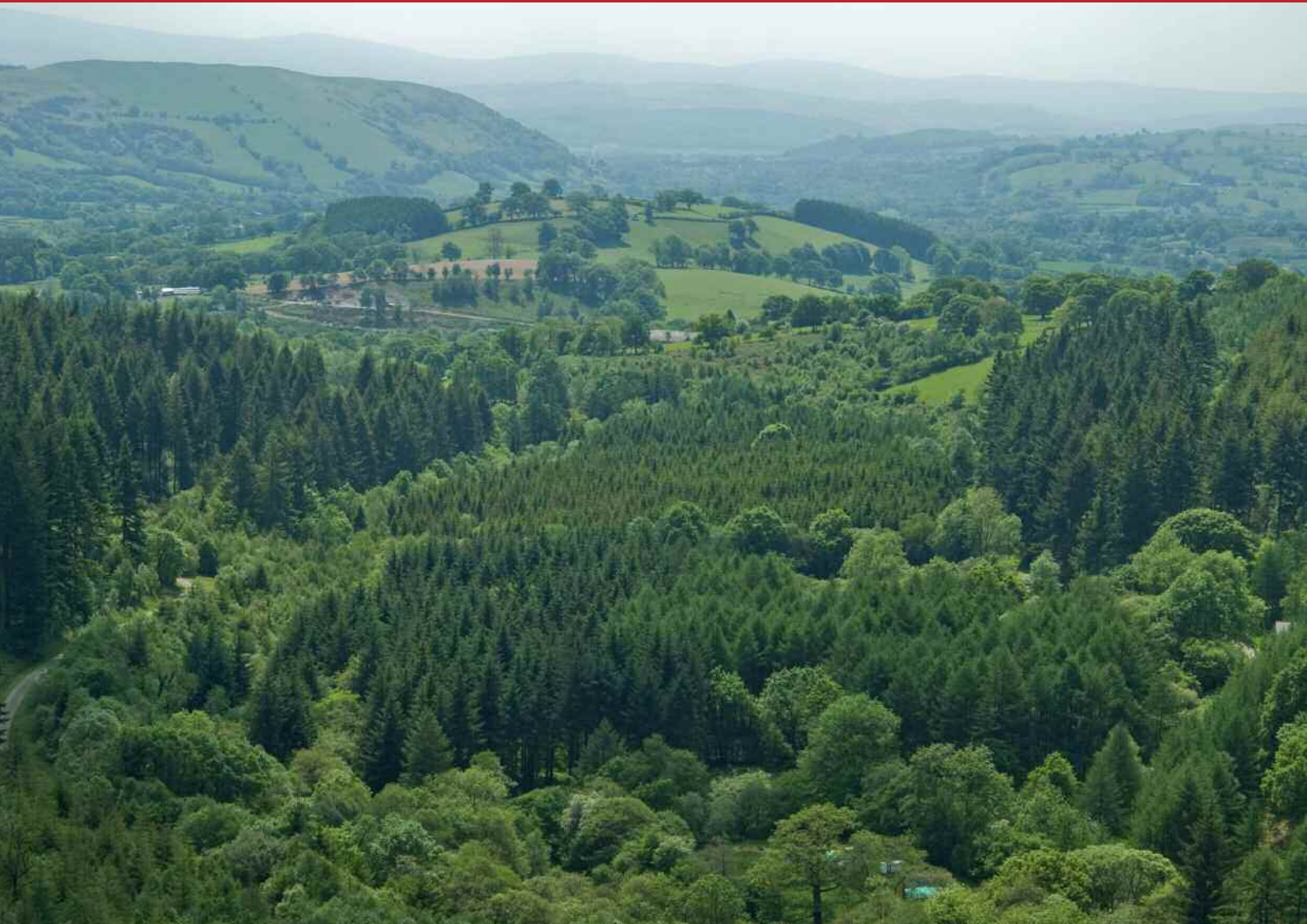




Comisiwn Coedwigaeth Cymru
Forestry Commission Wales

Summary of the Assembly Government Woodland Estate Research Report



Introduction

This paper summarises a research project commissioned by the Welsh Assembly Government (WAG) to review the role of its woodland estate in delivering *Woodlands for Wales*, the government's woodland strategy for the next 50 years¹. The report outlines the options and describes how those chosen will be taken forward by the Assembly Government and Forestry Commission Wales (FCW). The research was undertaken by FCW during 2010, and the results are presented in more detail in the main report².



