

Policy Position in support of Woodlands for Wales,
the Welsh Assembly Government's strategy for
woodlands and trees

Economic development and enterprise benefits from Welsh woodlands and trees



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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1: Introduction

1.1 Purpose and Audience

This Policy Position is one of a suite designed to provide further background and evidence for the outcomes sought in the [Woodlands for Wales Strategy²](#) and the actions required to achieve these outcomes (see **Appendix 1** for full Policy Position list). Each Policy Position proposes an 'Agenda for Action' which collectively provides the implementation framework for the whole strategy. The 5-year [Action Plan for Woodlands for Wales](#) takes its lead from the combined 'Agendas' from each of the Policy Positions and sets out the short-term priorities for all the organisations responsible for helping to implement the strategy. The primary purpose of these Policy Positions is therefore to support the implementation of the strategy through the relevant corporate processes of each organisation identified with a responsibility in the *Woodlands for Wales* Action Plan. Forestry Commission Wales (FCW) is already aligning its corporate programme development in this way and we hope that all the other lead and supporting organisations will act similarly. The main intended audience for these Policy Positions are those responsible for policy development and policy implementation through corporate planning. However we hope that because of the way the Policy Positions are presented, they will be of wider relevance to those with an interest in the particular subject matter or *Woodlands for Wales* as a whole.

1.2 Equality and Diversity

The Welsh Assembly Government (WAG) is committed to developing a fair and equal society. We will promote that all users of woodland are treated fairly, with dignity and respect, regardless of race, disability, gender, age, sexual orientation and religion and belief.

A summary of equality and diversity evidence in relation to employment and the labour market in Wales is included at **Appendix 2**.

Corporate delivery programmes developed in response to this policy will show how fairness and equality of opportunity will be applied on the Assembly Government Woodland Estate (AGWE).

1.3 Aims and Objectives

Our position on woodland related economic development and enterprise has two key elements:

- To facilitate access to well-managed woodlands to support economic development and enterprise
- To facilitate through our approach to the delivery of woodland based programmes, more economic development and enterprise opportunities for people from woodlands and their products

The aims of this Policy Position are:

- To support the development of programmes to achieve these objectives by both FCW and a range of other organisations, under the Welsh Woodlands and Trees, Woodlands for People and the Competitive and Integrated Forest Sector themes of our *Woodlands for Wales strategy*
- To support the use of trees, timber and woodlands in the delivery of our economic development and enterprise agendas

The diagram in **Appendix 1** shows where this Policy Position fits into the policy hierarchy from both WAG and FCW perspectives.

1.4 Definitions

Economic development, in this context, is the process by which WAG can help improve the economic and social well-being of the people of Wales through using, developing and promoting woodlands and their products in a sustainable way.

A **social enterprise** is a business with primarily social objectives whose surpluses are principally reinvested in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

A **commercial enterprise** is a business venture that does distribute profit amongst shareholders or others rather than, or as well as, reinvesting within the locale.

We recognise that these definitions are broad, and in doing so acknowledge the broad range of existing and potential enterprise activity in, or using, woodland and its products.

