnaires completed by all members. This concluded that the FSMB understands who its key stakeholders are and has a good relationship with them, considers all legal and ethical requirements, and ensures appropriate direction for the Agency. Members indicated satisfaction with meetings and committee structure, the handling of Board processes, and the performance of fellow members.

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 Société Générale de Surveillance (SGS) Qualifor who audit our management performance against the requirements of the UK Woodland Assurance Standard (UKWAS). SGS Qualifor confirm that there is sufficient evidence that our forests are sustainably managed for 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 2, 3 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 via the Deputy Secretary with an Agency level Stewardship Report which reports on the governance arrangements in place and that these are being applied appropriately and robustly.

The Agency uses the service provided by DAERA Internal Audit, which operates to standards defined in the Public Sector Internal Audit Standards. The terms of reference given to Internal Audit is focused on 'principal risks' identified along with a range of corporate governance issues. Their annual report includes an opinion on the adequacy and effectiveness of the Agency's system of corporate governance, risk management, and internal control processes, together with recommendations for improvement.

In summary, my review of the effectiveness of the Agency's system of internal control shall rely upon the Directors' Stewardship Reports, the Information Security Risk Management Overview report, and the roles carried out by the Board, the Audit Risk and Assurance Committee (ARAC), other Board committees, the Northern Ireland Audit Office, Internal Audit and the Société Générale de Surveillance (SGS).

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.

Accountability Report

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

Quality of the data used by the Board

I rely on the FS ARAC to assure my Board that operational work plans are 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 SGS Qualifor and by their systems and processes, and by the processes to prepare and present papers for Board meetings. Directors are required to provide written reports to each Board 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

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 segmental access provided as required to undertake tasks. The NICS information management systems allows for full audit functionality to minimise and track information risk. Procedures for information loss are documented in the Agency's Information Loss Handling Plan which is kept under review and refreshed accordingly. There were no incidents of data loss reported during the year.

Risk Management

The nature of the risk facing the Agency relates 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, and plant disease monitoring.

The Forest Service Management Board leads the risk management process supported by the Governance Committee and assured by the ARAC. A risk register forms the basis of a risk management plan and is routinely reviewed by the Governance Committee and ARAC. Ownership of risk rests with Directors who ensure that individual staff are able to manage risk in a way appropriate to their authority and duties. The Board is also represented on the Department's Delivery Committee.

The Agency's risk profile includes managing direct risks to 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 recreation facilities in forests that require special permission for their activities are advised to carry out their own risk assessments.

The main strategic risks within the Forest Service risk profile are entry and spread of serious plant disease, the impact of a collapse of the Northern Ireland timber market or loss of major customers and, in the longer term, loss of productivity of plantations due to pests and disease, storm damage, fire, and loss of nutrients in the soil. 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

Accountability Report

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

Corporate Risk Register, if appropriate. Strategic level risk is managed 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 of bees 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.

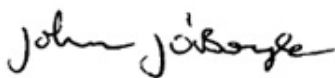
During the year, the work of the Agency focussed on the risks relating to the health and safety of visitors to our forests and staff, diseases affecting crops and trees, those affecting timber sales, and stewardship of financial resources and assets including National and EU grant funds.

Governance Summary

I am content that the Agency is in compliance with the principles of good governance set out in the 2013 Corporate Governance Code for central government departments. The following arrangements are in place:

- I have access, through the DAERA Permanent Secretary, to leadership, expertise, and guidance from the DAERA Board. It is deemed adequate to have two NEMs to support the Executive members on the Agency Management Board.
- My Director of Corporate Services is responsible for finance, human resources, communications, and governance and accountability processes generally. This member supervises professionally qualified accountants and draws on the Department in bringing accountancy expertise to the Board.

As such, I am satisfied that the Board provides collective strategic and operational leadership appropriate to Agency level.



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

Accountability Report

REMUNERATION & STAFF

Remuneration Report

Remuneration Policy

The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance. In the absence of an Executive the DoF Permanent Secretary has set the 2018-19 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The pay award for SCS staff for 2018-19 has not yet been finalised.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

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

Salary and pension entitlements

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

Accountability Report

REMUNERATION & STAFF

Remuneration (including salary) and pension entitlements [Audited]