¹ <http://www.forestry.gov.uk/wwstrategy>

² Forestry Commission Wales (2010) Assembly Government Woodland Estate Research Project

The Assembly Government Woodland Estate today

The Assembly Government Woodland Estate (AGWE) occupies 6% of the land area of Wales and represents 37% of Welsh woodland. It consists of 109,564 hectares of woodland and 14,568 hectares of other land, including farmland, quarries, buildings and open water, with a capital value in 2010 of £233 million. FCW manages the AGWE on behalf of the Assembly Government. Over the years this management has generally provided the flexibility necessary to deliver changing national priorities, although forestry legislation has, to some extent, limited the options. For example, forest management decisions cannot be delegated to third parties, such as local communities or the private sector.

Over the last 20 years woodland management in Wales has been strongly influenced by the concept of multi-purpose forestry, and today there is a wide range of explicit environmental, social, recreation and economic development objectives for publicly owned woodland. Almost all the AGWE has met the UK Woodland Assurance Standard for sustainable forest management for the past ten years.

There are advantages for the Assembly Government in having direct control over a woodland estate of around 124,000 hectares, including the ability to secure rapid delivery of woodland policy at an influential scale in a way which would be difficult or impossible to achieve simply by grant aid or regulation. Management can address the new challenges of climate change, water quality and renewable energy, restore ancient woodland and provide access for people with disabilities. The existing combination of the estate management role with implementation of forestry regulations and provision of advice to government has led to a well-established two-way relationship between policy and practice, which offers the chance to test new policy advice in the real world before it is presented to Ministers.

There are also disadvantages of the current ownership model, for example some opportunities to improve public benefits may be missed because capital is tied up in the current portfolio of well-managed woodland. Very little objective research has been undertaken to compare the value of public benefits delivered by publicly and privately owned woodland.



Options for future ownership and management

The ownership of a woodland usually influences the way that it is managed. Public sector owners will aim to deliver societal objectives such as ecosystems services and public access, and can often achieve both economies and benefits of scale. Private woodland owners generally have smaller holdings, and some woodlands will need to be self-financing, with intermittent market-driven management aimed at keeping annual costs down. For others, woodland management will be subsidised by additional sources of income, for example from shooting. Third sector owners will focus on the particular objectives of their organisation, may be opportunistic in acquiring land and possibly capitalise woodland management costs through endowments.

The project examined different options for future ownership and management of the AGWE, and also the possibility of managing woodland not currently owned by WAG. The four ownership options considered were:

No change of ownership

This low risk option is well understood and implies an incremental change of current management in the face of financial uncertainties and environmental pressures. For example, a significant area of the AGWE would be converted to low impact silviculture (where woodlands are managed to minimise environmental impact), public access would be enhanced, and steady harvesting would underpin timber markets and the renewable energy sector. Management would respond to the pressures of climate change and the need to diversify species and protect water quality.

Complete privatisation

There is a ready market for small to medium scale publicly owned woodlands, particularly in east and south Wales, within travelling distance of more populated areas. If subsequent owners sell this land on as smaller parcels there will be a risk of fragmentation leading to loss of coherent management at a landscape scale. For larger, more commercial woodlands there is good demand from investors seeking woodlands as part of a wider asset portfolio, who are likely to manage in a fairly traditional way to maximise revenue. It is difficult to predict the impact of privatising UK woodlands, but case studies from New Zealand and Australia suggest that after privatisation the costs of delivering public benefits from former state forests continue to be met by government departments.