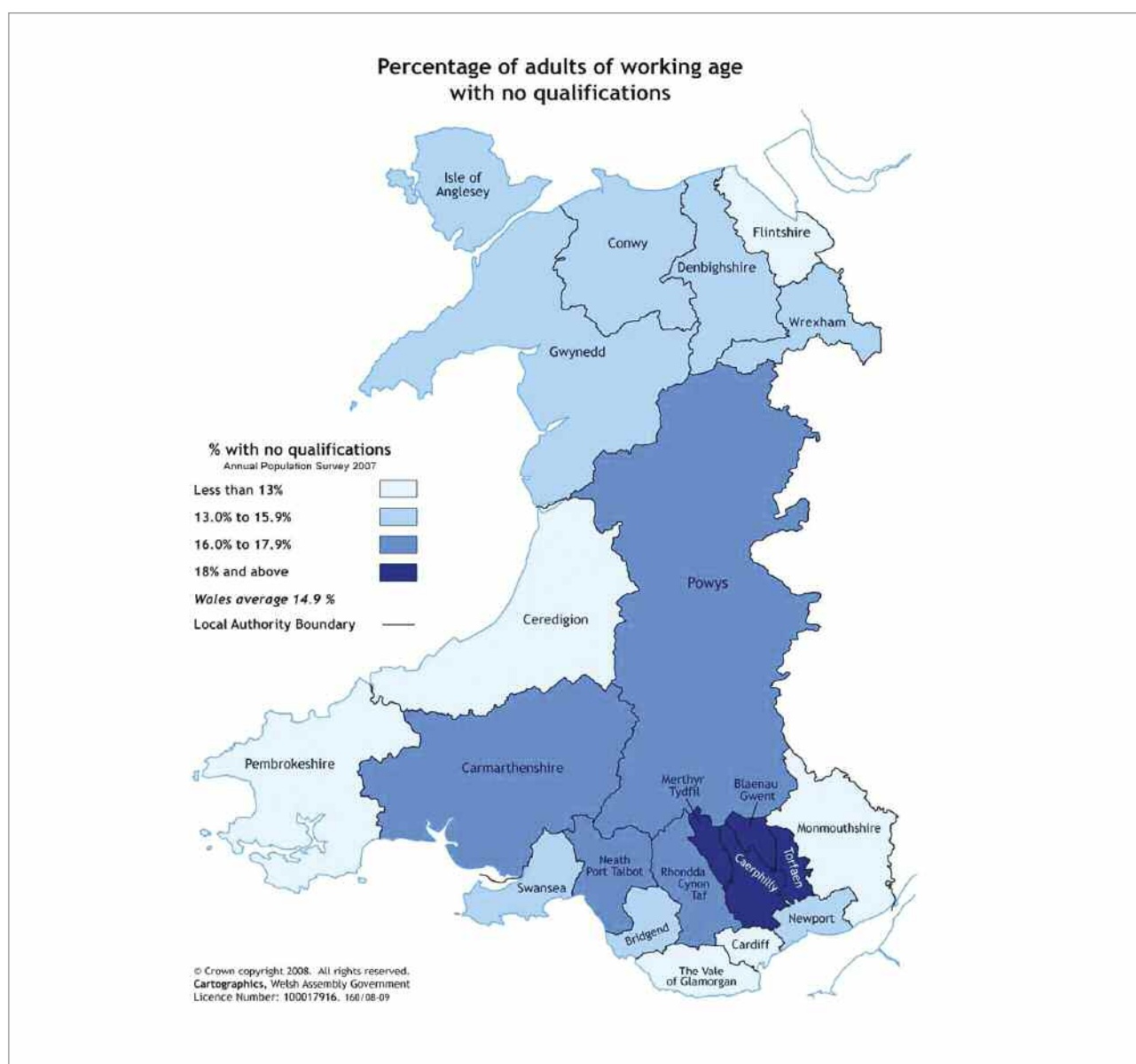


2: Policy drivers

2.1 Economic Development and Enterprise in Wales

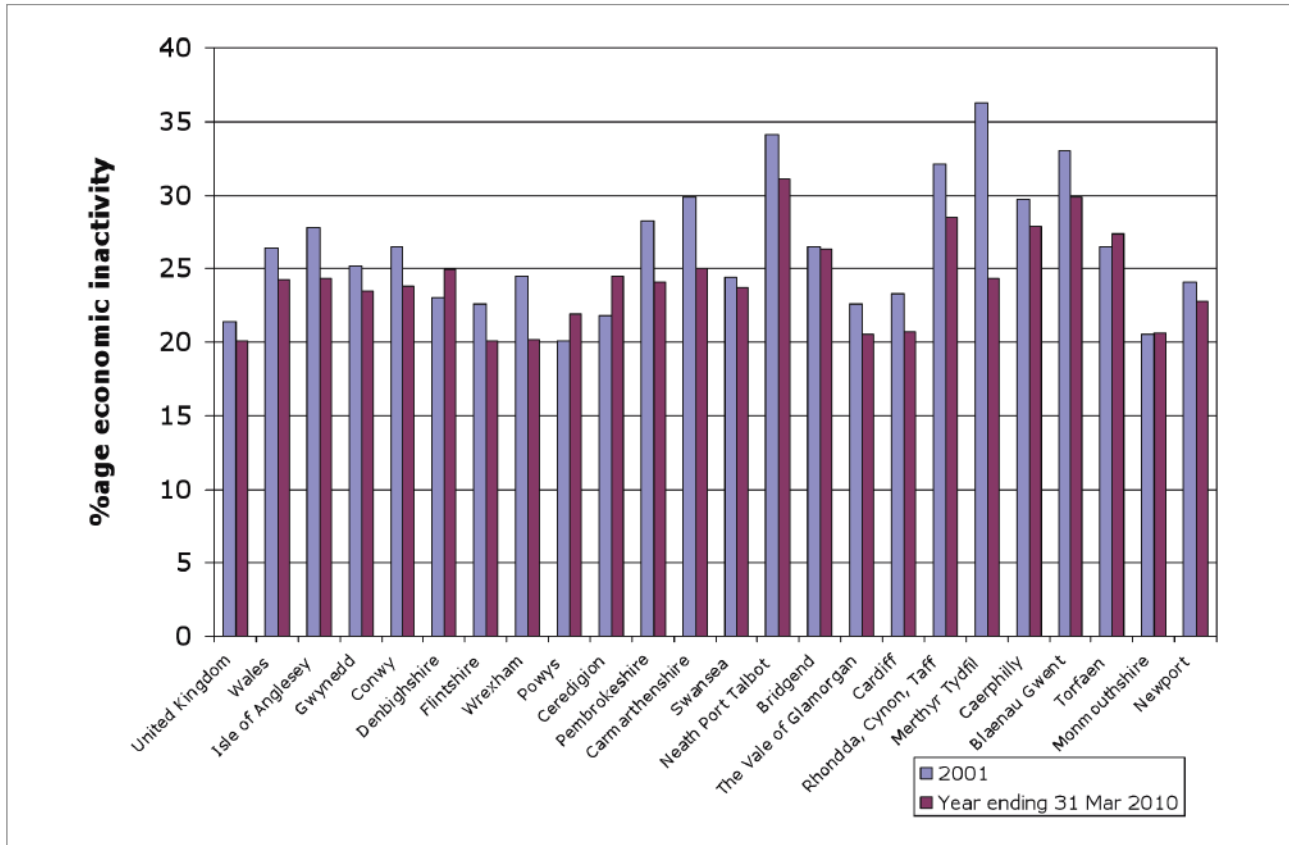
The question of economic activity and inactivity in Wales has attracted a great deal of attention in recent years, primarily because the rates of economic activity in Wales are well below those of the rest of Britain and are a key factor in Wales' below-average Gross Value Added (GVA). However, most analysis and debate has focused on the overall rates of inactivity and have not considered the experiences of different groups and geographic areas within the labour market. We will continue to use a spatial approach to target our resources and focus on those areas in the greatest need of improved employment opportunities and an increase in economic activity - the Strategic Regeneration Areas² (SRAs) remain a priority. Planning and delivery of WAG activities for economic development and enterprise is aligned with the Wales Spatial Plan³. As an example **Figure 1** illustrates spatially where adults with qualifications are throughout Wales.

Figure 1: Percentage of working-age adults in Wales with no qualifications



Responsibility for economic activity is shared between Whitehall (the Department for Work and Pensions: DWP) and WAG. WAG has supplemented DWP's various welfare to work programmes with its own Want2Work and JobMatch programmes⁴. **Figures 2 and 3** illustrate economic inactivity and business activity throughout Wales.