Officials

	2018-19					2017-18				
	Salary	Bonus Payments	Benefits in kind (to nearest £100)	*Pension benefits (to nearest £1,000)	Total	Salary	Bonus Payments	Benefits in kind (to nearest £100)	*Pension benefits (to nearest £1,000)	Total
	£'000	£'000			£'000	£'000	£'000			£'000
Mr JJ O'Boyle (Chief Executive)	70-75	0	0	63,000	130-135	0	0	0	0	0
Mr M Beatty (Chief Executive)	0	0	0	0	0	75-80	0	0	(1,000)	75-80
Mr JJ O'Boyle (Director Of Forestry)	0	0	0	0	0	60-65	0	0	(5,000)	55-60
Mr J Crummie (Director of Plant Health)	55-60	0	0	20,000	75-80	55-60	0	0	4,000	60-65
Mr M McAuley (Head of Corporate Services) Until 14 Dec 18	35-40 (50-55 FYE)	0	0	2,000	35-40	50-55	0	0	(3,000)	45-50
Mr G Bell (Head of Corporate Services) 02 Jan – 31 Mar 19	40-45	0	0	11,000	50-55	0	0	0	0	0
Mr B McMaster Non-Executive Director	0-5	0	0	0	0-5	0	0	0	0	0

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decreases due to a transfer of pension rights.

Salary

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

Accountability Report

REMUNERATION & STAFF

Benefits in kind

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

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2018-19 relate to performance in 2018-19 and the comparative bonuses reported for 2017-18 relate to the performance in 2017-18.

Pay multiples [Audited]

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Forest Service in the financial year 2018- 19 was £70-75k (2017-18: £75-80k). This was 2.60 times (2017-18: 3.01 times) the median remuneration of the workforce, which was £27,818 (2017-18: £24,975).

	2018-19		2017-18
Band of highest paid Directors total remuneration	£70-75k	Band of highest paid Directors total remuneration	£75-80k
Median total remuneration	£27,818	Median total remuneration	£24,975
Ratio	2.6	Ratio	3.10

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

Non-Executive Members (NEMs)

One Non-Executive Member received remuneration for their position as a NEM at a rate of £500 per day. The time commitment for a NEM is expected to be in the region of 10 days per year.

Accountability Report

REMUNERATION & STAFF

Pension Entitlements [Audited]

Officials

	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr JJ O'Boyle (Chief Executive)	30-35 plus lump sum of 95-100	2.5 -5 plus lump sum of 7.5-10	734	640	65	0
Mr J Crummie (Director of Plant Health)	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 2.5-5	590	545	21	0
Mr M McAuley (Head of Corporate Services)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	521	475	1	0
Gordon Bell (Head of Corporate Services)	15-20 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	376	354	9	0

Negative Results

In some cases, the real increase in CETV and the pension benefits accrued for the single total figure of remuneration can be negative – that is, there can be a real decrease. This is particularly likely to happen during periods of pay restraint and/or where inflation is higher than pay increases.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Accountability Report

REMUNERATION & STAFF

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

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 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha
From	To	From 01 April 2018 to 31 March 2020
£0	£23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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).

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website: <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>

Accountability Report

REMUNERATION & STAFF

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

In some cases, the real increase in CETV and the pension benefits accrued for the single total figure of remuneration can be negative – that is, there can be a real decrease. This is particularly likely to happen during periods of pay restraint and/or where inflation is higher than pay increases.

Compensation for loss of office

There was no compensation paid for loss of office during the year.

Accountability Report

REMUNERATION & STAFF

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:

			2018-19 £000	2017-18 £000
	<i>Permanently employed staff</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
Wages and Salaries	6,131	14	6,145	6,040
Social Security Costs	601	0	601	573
Other Pension Costs	1,241	0	1,241	1,194
Total net costs	7,973	14	7,987	7,807

Of which:

Charged to Administration	Nil	Nil
Charged to Programme	7,987	7,807

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 most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2018.

For 2018-19, employers' contributions of £1,241,393 were payable to the NICS pension arrangements (2017-18: £1,189,382) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £NIL (2017-18: £NIL) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-2018: 8% to 14.75%) of pensionable pay. Employers

Accountability Report

REMUNERATION & STAFF

also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £NIL, 0.5% (2017-18: £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.

There were no early retirements on ill-health grounds (2017-18: One person); therefore no additional pension liabilities were accrued in the year (2017-18: £6,101).

Average Number of Persons Employed

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

			2018-19 Number	2017-18 Number
	Permanent staff	Others	Total	Total
Industrial	96.99	2.39	99.38	100.31
Non Industrial	104.82	0.55	105.37	106.50
Total	201.81	2.94	204.75	206.81

Exit packages – summary data [Audited]

There were no exit packages during 2018-19.

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

The Forest Service Management Board comprises the Chief Executive (male), 4 Executive Directors (male) and 2 non-Executive Members (2 male).

Of the 207 current members of staff, 32 are female (25 non-industrial and 7 industrial).