Photo: Dafydd Fryer

Transfer to the third sector

The possibility of transferring all or part of the estate to a third sector body is a relatively novel approach, which could mean the transfer of some forests to an existing charity or setting up a new charitable trust for the purpose. Charities could raise money for operational activities without impacting on the public sector spending limits, and they would have much greater freedom to manage woodlands in partnership with others. There might be considerable overlap between the objectives of some charities and those of government described in *Woodlands for Wales*. Equally, there may be important differences, now or in the future. There are also concerns about the capacity of existing charities to take on such responsibilities, and about the impact on the charitable sector of such a significant new demand for resources.

Mixed ownership option

This option requires reviewing AGWE ownership on a case by case basis, at the scale of individual forest or parcel of land, with the options of 'business as usual', sale to a private owner or transfer to the third sector. This would require a much clearer portfolio analysis of the ecosystem goods and services that the AGWE provides. The estate could remain around the same size but its make-up would change in response to public needs, with environmental and social costs and benefits taken into account. This is the most flexible option, because transfers could be speeded up or slowed down, depending on the need and time taken to secure public benefits. In this more dynamic role the public sector could address the factors that have prevented more woodland being brought into management, but to make this option workable there would have to be greater flexibility for capital expenditure.



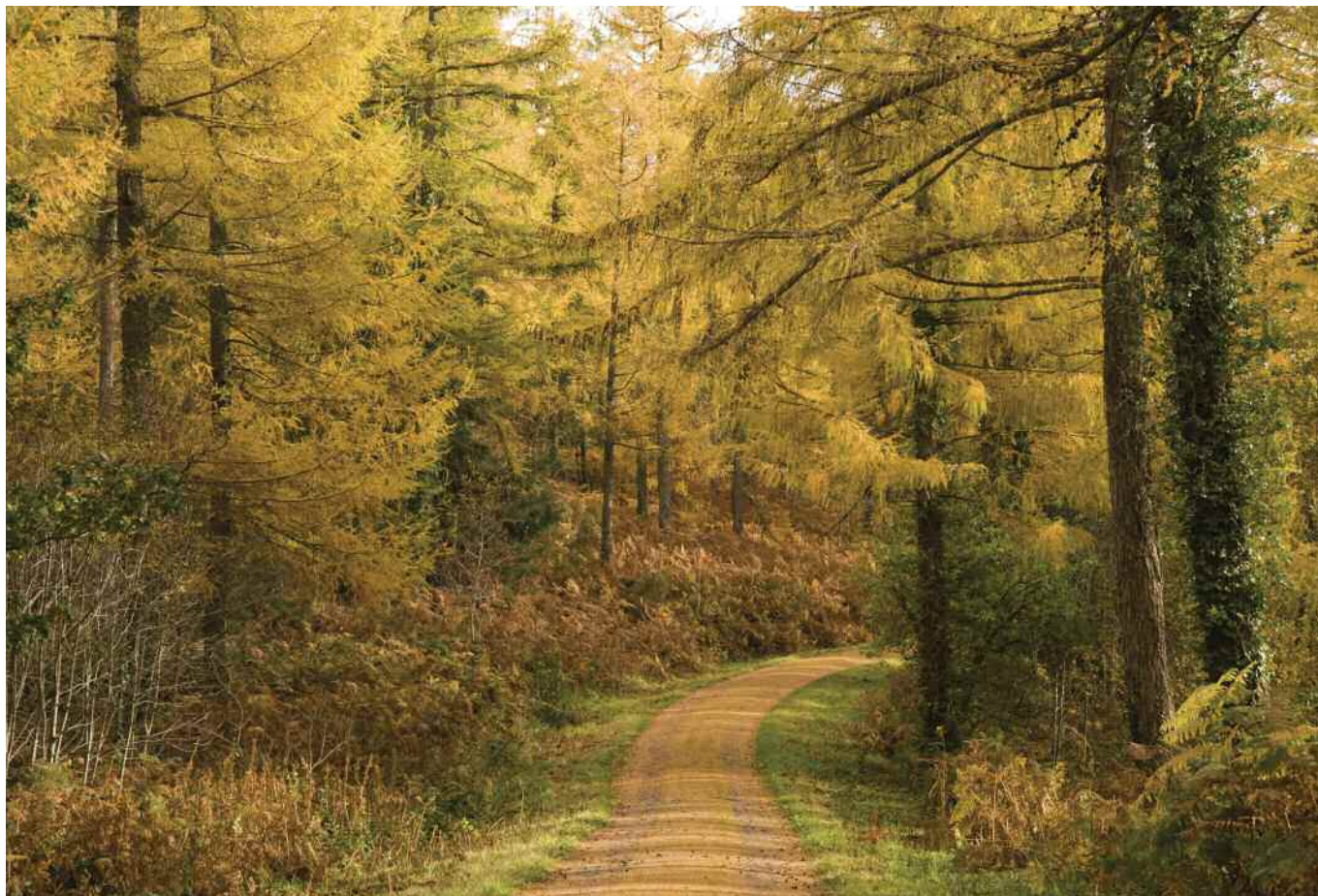
The research also looked at options for changing the **management of the estate**, bearing in mind the current constraints on FCW entering into commercial joint ventures or partnerships for managing woodland (although such arrangements are permitted for non-woodland enterprises).