Figure 2: Economic Inactivity Rates. Source www.stats.wales.gov.uk

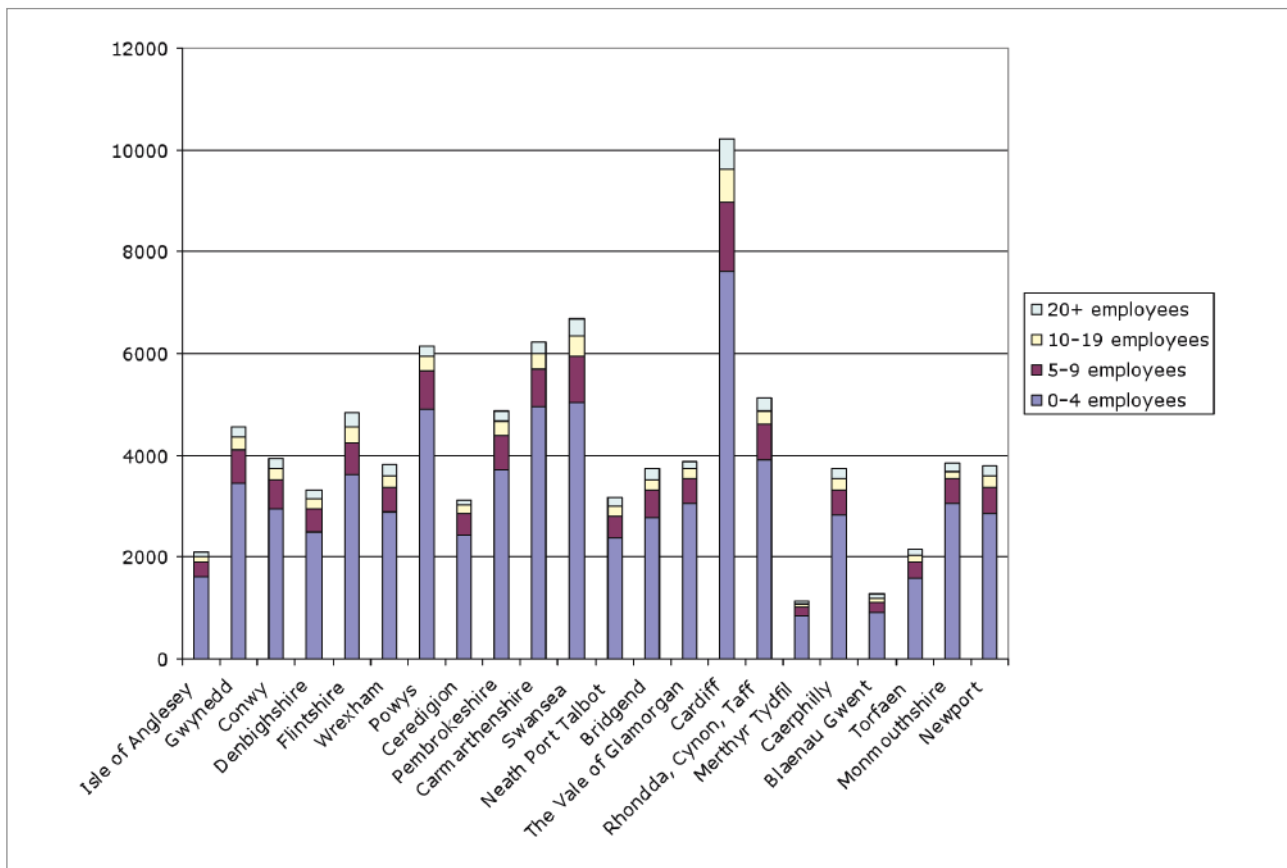


In response to the recent economic downturn, WAG has launched *Economic Renewal: A New Direction*⁵, which aims to position the Welsh economy to be able to face the demands of the modern world and compete in high-value markets.

Trees, woodlands and their products can play an important role in achieving these aims and our approach is to create an environment where enterprises of all appropriate types and sizes are encouraged in using them.



Figure 3: Active enterprises 2008, source <http://www.statswales.wales.gov.uk>



2.2 Welsh Assembly Government strategies on economic development and enterprise

WAG has recognised the need for a new, reinvigorated, approach to stimulating economic development and enterprise activity across Wales. This approach recognises the right of everyone to have the opportunity to achieve a reasonable standard of living, no matter where they live. This can be achieved through creating a positive climate for business growth and development.

The overarching policy document for Wales, *One Wales, A Progressive Agenda for the Government of Wales (2007)*, makes the connection between unlocking the potential of Wales' people and the creation of a vibrant economy. *One Wales* commits us to adopt an all-Wales approach to economic development, guaranteeing investment in all regions within the framework of the Wales Spatial Plan. *One Wales* provides four sets of actions for Government to deliver:

- Creating and sustaining jobs across Wales
- Stimulating enterprise and business growth
- Promoting tourism
- Enhancing skills for jobs

Maintaining and increasing skills levels are a key part of creating an economically viable forestry and woodland sector in Wales. We have set out our approach to this in our policy on *Education, Learning and Skills Benefits from Welsh Woodlands and Trees*⁶.



One Wales actions are reflected in other relevant Welsh Assembly Government policies, namely:

- *Economic Renewal: A New Direction (WAG 2010)*: Aims to increase the prosperity and long term well-being of the people of Wales by encouraging a stronger and more sustainable economy, better able to meet the needs of businesses. *Economic Renewal* will see a fundamental shift away from direct and generic support for companies to a focus on creating the right environment for businesses to succeed.
- *Social Enterprise Strategy for Wales (WAG 2005)* is aimed at encouraging, developing and sustaining social enterprises at all stages of their development. Key actions include creating an environment that encourages new social enterprises and capitalises on opportunities for growth; establishing integrated support for the sector involving mainstream and specialist agencies and; creating a thriving social enterprise sector in Wales.
- *Social Enterprise Action Plan for Wales 2009 (WAG 2009)* - sets out some of the steps WAG is taking to promote social enterprises in Wales.
- *Capturing the potential: a green jobs strategy for Wales (WAG 2009)* identifies a vision of a resilient and sustainable economy for Wales that is able to develop whilst stabilising, then reducing, use of natural resources and reducing its contribution to climate change.
- *Achieving our potential 2006-2013 (WAG 2006)* highlights tourism's importance to the economy of Wales and identifies the need to create a customer responsive, innovative, sustainable and profitable industry which makes an increasing contribution to the economic, social, cultural and environmental well-being of Wales.

We have recently set out our ambitions, through *A Low Carbon Revolution – the Welsh Assembly Government Energy Policy Statement*⁷, for low-carbon energy production in Wales. This move to a low carbon economy is an essential part of our commitment as a Government to sustainable development. Implemented successfully, it will strengthen our economic well-being, improve the environment and help to address key social issues such as fuel poverty. Our *Woodlands for Wales* strategy highlights the key role trees, woodlands and forests can play in fulfilling this ambition.

2.3 Regulatory drivers

Business support can be vital in the first early years of an enterprise. *The Annual Small Business Survey* (WAG 2008)⁸ indicates that regulations are considered to be the biggest obstacle to business success (62%), whilst competition and the economy were also cited as a concern. Our recently launched *Economic Renewal: A New Direction* was developed in answer to these concerns and aims to reduce levels of regulation and bureaucracy, use our restructured support for businesses in a more effective and fair way by improving infrastructure for all businesses, and offer a more focused level of support for key sector businesses, including energy and the environment.

Regulation of forestry and woodland management is set out under the Forestry Act 1967 and the UK Forestry Standard, which is framed to incorporate the wider suite of principally environmental regulations that impact on woodland management. Collectively these provide a regulatory framework with the broad aim of protecting the national interest in a healthy and diverse environment. Responsibility for regulation is carried out by a range of statutory bodies which each have specific responsibility for particular parts of the regulations, and more generally for promoting government policies.

Regulation of woodland management has an important safeguarding role in underpinning sustainable woodland management and delivery of public benefits. However regulation and its implementation can also be a barrier to woodland management. Therefore it is necessary to ensure that the regulations are clear, that information about them is readily available and easily understood and that accompanying advice or guidelines are clear and comprehensible.

Procurement of goods and services by the public sector can be an important driver for economic activity, particularly where the public sector has a dominant or highly influential role. The UK Government has established an advisory body, the Centre Point for Expertise in Timber procurement (CPET) which gives advice to public departments involved in purchasing timber. Public procurement of timber should aim to ensure that it is legally obtained from sustainably managed forests.

Through the direct management of our woodland estate, Forestry Commission Wales (FCW) has a prominent market position in relation to the sale of timber. In delivering this enterprise, FCW must pay due regard to the market and competition aspects of sale of timber from public forests. This places some limits on the use of timber marketing activities to deliver public policy objectives as the overriding concern must be to ensure fairness, openness and transparency in the public sector's marketing activities.



2.4 Woodlands for Wales strategy

Economic development and enterprise are encompassed under three themes of the *Woodlands for Wales* strategy, namely 'Welsh woodlands and trees', 'woodlands for people', and 'a competitive and integrated forest sector'. This policy supports the following outcomes:

- More trees and woodlands are managed sustainably (2.1 - p14)
- More people benefit from woodland-related enterprises (4.4 - p32)
- More Welsh grown timber is used in Wales (5.1 - p37)
- The forest sector is better integrated and more competitive, supporting the Welsh economy (5.2 - p38)
- [there is] Increased use of timber as a key renewable resource (5.3 - p39)
- [there is] A thriving, skilled workforce in the forest sector (5.4 - p40)

The strategy recognises the wide range of businesses that utilise woodlands and their products and specifically identifies the following requirements:

- The need to work in partnership with others, including the public, private and third sector.
- The need for a spatially focused approach, particularly looking at areas of Wales where there is high economic inactivity and low employment rates.
- The need to encourage a culture of sustainable development and of using woodland and locally sourced timber products to help combat climate change
- The need for an integrated and efficient supply chain.
- The need for woodland owners to plant species with timber properties that future markets are likely to utilise.

