



Grantiau a chymorth  
i greu a gwella coetiroedd

Grants and support for creating  
and improving woodlands

# Approach to Grant Claims and Inspections

## Introduction

This note sets out how Forestry Commission Wales (FCW) will determine what schemes will be inspected under Better Woods for Wales (BWW) and how FCW will deal with schemes that fail inspections. The inspection regime used by FCW has been changed to meet current requirements. The main reasons for this are:

- To meet the regulatory requirements of the Rural Development Plan (RDP).
- To ensure selection of cases is based predominantly on risk - an RPD requirement.
- To make best use of the BWW electronic inspections functions.

The new approach to inspections has been designed to take these factors into account and provide a transparent and fair approach. FCW has a responsibility to ensure that Welsh Assembly Government (WAG) and EU funds are properly spent. The inspection regime is a key control that ensures payments are properly made and therefore that the risk of improper use of funds is minimised. EU Regulations and WAG guidance sets out how we must achieve these requirements, and form the basis of this instruction.

## Definitions

A **Formal Inspection** occurs when the Grants and Licences Online System (GLOS) selects a claim for inspection.

**Unintentional failed claim:** work that has been carried out but does not meet BWW specifications.

**Intentional failed claim:** where the work has not been done or has only partially been done.



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**Appeal:** A request to review a decision made by Forestry Commission Wales in relation to a Better Woods for Wales contract.

## BWW Processes

### Selecting Claims for Inspection

The selection of claims for inspection has been updated from previous grant schemes to be more robust and transparent. The changes will also enable FCW to meet current EU and WAG requirements.

The Grants and Licences online System (GLOS), based on a random and a risk element, will select BWW claims for formal inspection. FCW will initially aim to formally inspect 5% of all claims each calendar year. The results will be analysed to ensure that the percentage inspected is satisfactory and gives a good indication of what is happening in the field.

### Risk based selection

Claims categorised as 'high risk' will be inspected more regularly than claims categorised as 'low risk'. Risk based selection will apply to 80% of formal inspections. This equates to 4% of the overall population of claims.

Claim value, operation type and owners/ agent recent claim inspection history will be used to populate the risk matrix. GLOS will automatically identify claim value. Operation type will be risk-assessed manually, by Woodland Officers when a case is approved, based on a pre-determined risk factor (high, med or low) for different operation types (see table 1 below).

**Table 1 BWW Operations and risk status**

Operation Group	Risk status
New planting	High
Restocking	High
Tracks & Civil engineering	Medium
Access	Medium
Social (signage & equipment)	Medium
Forest Management	Medium
Environment & conservation	Low
Harvesting (uneconomic thinning/clearfell)	Low
Vegetation management	Low

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Owner/agent recent inspection history will be assessed manually by the Operations Support Manager after each inspected claim. All claimants risk status will start as 'low' and will move up or down based on the outcome of inspections.

If an owner/agent's claim fails an inspection their risk status will be increased to 'high risk'. If the next claim is satisfactory the risk will be reduced to medium risk; if the following claim is satisfactory they will revert to low risk. However, if there are two failed inspections one after another, the risk status will be increased to high for the remainder of that 5-year BWW contract period.

The higher the risk the more claims will be inspected. Passed inspections will result in the risk status being lowered.

GLOS develops a matrix based on the above factors to create an 'overall score' for each claim. This will be used to determine a risk category band (high, medium or low). GLOS will then select claims based on the matrix.

## Random inspections

As well as the risk based assessments described above, the G&L online system (GLOS) will randomly select 20% of all formal inspections by value (equates to 1% of the overall population of claims).

## Reported breaches

BWW schemes where irregularities have been reported to FCW by WAG or FCW staff can be assigned 'high risk' status and formally inspected.

## Field Process

There will be clear separation of duties and any FCW officers who have been involved in the preparation of a case will not be involved in formal claim inspections for that case. This will generally be the role of Woodland Officer Support.

## Outcome of Inspections

Formal Inspections without notification are preferred but where the inspecting officer feels there are access or safety issues they can give up to 48 hours notice. The period of notice for a formal inspection given to BWW contract holders will be no greater than 48 hours.

When a claim requires a field inspection, the member of staff will assess the claim against the work as set out in the BWW contract and any relevant BWW business rules and technical specifications. Claims that require inspection will be inspected within 28 days.

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The results of BWW claim inspections will be categorised as follows:

- **Pass:** will be used for claims where all the BWW specifications have been met.
- **Passed but deferred:** will be used **only** where the inspector is not satisfied with the quality of the work but where the specifications have been met. Regardless of the inspectors' opinion, this category will not be used for cases where the BWW specifications have not been met. Payment will be made provided that issues are rectified within a reasonable period of time, usually 6 weeks.
- **Failed: penalties apply** (see below), to be used for **all** cases where the work has not been completed and/or the BWW specification has not been met and which are outside the agreed tolerances.