	G5	G6	G7	DP	SO	EO1	EO2	AO	AA	IND	TOTAL
Female	0	0	1	1	5	4	6	8	0	7	32
Male	1	0	3	10	19	39	3	1	1	98	175
	1	0	4	11	24	43	9	9	1	105	207

Accountability Report

REMUNERATION & STAFF

Sickness absence data

Robust absence management policy and procedure is adopted by the Agency to ensure that the reasons for absence are quickly understood and are addressed with HR partners and with medical professionals when necessary. The desired outcome in all cases is to assist and support staff to return to work as soon as possible.

The number of days lost per staff member, calculated as total absence divided by the number of staff, was 6.8, a significant improvement on last year's figure of 9.4. For staff unable to return to work we fully supported recommendations from our HR partners to facilitate retirements. Short term absence rates remained within target.

Staff policies applied re employment of disabled people

Forest Service staff members are civil servants and are covered by all NICS HR policies.

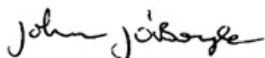
Expenditure on consultancy

The Agency had no external consultancy expenditure during the year.

Off-payroll engagements

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

	Forest Service Agency
No. of off payroll engagements of Board Members, and or senior officials with significant financial responsibility, during the financial year.	0
Total no of individuals on payroll and off payroll that have been deemed "Board Members and or Senior Officials with significant financial responsibility," during the financial year. This figure should include both on payroll and off payroll engagements.	6



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

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

The main activity that attracts a charge is timber sales, recreation; both commercial and non-commercial and Plant Health Inspection fees.

The financial objective of Commercial Recreation and Plant Health Inspection fees 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 approx. 400,000m³ 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 2019.

Departure of the UK from the EU

In July 2018, the UK Government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The guarantee now covers the Multiannual Financial Framework allocation for structural and investment funds over the 2014-20 funding period, with the payments to beneficiaries made up to the end of 2023. The financial settlement was agreed in principle by both the UK and EU, as set out in the draft Withdrawal Agreement of 25th November 2018. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified in the case of no deal, and UK organisations are unable to access EU funding.

Long Term Expenditure Trends

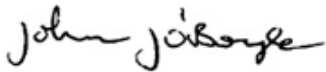
The need for economy and value for money in public expenditure, coupled with pressure to reduce Civil Service manning levels continued during the year. Planning for further reduced salaries and wages budgets from 2018 -2021 has been ongoing. Implementation of a new target operating model

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

aligned to our business priorities has been challenged by the reduction in these budgets and the uncertainty about future headcount limits.

The timber industry has shown resilience and demand for timber remains strong albeit that price paid to us looks set to fall in 2019-20 due to wider market supply and demand adjustments. The impact of the UK's exit from the EU in this regard is uncertain at this time.



JOHN JOE O'BOYLE
Chief Executive
17 June 2019

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

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 Agency for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. 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 Agency's affairs as at 31 March 2019 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Forest Service Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, 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.

Other Information

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

In connection with my audit of the financial statements, 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, 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:

- 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

Accountability Report

ASSEMBLY ACCOUNTABILITY & AUDIT REPORT

- 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

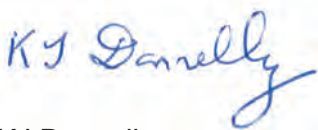
Matters on which I report by exception

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
- 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.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
28 June 2019



South Armagh forests towards Slieve Gullion

Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

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.

		2018-19 £000	2017-18 £000
	Note		
Revenue from contracts with customers	2	(10,356)	(11,354)
Other operating Income	2	(1,193)	(891)
Total Operating Income		(11,549)	(12,245)
Operating Expenditure			
Staff Costs	4	7,987	7,807
Grants	4	1,661	1,558
Other Operating Expenditure	4	5,238	5,571
Non-Cash Items	4	3,021	3,078
Revaluation	4	(16,539)	(8,937)
Total Operating Expenditure		1,368	9,077
Net expenditure / (surplus) for the year		(10,181)	(3,168)

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, 12	(8,696)	1,811
Net (gain) / loss on revaluation of Intangible Assets	8.1	(1)	(4)
Comprehensive Net Expenditure/ (Surplus) for the year		(18,878)	(1,361)

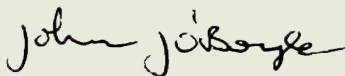
The notes on pages 57 to 78 form part of these accounts.

Accounts

Statement of Financial Position as at 31 March 2019

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.