The Wales Forest Business Partnership (WFBP) is an industry led group, whose objectives are to ensure that Welsh wood-based industries are able to compete with the best in the world; to develop and expand the market for higher value products and services; to encourage a wood-using culture in Wales and the UK so that wood becomes the first choice for customers and; to ensure that forestry is recognised as a sector that makes a major contribution to the economy of Wales.



3. Supporting evidence

The Welsh market for forest products is currently dominated by imports, meaning that growers and manufacturers operate in a very competitive market. The forest sector in Wales contributes some £372 million to the economy and directly employs some 9,000 people⁹.

The forest sector in Wales is characterised by long established, family owned businesses, most often with a rural base. Some of these businesses are also involved in the management of the smaller native woodlands across Wales.

Table 1: The forest sector contribution to the economy of Wales

	Regional Gross Value Added (2007)	Numbers directly employed (2007)
Forestry Logging and related services	£19 million	1,300
Manufacture of wood and wood products	£157 million	7,600
Pulp, paper, and paper products	£196 million	
Totals	£372 million	8,900

Table 1: source *Woodlands for Wales*

The Rural Development Plan (RDP) 2007-2013¹⁰ provides opportunities for increased investment in woodlands and forests through Axis 1, 3 and 4, for both businesses and communities. Since 2007, almost £4 million of Axis 1 funding has been granted to forestry related projects, with total project costs of over £7 million. We are currently negotiating an increased focus on the benefits of RDP investment in woodlands and forests in time for the new round of RDP funding from 2013.

Tourism and recreation make a considerable contribution to the economy of Wales (£3.2bn in 2007, 6% of total Full Time Equivalent workforce in 2003)¹¹ yet we currently know little about actual GVA or employment figures for those businesses engaged in specifically woodland related tourism and recreation provision. We do know however, that tourism is an industry where the average business is small and where employment is more likely to be seasonal and low paid. Nonetheless, tourism expenditure in Wales, unlike expenditure from other sectors, is more efficiently converted into economic value added, since less money leaks out of the Welsh economy when goods and services are purchased. This is owing to the fact that the majority of tourism related businesses in Wales are small and generally family and/or locally owned and run. Economic value added benefits are more significant when visitors are from within Wales and /or are staying in the locality¹².

Woodlands host a number of Wales' world renowned mountain biking centres. United Kingdom Tourism Figures (UKTS) averaged for 2006-2008 show that mountain biking activities generate tourism spend of over £18 million per year in to the Welsh economy¹³. Walking, an activity undertaken by the majority (60%) of day visitors to woodlands in Wales¹⁴, generated total tourism spend in Wales of over £753 million per year averaged across 2006-2008 (UKTS).

The AGWE is home to award winning Visitor Centres. Figures available for three of the sites (Afan, Cwmcarn and Coed y Brenin) give total visitor numbers of almost 300,000 in 2009. This is significant given the average spend of general visitors to woodland (that is, those that have not visited to undertake a particular activity) is calculated to be £35 per head per visit¹⁵ (based on total spend per visit) giving a potential total of £10.5 million visitor spend into the economy of Wales.

A number of internationally significant events are staged in woodlands, generating significant economic input to the local and national economies: the annual Wales Rally GB is one example. An evaluation carried out in 2004 states that the Rally brought £7m in additional Welsh output, and contributed £3.8m to economic value added from short-term expenditure alone¹⁶.

Whilst we have, as yet, little evidence of the numbers of smaller enterprises (SMEs) operating in woodland or using woodland and timber products, it is known that there are over 175,000 SMEs across Wales, of which 3,056 are social enterprises. Social enterprises are recognised as making a unique contribution to the mainstream economy, in as much as they contribute simultaneously to both social and economic targets. In 2007/08 the estimated turnover of the social enterprise sector in Wales was £2,183 million, accounting for some 28,533 full time posts, 20,451 part time and 104,677 volunteering opportunities (WAG 2009)¹⁷.

Non timber forest products (NTFPs: wild plant material and fungi) are generating growing commercial activity across Britain. In Scotland alone it is estimated that the wild food movement is worth as much as £21 million per annum (FCS *pers comm*). Whilst comparable figures are not yet available for Wales, it is known that this activity has undergone a rapid growth over the last few years and now supplies to the mainstream market of restaurants, chefs, shops and supermarkets.

The developing renewable energy sector in Wales represents an opportunity for enterprise development related to biomass, wind and hydro generation and wood fuel. FCW will continue to run the £17 million, 5 year, WEBS 2 programme¹⁸ and administer the Wind Energy Programme on the AGWE. The opportunities for smaller scale, strategically located community renewable schemes on, or accessed through, the AGWE, and potentially woodlands under a range of ownership, will benefit the economy of Wales, whilst FCW's fire wood framework project will ensure wood fuel from the AGWE is available to local markets and will encourage the development of local wood-fuel clusters. These opportunities will enable the woodlands of Wales to make a greater contribution to climate change related economic activity and carbon reduction targets, in line with our aims for a low carbon Wales.

This policy position recognises the wide range of commercial and social enterprise development potential using woodland and its products, and the impact these could have in regenerating communities and increasing economic value added at the local and national level. We recognise the diverse needs of these new and existing businesses and will work with others to deliver their potential.



4. Agenda for Action

The following agenda for action emerges from identified priorities in the Welsh Assembly Government's *Woodlands for Wales* strategy and its associated Action Plan.

We will focus on supporting economic development and enterprise which:

- Facilitates new woodland creation and sustainable management of our existing resource – particularly areas of currently unmanaged broadleaf and farm woodland.
- Work to ensure that woodland skills development leads to employability both within and outside the forest sector, and helps promote the industry as an attractive career choice.
- Help to drive up productivity and competitiveness.
- Contribute to renewable energy and carbon reduction targets.
- Have a positive environmental impact.

4.1 More woodlands and trees are managed sustainably

The sustainable management of our existing woodland resource, coupled with a programme of new woodland creation is a prerequisite for a strong and profitable woodland and forestry sector in Wales. High quality woodlands also make a broad contribution to tourism: scenery and landscapes are the most important factor in destination choice for anyone visiting the countryside. For activity holiday visitors choosing a destination, landscape seems to be the overwhelming factor.

We have a commitment to plant 100,000 hectares of new woodland over the next 20 years alongside using a broader range of silvicultural practices which will help us manage our existing resource more sustainably. This will create opportunities in the private sector for the creation and management of our Welsh woodland resource, and for new and existing woodland to play a major part in attracting visitors to localities.

To support this outcome we will:

- Review the current woodland grant scheme, *Better Woodlands for Wales* and consolidate woodland creation and management grants into Glastir the integrated land management scheme.
- Better encourage the sustainable management of woodlands and trees on farms, and create additional farm woodlands.
- Develop our approach to urban and peri-urban trees and woodlands and the role these can play in improving economic activity in town centres.