Around 90 to 95 % of operational work on the estate is already **contracted out**, helping to support vibrant forest based industries in rural Wales, mainly in small businesses. There is currently little scope to increase contracting out, and tactical reasons for retaining an in-house resource, but if extended powers were granted to FCW, the whole management operation could be carried out by a third party in AGWE woodlands. This could extend to both woodland and non-woodland activities, including felling, replanting, and the maintenance and development of recreation facilities over an extended period of 25 to 30 years. This would free up public resources to be used elsewhere, such as newly acquired land where direct management by FCW might be the best option.

FCW could explore more **commercial joint ventures** with third parties to manage functions such as mountain bike trails, visitor centres, aerial ropeway development, cafes and parking. Selected non-market functions, such as educational work, could be transferred to a not-for-profit trust.

FCW can already help with **managing woodland not owned by the Assembly Government**. One long-standing example is the joint venture to manage the woodlands around Lake Vyrnwy owned by Severn Trent Water, where profits and costs are shared 50:50. There is scope to develop other partnership to deliver *Woodlands for Wales*, by helping local authorities or farmers with woodland management or by taking short-term leases to establish new woodland or bring neglected woodland back into management.





Taking forward the chosen options

Future management of the estate requires a clear strategic approach and the ability to respond to the most pressing public policy needs. An entirely static view would risk missing opportunities for greater public benefit.

Choosing a more dynamic approach to ownership and management of the AGWE, which would help to deliver the 50 year woodland strategy *Woodlands for Wales*, **the Welsh Assembly Government has asked Forestry Commission Wales to:**

- **Take forward plans for the mixed ownership option, starting by developing the tools for making case-by-case decisions on the future of individual AGWE holdings. This portfolio analysis will be used to characterise woodlands according to their existing delivery of ecosystem services and their capability to deliver future public benefits.**
- **Explore the feasibility of transferring AGWE land to the third sector. This will start with small-scale transfer cases arising from the portfolio analysis, testing the concept and exploring the potential for using it at a larger scale.**
- **Take a more pro-active and imaginative approach to commercial opportunities while continuing to manage the AGWE for the delivery of environmental, social and wider economic benefits. FCW is already engaged in commercial activities, including joint ventures on wind energy and recreation. Commercial expansion will be selective, bearing in mind that the AGWE also offers valuable opportunities to encourage Social and Community Enterprise.**

Further information

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Email: fcwenquiries@forestry.gsi.gov.uk

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