		2018-19 £000	2017-18 £000
	Note		
Non-current assets:			
Heritage assets	6	1,167	1,167
Property, plant and equipment	7	126,460	117,990
Intangible assets	8	572	587
Biological assets	10	213,419	197,444
Total non-current assets		341,618	317,188
Current assets:			
Assets classified as held for sale	11	1,198	736
Inventories	14	55	53
Trade and other receivables	15	1,924	2,619
Cash and cash equivalents	16	73	4
Total current assets		3,250	3,412
Total assets		344,868	320,600
Current liabilities:			
Trade and other payables	17	(1,778)	(1,974)
Provisions	18	(236)	(317)
Total current liabilities		(2,014)	(2,291)
Total assets less current liabilities		342,854	318,309
Non-current liabilities:			
Provisions	18	-	-
Total non-current liabilities		-	-
Total assets less total liabilities		342,854	318,309
Taxpayers' equity and other reserves:			
General fund		276,123	259,624
Revaluation reserve		66,731	58,685
Total equity		342,854	318,309



JOHN JOE O'BOYLE
Accounting Officer
17 June 2019

Statement of Cash Flows for the year ended 31 March 2019

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.

		2018-19 £000	2017-18 £000
	Note		
Cash flows from operating activities			
Net operating expenditure		10,181	3,168
Adjustments for non-cash transactions	4	(13,548)	(5,859)
(Increase) / decrease in trade and other receivables	15	695	(384)
(Increase) / decrease in inventories	14	(2)	(7)
Increase / (decrease) in trade and other payables	17	(196)	47
Use of provisions	18	(48)	(13)
Bad debt provisions provided for / (released) in year	4	-	(3)
Net cash outflow from operating activities		(2,918)	(3,051)
Cash flows from investing activities			
Purchase of non-financial assets	7	(1,206)	(673)
Purchase of intangible assets	8	(5)	(25)
Proceeds from disposal of non-financial assets	4, 7	20	53
Net cash outflow from investing activities		(1,191)	(645)
Cash flows from financing activities			
Funding from Parent Department		4,178	3,696
Net financing		4,178	3,696
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		69	-
Cash and cash equivalents at the beginning of the period	16	4	4
Cash and cash equivalents at the end of the period	16	73	4

The notes on pages 57 to 78 form part of these accounts.

Accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

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 £000	Revaluation Reserve £000	Taxpayers' Equity £000
	Note			
Balance at 31 March 2017		250,634	60,998	311,632
Net Assembly Funding – drawn down from DAERA		3,696	-	3,696
Comprehensive Net Expenditure for the year – Net surplus / (deficit)		3,168	-	3,168
Non-cash adjustments	7.2	-	(1,808)	(1,808)
Non-cash charges – other notional costs	5	1,608	-	1,608
Transfers between reserves		505	(505)	-
Balance at 31 March 2018		259,624	58,685	318,309
Non-cash charges - auditors remuneration	5	13	-	13
Net Assembly Funding – drawn down from DAERA		4,178	-	4,178
Comprehensive Net Expenditure for the year – Net surplus / (deficit)		10,181	-	10,181
Non-cash adjustments	7.1, 8.1	-	8,697	8,697
Non-cash charges – other notional costs	5	1,469	-	1,469
Non-cash charges - auditors remuneration	5	20	-	20
Transfers between reserves		651	(651)	-
Balance at 31 March 2019		276,123	66,731	342,854

The notes on pages 57 to 78 form part of these accounts.

Notes to the Agency's Accounts

1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2018-19 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS's) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Forest Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Forest Service are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

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

1.2 Property, plant and equipment

Capitalisation

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

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

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

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 2014. 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.

Land forms part of the Combined Asset Valuation (CAV) of forestry land and timber thereon and is valued annually by LPS. The fair value for the land is calculated by deducting the fair value of the timber from the CAV. All valuations have been carried out by LPS in accordance with the current edition of 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).

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The value of trees grown for commercial purposes is included in non-current assets at a fair value basis less estimated selling costs. The fair value is determined by applying the present value of expected net cash flows from the asset (future revenues based on the sale of mature timber), discounted at a current market determined pre-tax rate to calculate the fair value of the timber asset at any point in time. Revaluations are directly charged to the Statement of Comprehensive Net Expenditure.

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

Assets under construction are carried at cost.

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

Depreciation

Depreciation is charged on a straight-line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful life. The useful lives, which are reviewed regularly, and were aligned with the parent department's policy in 2018-19 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.

1.3 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 2014 in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). There is no in-year amortisation charge as the life span is land-based and therefore assumed to be infinite.

Software Licences

Purchased computer software licenses are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition, similar licenses falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licenses is restated at fair value at the Statement of Financial Position date in accordance with the movement in the Retail Price Index (RPI). Software licenses are amortised over their expected useful life, which can be from 1 to 15 years, depending on the license.