4.2 More people benefit from woodland related enterprises

We will encourage a culture of working with local communities and of recognising the economic benefits of locally-based enterprises. Woodland may be made available for enterprise opportunities, where this can be accommodated within our wider objectives. We will focus on support for commercial and social enterprises that enable individuals and communities to work towards regenerating their local neighbourhoods, in particular where these enterprises:

- Enhance the local character and distinctiveness of woodlands
- Contribute to a socially inclusive form of wealth creation and employment
- Focus development in ways that complement other provision, rather than displace or duplicate
- Develop products and services that suit local and visitor economies
- Encourage the development of skills-based training that meets local needs whilst contributing to the maintenance of a skilled workforce

To help ensure more people benefit we will:

- Promote and provide guidance for enterprise opportunities associated with woodlands
- Ensure public sector procurement on the AGWE provides opportunities for enterprises of all scales, utilising the new *National Procurement Database*⁷⁹
- Ensure that our support for woodland related enterprise is guided by clear objectives about its purpose and function and has as its rationale at least one of the following main objectives:
 1. That it has a positive effect on woodland ecosystems and the wider environment.
 2. That it addresses issues of social inclusion and deprivation.
 3. The generation of increased or new economic activity
 4. That woodland and locally sourced timber products are used to help combat climate change.
 5. That it contributes to meeting market needs.

4.3 More Welsh grown timber is used in Wales

We will encourage a culture of using Welsh timber in Wales. Increased use of a variety of management techniques will lead to a gradual increase in the quantity of timber being harvested from thinning operations.

Specifically we will:

- Provide baseline information on future timber production levels from Welsh woodlands.
- Develop improved modelling techniques to quantify the impact of broadening silvicultural practices on future timber supplies.
- Develop, publish and promote guidance for growers and processors on timber properties of the tree species that may form the future woodlands of Wales.

4.4 The forest sector is better integrated and more competitive, supporting the Welsh economy

Through working with partners we will provide and promote enterprise opportunities in the woodlands of Wales, and at all stages of the supply chain. We will extend partnership working around the use of woodlands, trees and timber for enterprise development and economic activity. We will do this at several levels:

- At a national level we will use a variety of methods and networks to promote a shared understanding of the potential and existing use of woodland and its products for economic development and enterprise. We will work with others to ensure that woodland-related enterprise development maximises its contribution to the economy of Wales and provides high quality employment.
- At a Local Authority level we will work with the Welsh Local Government Association (WLGA) and others to ensure woodland-related enterprises complement and support local economic regeneration strategies. We will facilitate social enterprises to utilise woodland, or their products, and therefore contribute to local regeneration and the provision of green jobs.

To facilitate this we will:

- Publish and promote a list of current sources of support for forestry and woodland enterprises at all levels; identify gaps in provision and seek additional support to fill these.
- Encourage organisations that develop enterprise opportunities within the forestry and woodland sector.
- Develop models for woodland-related enterprises, including social enterprises, to help us deliver our priorities.

4.5 Increased use of timber as a renewable resource

Timber is a key renewable resource and demand for certified timber products is increasing. Public policy and growing consumer awareness all create good conditions for marketing locally grown wood for building, biomass, processing and wood-fuel.

To capitalise on this we will:

- Develop guidance on the benefits of timber to help stimulate market demand.
- Increase the use of timber products through developing procurement guidance for public sector bodies.
- Provide opportunities to showcase timber and wood products to encourage their wider use.

4.6 A thriving and skilled workforce in the forest sector

The sector needs a wide range of skills, both practical and managerial and an even wider range of skills will be needed in woodland based jobs related to tourism, recreation and community work. To facilitate this we will:

- Work with others to develop accredited training opportunities that are relevant for all levels of the woodland, timber and forestry sector.
- Promote learning materials and activities that reflect the importance of active woodland management and the use of timber as a renewable resource.
- Encourage flexible schemes for apprenticeships, work placements and learning pathways within the sector.

5. Methods of delivery

This Policy Position supports the *Woodlands for Wales* Strategy and its Action Plan and is within the portfolio of the Department for Rural Affairs. However, the policy is cross-cutting and is particularly pertinent in the work of the Departments of Environment, Sustainability and Housing, Economy and Transport, Heritage, and Children, Education and Lifelong Learning. FCW and a range of other organisations will deliver this Policy Position on behalf of the Welsh Assembly Government via the following mechanisms:

- Accessible and well managed woodland on and off the Assembly Government Woodland Estate, suitable for economic development and enterprise opportunities.
- Co-ordinated promotion of the opportunities available for using woodlands and their products for economic development and enterprise development.
- Encouraging others to deliver programmes which support the increased use of woodlands for economic development and enterprise creation – especially in areas of higher economic, employment and skills deprivation.
- Providing expert advice to partners and other stakeholders on the opportunities and management of trees and woodlands for economic development and enterprise opportunities
- Facilitating others to deliver on and off the Assembly Government Woodland Estate and/or through influencing others at national, regional and local levels.



6. Monitoring and review

A number of key work areas need to be developed or refined in order to effectively support programmes for economic development and enterprise in Wales. In order that we are able to measure our progress towards meeting the indicators developed for WAG's *Woodlands for Wales* strategy, we need to use the following framework:

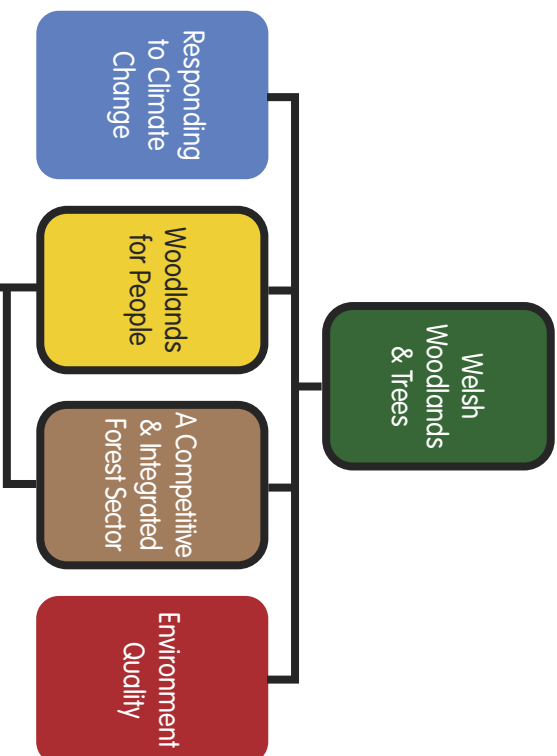
- **Identify best practice.** We need to share our current reporting and data storage mechanisms to their best advantage – we need to maximise the potential of our current monitoring procedures and ensure they are fit for purpose. The review of Cydcoed has identified examples of projects in Wales which have delivered tangible economic benefits²⁰ - we need to learn the lessons from this. Care needs to be taken to learn lessons regarding effective ways of working between the Forestry Commission and other Government, voluntary, community and private sector partners.
- **Measure public benefit.** As public funding is likely to remain limited, there will be continued pressure to demonstrate the impact of public investment in trees and woodlands for economic development and enterprise purposes. We need to work with others to establish and apply robust methodologies to enable us to measure public benefit.
- **Develop partnerships.** Through joint working at National level – particularly with FCW, the Countryside Council for Wales (CCW), the Department of Economy and Transport (DET), Visit Wales, the Wales Council of Voluntary Associations (WCVA), Social Enterprise Cymru (SEC) and other public and third sector networks we will promote the benefits of woodlands, trees and timber for economic development and enterprise opportunities and receive feedback. We need to consider further how best to engage with partners at Local Authority level. We will continue to work with networks such as the Wales Forest Business Partnership.
- **Monitor the levels of use.** We need to maintain our data-sets relating to visitors to woodlands and review their effectiveness at enabling us to quantify overall economic contributions made by visitors to woodland, at a local and national level. We need to maximise the potential of our data-sets and ensure they are fit for purpose. We will continue our partnership with CCW on the Wales Outdoor Recreation Survey (WORS).
- **Develop suitable indicators** for reporting on economic development and enterprise. We need to manage the trade-off between the cost of data collection versus the need for differentiated data in order to report as accurately as reasonably possible against outcomes.



