

Agenda Item 5

12th February 2010

WNC 01.10

STRATEGIC DIRECTION FOR WOODLAND GRANTS

Purpose

1. To update the National Committee on proposals for change to the purchase of public benefits in non-FC woodlands through strategic repositioning of grant aid to deliver:
 - increased woodland creation, targeting agricultural land and Strategic Regeneration Areas, for example Heads of the Valleys Programme;
 - increased areas of farm woodlands brought into management;
 - public benefits purchased in non-farm woodlands.

Scope

2. This paper sets out the future use of grants as a policy instrument. Other policy instruments, for example, Taxation, Voluntary Forest Carbon Offsetting, opportunities provided by the Regulatory Reform Order 2006, and business initiatives such as the Wales Forest Business Partnership are not in scope. In the longer term FCW aims to move away from grant aid as the main instrument and develop a role for these other mechanisms, although it will take some time for these to develop.

Background and Policy Changes (see Appendix 1)

3. Better Woodlands for Wales (BWW) was launched in 2006 and is incorporated into the Rural Development Plan for Wales 2007-13.
4. The following changes in policy have been identified as main drivers for change:
 - Revision of the Wales Woodland Strategy in 2009;
 - The role of woodlands in delivering climate change mitigation and adaptation;
 - The resources available to provide incentives to woodland creation and woodland management will remain under pressure from both EU and domestic budgets.

BWW Issues

5. The following issues have been identified as indicators that BWW may not be able to deliver new policy outcomes to the level required in the future:
 - Woodland creation has remained relatively low and is not sufficient to meet the aspirations in *Woodlands for Wales*;
 - BWW appears to have a limited impact on bringing existing unmanaged woodlands into management;
 - The application process to produce a 5-year management plan aligned to UKWAS and meeting EU controls has proved to be complicated and time consuming;
 - Few BWW applications have utilised the full 5-year management plan and little new woodland is attaining FSC/PEFC certification.

Analysis

6. An analysis of the customer base indicates that there are 5 main groups that need to be engaged to deliver *Woodlands for Wales*:
 - Current private woodland owners (non-farmer);
 - Current public woodland owners (non-FCW);
 - The investment (non-FCW) sector who might buy land to create woodlands;
 - Agricultural sector (farmers);
 - Landowners in Strategic Regeneration Areas.
7. BWW has been successful in supporting delivery of some public benefits with the first two groups.
8. FCW needs to develop a new strategy to deliver the principle outcomes of bringing more woodland into management and increased woodland creation.

Proposals

9. The following timetable is proposed:
 - Complete evaluation of BWW by April 2010.
 - Discuss with WAG the option to integrate support for woodlands into a new integrated land use grant scheme from 2014. Seek agreement by June 2010.
 - To continue influencing WAG to include more trees and woodlands in Glastir.
 - Throughout 2010 examine other existing support mechanisms and networks available to farmers and provide additional support and information.
 - Make a formal recommendation to the FC Wales Management Board in October 2010 to either:
 - I. Close BWW on 1 January 2014 and in the interim develop a new integrated land use grant scheme delivered through a WAG integrated land management approach or;
 - II. Continue to evolve BWW and argue for an increase in the support for woodland management in the Higher Level Glastir scheme.
 - To increase the use of the RDP measures (Axis 1, 3 and 4) in the next RDP.
10. Develop a new integrated WAG land use grant scheme for 2014, as part of the new Rural Development Plan (RDP).

Financial Implications

11. These proposals should allow greater use of other delivery tools, harnessing other funding streams and increasing the expenditure on trees and woodlands through the use of other, principally RDP funded, funding streams.
12. The biggest impact on FCW could be the loss of the woodland grant budget from the FCW budget, but this is not materially significant.

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13. The impact on salaries is not fully understood at the moment, but it is possible that administration of woodland grants could be integrated into the existing grant scheme management, leading to a reduction in costs.

Risks

14.

Risk Component	Risk Type: Reputational Econ/Env/Social	Risk Score	Controls
WAG are unwilling to integrate woodland grants	Reputational	Medium	Commence early negotiations with DRA demonstrating the need for integration.
Insufficient growth in budget	Economic Reputational	High	Build budget based on agreed targets into the next RDP. Spread risk over a range of approaches.
Adverse reaction by the sector to loss of bespoke woodland grant scheme	Economic Reputational	High	Proactive communications strategy. Build in grants for woodland only owners where we wish to purchase public benefit.
Scheme is not attractive to woodland owners	Economic Reputational	Medium	Provide marketing and attractive grants where required to deliver outcome.

15. Option I (paragraph 9) will have an impact on staff involved in the delivery of BWW. The number of staff affected will depend on the level of integration into any new grant scheme. The skills of many are transferable, so working with Human Resources will be important in managing these changes and their associated risks.

16. There will be significant BWW legacy issues to manage if the scheme is closed.

Communications

17. These proposals will be the subject of detailed communications planning for both staff and stakeholder audiences, including lessons learnt from the FC Scotland experience on grant scheme development.

Recommendations

18. The National Committee is asked to endorse the strategic direction in paragraph 2 and the Proposals in paragraphs 9 and 10 .

Richard Siddons
Head of Grants and Regulations
February 2010

Appendix 1

Background

- Better Woodlands for Wales (BWW) was launched in 2006. The scheme is specially designed for woodlands in Wales and was developed in consultation with woodland owners, managers, and public sector organisations. BWW provides more effective support for good quality, sustainable woodland management than previous schemes. Under BWW, grant aid for the creation and management of woodlands is based upon an approved long-term management plan, which must meet the requirements of the UK Woodland Assurance Scheme.
- BWW is incorporated into the Rural Development Plan for Wales 2007-13 and operates under the provisions of the Rural Development Programmes (Wales) Regulations 2006.
- BWW represented a major change in the approach to the purchase of public benefit in Wales. The time required for the sector and FCW to become familiar with BWW, resulted in a low level of grant expenditure in the first year. Momentum has built up and we are now in the position that demand is slightly greater than budget with 700 cases under development covering an area of 27,600 ha and 660 cases approved with an area of 23,800 ha. In total this is approximately 30% of all non-FCW managed woodlands.