Developed Software

Developed Software is a combination of automated digital data collection facilities including that used for vehicle and inspection management as well as independently commissioned reports on the

usage of the forests. These are amortised over the expected useful life of the asset, which can be from 1 to 15 years.

1.4 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 age and expected volume at harvest is derived from an ongoing programme of forest inventory measurement and applied to a series of timber yield models. The age of Maximum Mean Annual Increment (MMAI) is an industry convention used as the most appropriate method of assessing when a plantation is mature. The actual date of harvest may differ for a variety of reasons, aimed at evening out the rate of timber supply and ensuring the continuing supply of forest service's other than timber.

In the absence of an active market for the sale of immature plantations in Northern Ireland, the volume of trees is included in non-cultivated assets on a fair value basis less estimated selling costs.

The fair value is determined by applying the present value of expected future net cash flows from the asset discounted at a market determined pre-tax rate to calculate the current fair value of the timber estate in its present form. Future revenues are based on active market information for the sale of mature timber. Costs to sell are those associated with measurement for timber sales, supervision of harvesting operations, infra-structure to facilitate harvesting access and costs to market the timber. Forest Service has determined that the appropriate interest rate is 5%.

All income and costs are annualised over the previous five years using the Gross Domestic Product (GDP) Inflation Series published by the Office of National Statistics (ONS) to exclude the influence of short term fluctuations in trading prices.

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

1.5 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.

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

The Agency classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets that are held

Accounts

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.

1.7 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.

1.8 Contingent Liabilities

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

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

1.9 Provisions

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

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

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

1.10 Revenue recognition

In line with IFRS 15 the Agency recognises its income in as either Revenue from contracts with customers or Other Operating Income. Revenue from contracts with customers is income that relates directly to operating activities of the Agency and comprises fees and charges, to be recovered for services provided to external customers and 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.

1.11 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 fulfil the condition of the relevant woodland grant scheme, the amount of co-financing may be repayable to the EU.

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

1.13 Employee Benefits including Pension Costs

Pensions

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

Short-term employee benefits

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

1.14 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.

1.15 Value Added Tax

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

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

1.16 Taxation

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

1.17 Financial Instruments

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

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

The Agency has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

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

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

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

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

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

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

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

1.18 Related Party Transactions

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

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

Accounts

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

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

1.19 Segmental Reporting

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

1.20 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.

1.21 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2019

The Agency has reviewed the standards, interpretations and amendments to published standards that became effective during 2018-19 and which are relevant to its operations. The Agency anticipates that the adoption of these standards will have no material impact on the Forest Service's financial position or results of operations.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new standard

1.22 Impending application of newly issued accounting standards not yet effective

The Agency has not adopted any standards or interpretations in advance of the required implementation dates. New standards have been issued that will have to be considered by the Agency in 2019-20, such as:

IFRS 16 Leases.

Accounts

2. Income

	2018-19	2017-18
	£000	£000
Income from contracts with customers:		
Timber Sales	8,727	9,072
Other Forest Products	47	23
Recreation	1,052	1,017
Rentals	449	740
Other Activities	81	502
	10,356	11,354
Other Operating Income		
EU Income	1,193	891
Total	11,549	12,245

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 forests. Entrance charges are only levied for 8 Forest Parks.
- iii) The financial objective of Commercial Recreation 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.
- 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 refer to the sale of timber from the forest estate to customers, through the arrangement of Long Term Contracts, Tender Sales or Negotiated Sales.

	2018-19			2017-18		
	Income	Cost	Surplus / (Deficit)	Income	Cost	Surplus / (Deficit)
	£000	£000	£000	£000	£000	£000
Timber Sales	8,727	1,261	7,466	9,072	1,015	8,057
Commercial Recreation	394	379	15	463	499	(36)
Non-Commercial Recreation	658	1,354	(696)	553	1,381	(828)
Potato Growing Crop and Tuber Inspections	39	49	(10)	40	41	(1)
Total	9,818	3,043	6,775	10,128	2,936	7,192