Appendix 1: Policy fit

WAG Forestry Policy

Woodlands for Wales Woodland Strategy



Policy Positions



Corporate Programme & Guidance



FCW Corporate Delivery

Appendix 2: Equality and diversity in relation to employment and the labour market.

The following information is quoted from the *Equality Issues in Wales* (2009) report²¹:

Race

A number of studies analyse 2001 Census of Population data on economic activity and find that the overall economic activity rate for almost all ethnic minority groups in Wales is lower than for White. Analysis by the Welsh Assembly Government of data from the 2005 Labour Force Survey (LFS) similarly concludes that the inactivity rates for White and ethnic minority groups, both including and excluding students, were higher in Wales than the UK average and that inactivity rates for ethnic minorities were more than 50 per cent higher than for the White population, in both Wales and the UK.

The Welsh Assembly Government note two key caveats to this overall conclusion. First, they point out that there is marked variation in the economic activity rates of different ethnic minority groups in Wales. For example, people of Bangladeshi origin are least likely to be economically active, with just over half (53 per cent) in employment or unemployed, whilst people of Chinese origin have an activity rate of more than 80 per cent. By way of comparison, the economic activity rate for White groups is 76 per cent.

The second caveat is that economic activity rates vary very substantially by gender. According to the Welsh Assembly Government differences between men and women play a large part in accounting for the different activity rates of ethnic minority groups. For example, the economic activity rate for Bangladeshi men (83 per cent) was slightly higher than the average for the male population as a whole (82 per cent) – it is the exceptionally low economic activity rate of Bangladeshi women (just 22 per cent) which accounts for the low overall figure. The difference in the overall economic activity rate of Black Caribbeans and Black Africans (74 per cent and 63 per cent respectively) is also attributable to differences in women's activity rates. However, gender differences only partly explain the lower overall activity rate of the Black or Black British group as a whole, which was noticeably below the figures for the White group. The Welsh Assembly Government report makes clear that there are, in addition, differences in economic activity according to age, with younger Bangladeshi and Pakistani women being much more likely to be in employment than older women of that origin. It is also noted that the concentration of ethnic minority groups into major towns and cities and higher levels of economic inactivity within those groups mean that, in some parts of Wales, ethnic minorities account for a higher proportion of the workless population – one in 10 economically inactive people in Cardiff is from an ethnic minority. Ethnic minority groups are more likely to be in employment in the so-called 'Celtic Fringe', which includes Wales, than in the south east of England, whereas the opposite is the case for White groups. A large part of the difference in economic activity rates between men and women from ethnic minority groups is because women look after the family or home. This is particularly the case for Asian or Asian British (excluding those from the Indian group), Black African and the Other Ethnic groups.

Migrants, Refugees, Asylum Seekers and Gypsy Travellers

Evidence suggests that people born outside the UK (who are not necessarily migrant workers) are slightly more likely to be economically inactive than UK born people, with an economic inactivity rate of 28.6 compared with 26.8. Other research suggests that the availability of jobs is a key reason for migrants coming to live in an area, with a close relationship between the levels of in and out migration in an area and its levels of employment. However, since this study, migration from European Union Accession 8 (EU A8) countries has increased markedly, with some areas of low labour demand also recording relatively high levels of in-migration of workers from EU A8 countries. A study commissioned by the Welsh Assembly Government concluded that migrant workers were 'plugging gaps in the market in areas of low labour demand, rather than supplanting local workers', because of problems with local labour supply.

According to a survey of 363 refugees in 2005, 78 per cent of refugees had been in employment in their country of origin but only 36 per cent were employed in Wales. A series of focus group discussions organised by Cardiff University School of Journalism, Media and Cultural Studies for the Welsh Refugee Council found that only a quarter of participants in the groups were employed, although the numbers were not specified. A similarly low proportion of refugees and asylum seekers were found to be without work in a study undertaken by the Wales Council for Voluntary Action, albeit in a sample of 57. The top five barriers to finding work identified were lack of language skills and computing skills; difficulties in applying for jobs and attending interviews; lack of recognition of overseas qualifications; searching for job vacancies; and lack of references.

Gypsy Travellers

No relevant literature was identified.

Gender

Economic activity rates for men and women have long reflected the traditional domestic division of labour. Since the 1960s, women in Wales have entered the workforce in increasing numbers whilst the proportion of men in employment has decreased. This trend attracted considerable attention in the 1980s and 1990s but less so in recent years. Notwithstanding the increase in economic activity, women's inactivity rates remain higher than men's, although the gap between them has more than halved since 1984. In Spring 2006, the figures were respectively 27.9 per cent and 21.5 per cent. There is a gap between women and men in all age groups, but it is at its highest in the 25–29, 30–34 and 35–39 age groups. The main reason given by men and women for being out of the labour market varies. For women aged 25–49, the prime reason is looking after the family or home, whereas this is the reason for only a tiny proportion of male inactivity. In contrast, the main reason that men over the age of 25 are out of the labour market is long-term sickness. A study of economic inactivity in Wales, based on a survey in economic inactivity 'hotspots', found similar reasons given by respondents for being economically inactive. This study also found that both sexes had been inactive for a long period – 50 per cent of men and 44 per cent of women had not worked for 10 years or more, and 59 per cent of men and 45 per cent of women felt that they would never work again. Twenty-one per cent of women, compared with 9 per cent of men, had never had a paid job. Women were more likely than men to identify transport and childcare arrangements as barriers to returning to work. The study provides considerable further detail on the previous labour market experiences, attitudes and aspirations of men and women who are economically inactive that cannot be covered here.

Parents

Women with dependent children are much less likely to be in employment than men with dependent children (68 per cent compared with 87 per cent). The employment rate is lowest for women with a youngest child aged 0–4, and steadily rises as the age of the youngest child gets older, up to age 16. Nevertheless two-thirds (68 per cent) of all mothers of dependent children and 55 per cent of mothers of under fives are in employment. Mothers in Wales were as likely to work during pregnancy as in England (67 per cent did so) and that they were as likely to take maternity leave (93 per cent did so). In Wales, 36 per cent of women took less than three months maternity leave and a further 43 per cent took between four and six months. Caring responsibilities for both adults and children are the single biggest barrier to work for women (around 30 per cent cited it). This figure excludes those not working because they want to look after their children. They point out that the proportion of women stating childcare as a barrier to work would probably have been greater if the sample had included only those women with children. Chwarae Teg is undertaking research on the impact of caring for women 'at the top' but at the time of writing, it had not yet been completed. Childcare is a particular barrier to work among lone parents. Around 40 per cent of lone parents working less than 16 hours per week said that problems of finding or affording childcare were preventing them from working, or working more.

