

## **EWGS 2008-09 Budget Management Announcement**

### **Summary**

As part of the process for settling 2008/09 budgets with Defra, the Forestry Commission has agreed to defer £1.75m of expenditure on EWGS (which is funded as part of the seven-year Rural Development Programme for England) planned for 2008-09 to later years of the programme. This means we are unable to offer 2008-09 payments to a small proportion of the applications for EWGS under Prospectus 2007. We are now announcing how we intend to handle applications for 2008-09 funding.

### **Prospectus 2007 budget – overall position**

The majority of applications received prior to 6 February will continue to be processed as normal and offered a claim year of 2008-09 as expected. However, the required budgetary adjustment means that the available budget will not cover all the demand for new applications for the claim year 2008-09. We will now offer some existing applications a claim year of 2009-10 rather than 2008-09.

The value of the applications that have not yet reached draft contract is approximately £2.9m. However, we estimate that around 300 applications received by 6 February and still being processed will now be offered payment in 2009-10 rather than 2008-09. These applications have an estimated value of approximately £900,000, equivalent to 3% of the total funding available for forestry grant scheme payments. Similarly, applications received between 6 and 29 February for any remaining funds advertised under Prospectus 2007 will also be offered 2009-10 funding.

Further background on RDPE and the funding of forestry grants is in Annex 1. Our criteria for prioritising applications for funding are set out in Annex 2.

Should you require more information about your application please contact your Forestry Commission Regional Office.

### **What this means for individual applications**

**Legacy grant schemes** - are unaffected: Farm Woodland Scheme (FWS) and Farm Woodland Premium Scheme (FWPS) and Woodland Grant Scheme (WGS).

**EWGS applications already approved** - are unaffected

**Applications that have already reached draft contract** (i.e. where we have made you an offer of a contract) - are unaffected and will be approved when you return the contract to us.

**Applications received between 6 February 2008 and 29 February 2008** – will be dealt with as per ‘normal’ budget arrangements, but offered funding for 2009-10. i.e. if 2008-09 funds advertised in Prospectus 2007 were still notionally available, the applications will be processed and offered payment in 2009-10.

**Applications that haven’t been offered a draft contract by 6 February 2008** - are governed by the following rules:

*Applications that will continue to be offered contracts with 2008-09 payment*

- Woodland Creation Grant applications
- All applications received before 26 November 2007 except Woodland Regeneration Grant (WRG) applications
- Woodland Management Grant (WMG) applications received before 6 February 2008
- All SSSI and red squirrel Woodland Improvement Grant (WIG) applications received by 6 February 2008
- All Forest School applications

*Applications that will be offered contracts with 2009-10 payment*

- Any Woodland Regeneration Grant (WRG) applications that have not had draft contracts issued
- Woodland Planning Grant (WPG) and Woodland Assessment Grant (WAG) applications received since 26 November 2007
- WIG Biodiversity or access applications received since 26 November 2007
- WIG SSSI applications received after 6 February 2008
- WMG applications received after 6 February 2008

**Rescheduling requests for approved 2007-08 contracts** – where 2008-09 funding is requested 2009-10 claim year will be offered instead.

**Prospectus 2008**

We anticipate publishing Prospectus 2008 detailing grants offered for payment in 2009-10 during May 2008. This timetable allows for the completion of normal end of financial year processes.

## **Annex 1: Background to RDPE and funding of EWGS**

The RDPE is a seven-year programme with a planned budget of around £179m for forestry measures delivered through EWGS and the legacy grant schemes FWPS and WGS. The RDPE forestry measures are co-funded by around £100m of exchequer funding and £79m of EU funding. In addition some forestry grants such as the WGS Annual Management Grant and EWGS Woodland Regeneration Grant are funded outside the RDPE budget by state aid delivered from FC resources.

For 2008-09 the agreed indicative budget for EWGS and the legacy grant schemes had a total value of £29m, made up of £13.1m of Exchequer funding and £10.7m EU co-financing under the RDPE plus a further £5.2m of exchequer funding from FC resources for the state aided measures. £1.75m of the Exchequer funding will be re-profiled (deferred) into a later year of the seven-year programme. Taking account of the related EU funding, which can also be deferred under EU rules, the total reduction in 08/09 budgets will be £3m. The seven year programme budget remains unchanged.

As of 6 February 2008 the total indicative 2008-09 budget of around £29m was made up of:

- 79% committed contracts
- 13% new EWGS applications received and being processed
- 8% of Prospectus 2007 headroom remaining for new EWGS applications

## **Annex 2: Criteria for prioritising applications for funding**

In deciding which applications to continue to offer 2008-09 and which will get funding in the later year we have taken account of the following combination of factors:

- Date of receipt of application
- The importance for business continuity of enabling 'annual' payments to be made in 2008-09 for those people applying for Woodland Management Grant.
- The high profile associated with SSSI and red squirrel work funded via Woodland Improvement Grant
- Anyone with an unapproved application for Woodland Regeneration Grant is now unlikely to be in a position to fell and regenerate their woodland in time to claim grant in the first half of 2008-09.
- The timing of the challenge rounds for Forest School grants