Accounts

4. Programme Costs

		2018-19	2017-18
		£000	£000
	Note		
<u>Grant Payments</u>			
National element		468	667
EU element		1,193	891
		1,661	1,558
<u>Staff Costs</u>			
Wages and Salaries		6,145	6,040
Social Security Costs		601	573
Other Pension Costs		1,241	1,194
		7,987	7,807
<u>Other Expenditure</u>			
Rentals under operating leases		139	84
Staff related costs		386	403
Accommodation costs		261	225
Office Services		154	157
Contracted out services		2,297	2,637
Professional costs		196	170
Consultancy costs		-	-
Other costs		1,803	1,892
Non-capital purchases		2	3
		5,238	5,571
<u>Non-cash items</u>			
Depreciation	7	1,522	1,462
Amortisation	8	22	48
Loss / (Profit) on disposal of non-current assets		-	-
Liability provisions provided for / (released) in year	18	(33)	(50)
Bad debts written off		21	-
Bad debts provided for / (released) in year		-	(3)
Notional charges	5	1,489	1,621
		3,021	3,078
<u>Other non-cash items</u>			
Revaluation - Timber	12	(16,437)	(9,125)
Revaluation - Other assets	7	(102)	188
		(16,539)	(8,937)
Total Programme Costs		1,368	9,077

Accounts

4. Programme Costs (cont.)

Grant Payments

The total of grant payments for 2018-19 included £NIL paid to public bodies (2017-18: £NIL) and £1,661,476 (2017-18: £1,557,955) 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.

5. Notional Costs

	2018-19 £000	2017-18 £000
<i>Services provided by parent department:</i>		
Central Support	843	830
Total	843	830
<i>Services provided by other departments:</i>		
DoF Accommodation	274	321
NICS HR	95	115
Business Development Service	-	-
Departmental Solicitor's Office	37	30
Account NI	47	69
IT Assist	173	243
Auditor's remuneration and expenses	20	13
	646	791
Total Notional Costs	1,489	1,621

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 2018-19

Cost or valuation

At 1 April 2018

Additions

Disposals

Reclassifications

Revaluations

Impairments

Indexation

At 31 March 2019

Carrying amount at 31 March 2019

Carrying amount at 31 March 2018

Heritage Assets	
£000	
	1,167
Additions	-
Disposals	-
Reclassifications	-
Revaluations	-
Impairments	-
Indexation	-
At 31 March 2019	1,167
Carrying amount at 31 March 2019	1,167
Carrying amount at 31 March 2018	1,167

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

6.2 2017-18

Cost or valuation

At 1 April 2017

Additions

Disposals

Reclassifications

Revaluations

Impairments

Indexation

At 31 March 2018

Carrying amount at 31 March 2018

Carrying amount at 31 March 2017

Heritage Assets	
£000	
	1,167
Additions	-
Disposals	-
Reclassifications	-
Revaluations	-
Impairments	-
Indexation	-
At 31 March 2018	1,167
Carrying amount at 31 March 2018	1,167
Carrying amount at 31 March 2017	1,167

7. Property, Plant and Equipment

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2018	105,540	12,518	6,534	602	66	125,260
Additions	-	614	376	-	216	1,206
Disposals	-	(915)	(134)	(36)	-	(1,085)
Impairments	-	-	-	-	-	-
Reclassifications & Transfers	-	(39)	-	47	-	8
Revaluations	8,156	346	79	6	-	8,587
At 31 March 2019	113,696	12,524	6,855	619	282	133,976
Depreciation						
At 1 April 2018	515	2,729	3,789	237	-	7,270
Charge in year	320	685	398	119	-	1,522
Disposals	-	(915)	(114)	(36)	-	(1,065)
Impairments	-	-	-	-	-	-
Reclassifications & Transfers	-	(5)	-	5	-	-
Revaluations	(320)	65	41	3	-	(211)
At 31 March 2019	515	2,559	4,114	328	-	7,516
Carrying amount at 31 March 2019	113,181	9,965	2,741	291	282	126,460
Carrying amount at 31 March 2018	105,025	9,789	2,745	365	66	117,990
Asset financing:						
Owned	113,181	9,965	2,741	291	282	126,460
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2019	113,181	9,965	2,741	290	282	126,460

Forest Service land forms part of the Combined Asset Valuation of forestry land and timber thereon (CAV) and is valued annually by LPS. The fair value for the land is calculated by deducting the fair value of the timber (as calculated per note 1.4) from the CAV.

All valuations have been carried out by LPS in accordance with the current edition of 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).

Forest Service buildings were valued as at 1 April 2014 on an existing use basis by an independent surveyor, Land and Property Services (LPS), a division of the Department of Finance. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