Seventy per cent of parents in Wales, whether by choice or not, rely on informal arrangements for childcare, especially grandparents. The number of children per registered childcare place is much higher in the Valleys than in other parts of Wales. For example, there are 19 children for every childcare place in Blaenau Gwent compared with three for every place in Denbighshire. Most authorities in Wales have fewer than six children per place. Even where childcare places are available, costs can be prohibitive – even when a parent receives the maximum amount of Working Tax Credit, he or she is likely to pay around £40 per week for a nursery place.

Carers

A study carried out in Anglesey and Swansea shows that men and women with ‘heavy’ caring responsibilities have lower economic activity rates than non-carers. Nevertheless, even among men providing 50+ hours of care per week (‘heavy-end’ carers), well over a third (37 per cent) are combining caring with full-time employment and only a small proportion (4 per cent) work part time. Among female carers, over a third of ‘heavy end’ carers are also in paid employment; 15 per cent work full time and 18 per cent work part time.

Disability

LFS data for 2005 suggest that the economic inactivity rate for disabled people in Wales was around three times as high as for non-disabled people, at 55 per cent compared with 16 per cent. The gap has widened since 2003, when it was twice as high and the rate is higher in Wales than the UK average (47 per cent). The Disability Rights Commission quotes similar figures. Looked at another way, the *Living in Wales* survey found that 91 per cent of respondents whose employment status was recorded as being disabled or long-term sick stated that they had a long-term illness, disability or infirmity, whereas only 5 per cent of people working full time had a long-term illness, disability or infirmity.

Poor health is the single most frequently stated barrier to work by both men and women with a half of men and a quarter of women giving this as a reason.

A study of gender and disability in Wales, using earlier Labour Force data, also finds that disabled men and disabled women are less likely to be employed than non-disabled men and non-disabled women, and that their employment rate is substantially lower in Wales than Britain as a whole. The study also found that the employment rate was even lower for disabled people with more than one health condition, and for those with mental health conditions. Another study by the same authors using data from the Welsh Health Survey 1998 (which provides a more detailed breakdown of health status) confirms the gap in employment rate between disabled and non-disabled people, and also shows the variation in employment rates for different health conditions. People with back pain have the highest employment rate (61.6 per cent) followed by those with cancer (55.6 per cent employment rate). People with mental health conditions have the lowest employment rate (41.5 per cent), while those with diabetes fare only slightly better with an employment rate of 42.6 per cent. People with mental health conditions are less likely to have a permanent job than those with other health problems. A study of people who were economically inactive similarly found high levels of ill health and disability amongst the sample, with ill health rising with age. A survey of employers across the UK found that 58 per cent in Wales had employees defined as disabled under the Disability Discrimination Act, the lowest proportion of any GB area.

The likelihood of disabled people being in employment varies within Wales. There is a broad correspondence between health status and employment rates across authorities. The likelihood of employment also varies with qualifications, especially higher level qualifications, which are associated with greater employment participation. Whilst this is true of the population as a whole the effect is especially marked for disabled people.

Disability is usually self-reported in employment data, and it is sometimes suggested that this results in 'justification bias'. About 5 per cent of people of working age who are not working and report themselves as disabled have health scores similar to non-disabled persons, while the scores of a further 15 per cent suggest their impairments are 'mild'.

Age

According to the Welsh Assembly Government, two out of three people over the age of 50 were economically active in 2007, compared with more than three out of four of the under 50s. The proportion of the over 50s in Wales who are economically inactive is 7 percentage points higher than in the UK. However, the employment rate for over-50s in Wales has risen substantially over the last 15 years, with the increase being almost twice as great as that for the under-50s.

A study by the Wales Management Council uses the same data set for earlier years and confirms that older workers (those aged over 50) are very substantially less likely to work than those under 50, with there being a particularly marked drop in employment at the age of 55.

The economic activity rate of younger people is affected by participation in post-16 education. When students are excluded from the data, economic activity rates are fairly uniform across age groups up to the age of 50 with variation of just 2.6 percentage points between the most and least active age groups. The economic activity rates for women are lower than those for men in all age groups except 16–19-year-olds, with the gap being highest in the 25–29, 30–34 and 35–39 age groups.

Sexual Orientation

Government surveys such as the LFS and the Census of Population currently do not collect information about sexual orientation. The little research that is available on lesbian and gay men in employment in Wales relies on small scale surveys that are not statistically representative. Stonewall Cymru's 2006 survey of 403 found that 78 per cent were in employment, compared with 71 per cent of the Welsh population as a whole in 2005. Of the 22 per cent who were not in employment, the main reasons noted by respondents for not currently looking for work were that they were students (38 per cent), long-term sick or disabled (21 per cent), or waiting for the results of a job application (12 per cent).