## Tolerances

If FCW have created a mapping or system error that has resulted in a failure then no penalty will be applied. In addition, a tolerance limit of 3% will apply to any claim with operational errors or mapping accuracy errors. This is to allow for minor variations in working specification which do not warrant an amendment.

## Application of penalties

BWW contract holders can only claim for work that is completed as per contract and meets BWW technical specifications and business rules. The claimant takes responsibility on submission that the work is to the correct specification. If a claim is submitted and fails an inspection - the following will apply:

- **Pass:** a penalty will not be applied on a claim for work that has not been completed, if the difference is 3% or less than by value of the claim or there was a mapping/system error created by FCW. Example 1: a fence of 100m is claimed. The eligible grant is £175. Upon inspection – only 96m of fence is present. This represents an over-claim of £5.25 or 3% of claim value, therefore no penalty will apply.
- **Unintentional failed claim:** In these cases we will pay for the completed work minus a penalty equal to the amount of uncompleted work. Example 1: a 10ha site has been planted but the use of poor planting stock has caused failure of 3 ha of planting. We will pay for 4ha of planting (i.e. the 7ha of 'good' planting minus 3ha of 'poor' planting). Example 2: a 100m track claimed, but 20m was washed out. We will pay for 60m of track i.e. 80m of 'good' track minus 20m of 'poor' track.
- **Intentional failed claim:** In these cases no grant will be paid to and the beneficiary will be ineligible to claim any of the same grant type e.g. WIG Social or WIG Environmental grants in the remainder of that calendar year and the following year. You may also be ineligible for other Welsh Assembly Government land based schemes for up to 2 years. Examples of where this would apply are given below.

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Example 1: a track with a specification including 100mm of stone has no stone present at time of inspection. Example 2: 300m of fence is claimed but only 250m is present. Example 3: Extensive brush mats have been used so that the site is not fully stocked. Example 4: a track that has been built to the correct length and width but does not include the agreed cross drains, side drains and culverts. Example 5: £10K (by value) of uneconomic thinning work has been claimed but only £8k of work carried out (i.e. £2k over-claim).

A senior officer will first review each case before any application of penalties.

## Post Payment Inspections

After paying BWW claims we will carry out post payment inspections on 1% of all claims based on value. (These are known as Ex post checks).

## Reclaims

Following a post payment inspection, it is found that the work does not meet the specifications for the operation or the quantities claimed from BWW, then we may reclaim all of the grant. Interest will be charged from the date when we notify the beneficiary of our intent to reclaim the grant. A senior officer will review all reclaim cases.

## Senior Officer checks

The BWW system will select 10% of claims that have already been inspected for inspection by an FCW senior officer. This selection will be based on risk/ random selection as described in 3) above. This is essentially an audit check that the actions carried out by the inspecting officer have been carried out competently. We will reclaim and/or apply penalties if schemes have failed.

## Appeals process

Should a beneficiary feel that a penalty has been incorrectly applied to their claim for support from Better Woodlands for Wales (BWW) then they have access to the Department for Rural Affairs and Heritage Independent Appeals Process. This process considers appeals against decisions taken by Officials in Forestry Commission Wales (FCW) relating to grants.

This process is intended to ensure that beneficiaries who consider that Officials did not reach the correct decision on any matter relating to grants have access to a fair and independent appeals procedure. Decisions will be reviewed to ensure that officials have been objective and have applied the rules correctly in reaching their decision.

This process was established under regulation 3 of the '*Agricultural Subsidies and Grants Schemes (Appeals) (Wales) Regulations 2006*' (S.I 2006/3342 (W.303)).

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The process consists of two stages:

1. Review by Officials within the group responsible for administering the scheme and agreed by a senior official.

If the appellant does not agree with the findings from Stage 1 then they can proceed to Stage 2;

2. Review by an Independent Panel (which makes recommendations to the Minister for Rural Affairs and Heritage), who in turn takes the final decision to conclude the process.

**The review by Officials (Stage 1) must take place before consideration by an Independent Appeals Panel (Stage 2).**

The role of the Independent Appeals Panel is to:

- Make a report of their conclusions in relation to appeals submitted to them, and;
- Make recommendations to the Minister for Rural Affairs and Heritage concerning those appeals.

Access to the appeals process is via the FCW G&R Operations Office at Clawdd Newydd (Clawdd Newydd, Ruthin, Denbighshire, LL15 2NL, Tel: 0845 604 0845 Fax: 01824 750483, E-mail: [con.nw@forestry.gov.uk](mailto:con.nw@forestry.gov.uk)). An appeal must be received within 60 days of notification of the decision. FCW will then send you the appeals form for completion. This will be acknowledged with stage 1 commencing immediately.

In cases where FC Wales receives an appeal request, the original calculation of interest will be suspended from that date pending either the outcome of the 2 stage appeals process or until such time as the beneficiary accepts liability.