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

7. Property, Plant and Equipment (cont.)

	Land £000	Buildings £000	Plant & Machinery £000	Information Technology £000	Assets under Construction £000	Total £000
7.2 2017-18						
Cost or valuation						
At 1 April 2017	108,404	11,464	6,699	626	426	127,619
Additions	-	83	434	101	55	673
Disposals	-	(314)	(570)	(150)	-	(1,034)
Impairments	-	-	-	-	-	-
Reclassifications & Transfers	-	415	-	6	(415)	6
Revaluations	(2,864)	870	(29)	19	-	(2,004)
At 31 March 2018	105,540	12,518	6,534	602	66	125,260
Depreciation						
At 1 April 2017	515	2,091	3,918	269	-	6,793
Charge in year	175	751	426	110	-	1,462
Disposals	-	(314)	(516)	(150)	-	(980)
Impairments	-	-	-	-	-	-
Reclassifications & Transfers	-	-	-	-	-	-
Revaluations	(175)	201	(39)	8	-	(5)
At 31 March 2018	515	2,729	3,789	237	-	7,270
Carrying amount at 31 March 2018	105,025	9,789	2,745	365	66	117,990
Carrying amount at 31 March 2017	107,891	9,373	2,780	357	426	120,827
Asset financing:						
Owned	105,025	9,789	2,745	365	66	117,990
Financed Leased	-	-	-	-	-	-
Carrying amount at 31 March 2018	105,025	9,789	2,745	365	66	117,990

Accounts

8. Intangible Assets

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
8.1 2018-19				
Cost or valuation				
At 1 April 2018	516	14	112	642
Additions	-	-	5	5
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and Transfers	-	-	-	-
Revaluations	-	1	3	4
At 31 March 2019	516	15	120	651
Amortisation				
At 1 April 2018	-	-	55	55
Charge in year	-	2	20	22
Disposals	-	-	-	-
Impairments	-	-	-	-
Reclassifications and Transfers	-	-	-	-
Revaluations	-	-	2	2
At 31 March 2019	-	3	77	79
Carrying amount at 31 March 2019	516	13	43	572
Carrying amount at 31 March 2018	516	14	57	587

Land Rights held by the Forest Service relate to shooting, turbary rights and wayleaves. They are valued at 5-yearly intervals by the Land and Property Services (LPS), the latest being at 1 April 2014.

Accounts

8. Intangible Assets (cont.)

8.2 2017-18

Cost or valuation

	Land Rights £000	Software Licenses £000	Developed Software £000	Total £000
At 1 April 2017	516	93	178	787
Additions	-	13	12	25
Disposals	-	(93)	(85)	(178)
Impairments	-	-	-	-
Reclassifications and Transfers	-	-	-	-
Revaluations	-	1	7	8

At 31 March 2018

516	14	112	642
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Amortisation

At 1 April 2017	-	93	88	181
Charge in year	-	-	48	48
Disposals	-	(93)	(85)	(178)
Impairments	-	-	-	-
Reclassifications and Transfers	-	-	-	-
Revaluations	-	-	4	4

At 31 March 2018

-	-	55	55
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Carrying amount at 31 March 2018

516	14	57	587
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Carrying amount at 31 March 2017

516	-	90	606
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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 2018-19 (2017-18: Nil).

Accounts

10. Biological Assets

		2018-19	2017-18
		£000	£000
	Note		
Value at 1 April		197,444	187,885
<i>Revaluation adjustment</i>			
Transfer to assets held for sale	11	(1,198)	(736)
Timber removals		(7,728)	(7,824)
Timber lost to fire		(22)	(25)
Timber lost to disease		-	-
Price / Growth increment		24,923	18,144
Carrying amount at 31 March		213,419	197,444
Revaluation adjustment:			
Credited / (Charged) to Statement of Comprehensive Net Expenditure	4	16,437	9,125
In-year movement in assets held for sale	11	(462)	433
Movement in timber valuation		15,975	9,558

Growing timber is valued as per note 1.4. 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 2018-19 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved.

Movement in timber valuation

The timber valuation model uses Yield Class as a standard measure of growth productivity to determine at what age a sub-compartment of forest for valuation is mature. The growth productivity of forest areas is derived from an ongoing programme of forest inventory measurement and applied to a series of timber yield models. The age of Maximum Mean Annual Increment (MMAI) is used as the most appropriate method of assessing when a crop is mature.

Actual harvested timber recoveries and annualised market values are used to determine a net value per hectare.

A 4.1% increase in the income per harvested hectare combined with a 8% increase in costs to sell accounted for the revaluation movement.

The increase in the value of sales at maturity rose to £10,112 ha (2017 -18: £9,712 ha), coupled with an increase in the costs to sell of £1,393ha (2017 -18: £1,290 ha) accounted for the £16 m revaluation movement. The revaluation movement, except for the movement in the asset held for sale value, is taken directly to the Statement of Comprehensive Net Expenditure.

Accounts

11. Current Assets – Assets Classified as Held for Sale

		2018-19 £000	2017-18 £000
	Note		
Land		-	-
		-	-
Timber			
Opening balance		736	1,169
Additions		1,198	736
Disposals		(736)	(1,169)
Revaluation		-	-
Transfers		-	-
Closing balance		1,198	736
Carrying amount at 31 March		1,198	736

There are no assets surplus to requirements as at 31 March 2019.