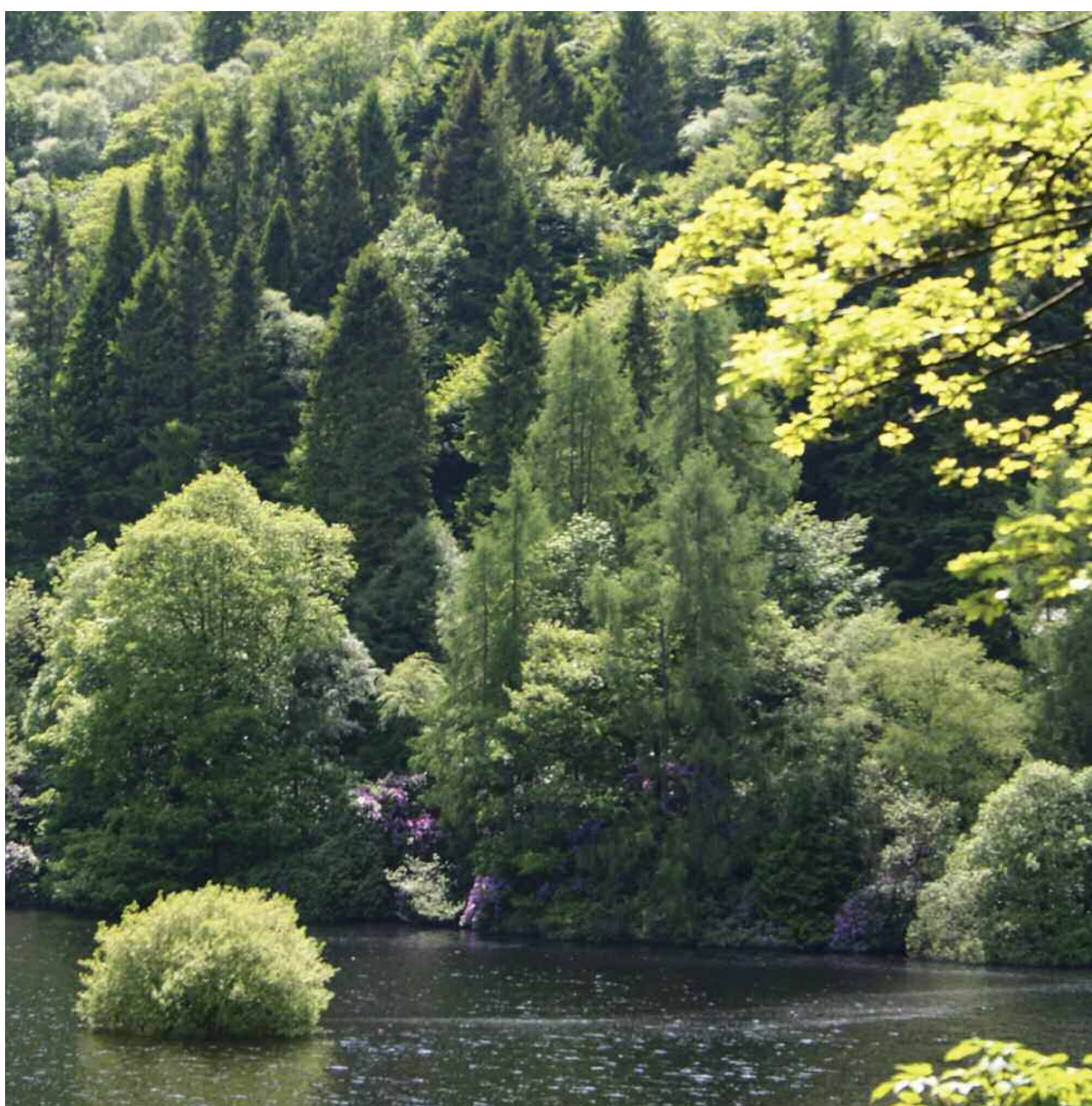
Religion

The Welsh Assembly Government's 'social audit' of Wales's Muslim community is the only analysis of employment and religion that we have been able to identify. This statistical overview shows that Muslim people in Wales are much less likely to be economically active than the population as a whole – 59 per cent compared with 75 per cent of 16–74-year-olds. The main reason for Muslims' low levels of economic activity is the very low level of participation by Muslim women. Just 33 per cent of Muslim women are economically active – less than half the female population. Muslim men aged 25–74 are as likely to be economically active as all men in Wales, although those aged 16–24 have lower activity rates. The main reason that Muslim women are not economically active is that they are looking after the home or family; this was cited by 44 per cent of 25–74-year-olds. Just 15 per cent of all females gave this reason. Sickness and disability is less commonly reported as a reason for inactivity by Muslims than the whole population whilst unexplained inactivity is more common, especially for women.

References

- ¹ Welsh Assembly Government (2009) *Woodlands for Wales the Welsh Assembly Government's Strategy for Woodlands and Trees*. Welsh Assembly Government, Cardiff
- ² SRAs are designated by WAG and are prioritised for support, funding and intervention related to economic and social regeneration. There are currently 7 SRAs in Wales: Heads of the valleys, Western Valleys, Swansea, North Wales Coast, Mon a Menai, Newtown and the Severn Valley Towns, and Aberystwyth
- ³ Welsh Assembly Government (update 2008) *People, Places, Futures, The Wales Spatial Plan*, WAG, Cardiff
- ⁴ The £38million JobMatch scheme is part of the WAGs Heads of the Valleys Initiative, which aims to regenerate the former coal and steel areas of South Wales. By 2012 JobMatch aims to help 10,000 into work
Want2Work is a £32million package expected to support around 14,000 people with preparation and training for returning to work. It is a JobCentre Plus and WAG initiative designed to boost employment in areas of great need in Wales
- ⁵ Welsh Assembly Government (2010) *Economic Renewal: A New Direction*, WAG, Cardiff
- ⁶ Welsh Assembly Government (2009) *Education, Learning and Skills Benefits from Welsh Woodlands and Trees*, Forestry Commission Wales, Aberystwyth
- ⁷ Welsh Assembly Government (2010) *A Low Energy Revolution – The Welsh Assembly Government Energy Policy Statement*, WAG, Cardiff
- ⁸ Welsh Assembly Government (2008) *Wales Annual Small Business Survey*. WAG, Cardiff
- ⁹ The forest sector here excludes woodland based recreation and tourism, energy generation, timber transport, suppliers, merchants, importers and the furniture and joinery sectors
- ¹⁰ The Rural Development Plan (RDP) for Wales 2007-2013 is part of a joint Welsh Assembly Government and European Union (EU) strategy. It covers four areas namely: agriculture and forestry, environment and countryside, quality of life in rural areas and locally based approaches to rural development
- ¹¹ Regeneris Consulting (2009) *The Economic Value of Tourism in Wales*. Wales Tourism Alliance, Cardiff
- ¹² Regeneris Consulting (2009) *The Economic Value of Tourism in Wales*. Wales Tourism Alliance, Cardiff
- ¹³ UKTS (2009) *United Kingdom Tourism Survey*. WAG, Cardiff
- ¹⁴ TNS (2004) *Great Britain Leisure Day Visits Survey 2002/3*. A survey undertaken by the Countryside Agency, Countryside Council for Wales, British Waterways, Department for Culture, Media and Sport, Environment Agency, Forestry Commission, Scottish Natural Heritage, VisitBritain, VisitScotland and Wales Tourist Board. TNS Travel & Tourism, Edinburgh
- ¹⁵ Christie, M. et al. (2006) *Valuing Forest Recreation Activities* Final Phase 2 report to the Forestry Commission. FCGB, Edinburgh
- ¹⁶ Econactive (2005) *An evaluation of the 2004 Wales Rally of Great Britain*. A report for the Welsh Development Agency. WAG, Cardiff
- ¹⁷ Welsh Assembly Government (2009) *Mapping Social Enterprise Activity in Wales: understanding in order to influence*. WAG, Cardiff

- ¹⁸ WEBS 2 will build upon the achievements of WEBS Objective 1 and 2 (2004/08). Its prime aim is to provide capital grant support to micro-businesses, SMEs and social enterprises to further develop the sustainable and renewable wood heat market across Wales. It is a £17 million pound capital grant scheme which draws down its funding from European ERDF funds via the Welsh European Funding Office (WEFO), and will run until 2013
- ¹⁹ The National Procurement Database aims to limit the administrative burden on all parties, advertise low-value contracts more widely, and prioritises transparency, standardisation and efficiency of pre-qualification processes. The National Procurement Database is an initiative highlighted in the *Economic Renewal: A New Direction* strategy released in July 2010
- ²⁰ Cydcoed was a 5 year, £16 million community regeneration programme run by FC Wales and funded through Objective 1 and WAG
- ²¹ Equality and Human Rights Commission (2009) (Winkler, Victoria, ed.) *Equality Issues in Wales – a review*. Equality and Human Rights Commission, Manchester





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Further information

This is one of a series of Policy Positions providing additional detail and background to the overriding themes of the Woodlands for Wales strategy. Each also contains an agenda for action which sets out methods for delivering strategic aims and objectives.

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