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.

12. Revaluations

		2018-19 £000	2017-18 £000
	Note		
Property, Plant & Equipment	4, 7	(102)	188
Growing Timber Revaluation	4, 10	(16,437)	(9,125)
Total Revaluation (credit) / charge in year	4	(16,539)	(8,937)

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.

Accounts

14. Inventories

	2018-19	2017-18
	£000	£000
Stock	55	53
Balance at 31 March	55	53

15. Trade Receivables and Other Current Assets

	2018-19	2017-18
	£000	£000
Amounts falling due within one year:		
Trade receivables	1,884	2,390
Other receivables	-	35
Prepayments & Accrued Income	40	194
Balance at 31 March	1,924	2,619
Amounts falling due after more than one year		
Trade receivables	-	-
Other receivables	-	-
Prepayments & Accrued Income	-	-
Balance at 31 March	-	-
Total Receivables at 31 March	1,924	2,619

16. Cash and cash equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	4	4
Net change in cash and cash equivalent balances	69	-
Balance at 31 March	73	4
The following balances at 31 March were held at:		
Commercial banks and cash in hand	73	4
Balance at 31 March	73	4

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17. Trade Payables and Other Current Liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Trade payables	217	15
Other payables	39	-
Accruals and Deferred Income	1,430	1,875
VAT	92	84
Balance at 31 March	1,778	1,974
Amounts falling due after more than one year		
Other taxation and social security	-	-
Trade payables	-	-
Other payables	-	-
Accruals and Deferred Income	-	-
VAT	-	-
Balance at 31 March	-	-
Total payables at 31 March	1,778	1,974

18. Provisions for liabilities and charges

2018-19	Legal Claims £000	Total £000
Balance at 1 April 2018	317	317
Provided in the year	25	25
Provisions utilised in the year	(48)	(48)
Provisions not required written back	(58)	(58)
Balance at 31 March 2019	236	236

Analysis of expected timing of discounted cash flows

Not later than one year	236	236
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March 2019	236	236

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18. Provisions for liabilities and charges (cont.)

2017-18

Balance at 1 April 2017
 Provided in the year
 Provisions utilised in the year
 Provisions not required written back

Balance at 31 March 2018

Legal Claims	Total
£000	£000
380	380
113	113
(13)	(13)
(163)	(163)
317	317

Analysis of expected timing of discounted cash flows

Not later than one year
 Later than one year and not later than five years
 Later than five years

Balance at 31 March 2018

317	317
-	-
-	-
317	317

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 5.2 adopted by the EC on 19/12/2017) are as follows:

EU Grant Schemes

Not later than one year
 Later than one year and not later than five years
 Later than five years

National Grant Schemes

Not later than one year
 Later than one year and not later than five years
 Later than five years

Legal Claims	Total
£000	£000
1,226	1,337
1,994	2,228
1,268	1,479
4,488	5,044
461	474
664	743
423	493
1,548	1,710

19. Grant Commitments (cont.)

	2018-19 £000	2017-18 £000
Total EU / National Grant Schemes		
Not later than one year	1,687	1,811
Later than one year and not later than five years	2,658	2,971
Later than five years	1,691	1,972
	6,036	6,754

20. Capital Commitments

There are no contracted capital commitments at 31 March 2019 (2017-18: £NIL).

21. Commitments under Leases

Operating leases

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

	2018-19 £000	2017-18 £000
Land		
Not later than one year	2	2
Later than one year and not later than five years	8	7
Later than five years	175	173
	185	182

Finance leases

The Agency had no finance leases during 2018-19 or 2017-18.

22. Contingent liabilities disclosed under IAS 37

Public Liability Claims

The Agency has 5 ongoing public liability claims at 31 March 2019 (31 March 2018: 10 claims). Due to the serious prejudice that would be caused to the Agency's position in relation to these claims with other parties, full disclosure is not possible.

Court of Appeal judgment on backdated PSNI Holiday Pay:

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the

Accounts

NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

23. Losses and Special Payments

Losses

	2018-19 £000	Number of cases	2017-18 £000	Number of cases
Forest Fires	22	2	25	4
Fraud / Theft / Vandalism	6	3	1	5
Debt write off	21	14	-	-
Total	49	19	26	9

Special Payments

There were no special payments paid in 2018-19 (2017-18: £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 2019.

26. Events after the Reporting Period

There have been no material post balance sheet events occurring after the year-end which affect these accounts.

27. Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 28 June 2019.



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