

**BRINGING MORE WOODLAND INTO MANAGEMENT  
(STRATEGIC DISCUSSION)****Purpose**

1. To update the National Committee on:
  - Our assessment of progress towards achieving the policy objective of ‘66% of woodland in active management by 2018’ and the longer term objective of 80% of woodland in active management.
  - The scope of the Woods into Management Programme, and progress to date.
  - Current trends in timber and woodfuel markets and their impact on progress in bringing woods into management.
2. To invite the Committee to discuss FC’s strategy in this area, with particular reference to the following questions:
  - a. Does ‘66% by 2018’ and ‘80% in the long term’ remain the right ambition for bringing woodland into active management?
  - b. What role should the following policy levers have in our strategy?
    - i. Woods Into Management Programme
    - ii. Private sector led initiatives
    - iii. Changing the focus of regulation
    - iv. Market segmentation
  - c. What other issues or approaches should FS be considering in this area?

**Background*****Progress towards woodland into management objectives***

3. Our indicators show that the area of privately owned woodland in active management has increased from 53% in March 2013 to 57% in September 2014 (Annex 1, Figure 1). If this rate of increase continues we should see 65% of woodland area in active management by January 2018. This is close to the January 2013 Forestry Policy Statement ambition that a “shared woodland management programme could bring around two thirds of woodland into active management in the next five years”.

4. However, it is likely that changes to the way in which this indicator is measured have inflated the rate of progress during this 18 month period. We changed the methodology to ensure that the indicator provides a reliable proxy for “active management”, by which we mean that woodland owners have decided what they want their woods to deliver, have planned how to achieve this, and are putting the plan into action, with each step consistent with the UK Forestry Standard. A list of evidence recognised by the indicator is shown in Annex 2. In particular the inclusion of all woodlands on defence training areas in the indicator – a change we consider fully justified – has artificially boosted the apparent rate of progress.
5. The recent break in availability of Woodland Management Planning grant and the transition to Countryside Stewardship may have a short lived, negative impact on the rate of progress over the next one or two reporting periods. Woodland management plan grant support is part of the preliminary grant offer due to start in February.

### ***Market trends***

6. Sawmills and other wood processing business are distributed throughout England (Annex 1, Figure 4) and roundwood moves between the devolved countries. Some sawmills process imported wood as well as or instead of British roundwood. The UK forestry sector has increased softwood production from around 2.5 million green tonnes in 1976 to over 10million tonnes in 2013 (Annex 1, Figure 5). In England production has doubled to 2million tonnes over the same period (Annex 1, Figure 6). The private sector supply around 40% of this volume, depending on market conditions. There are 188,000 ha of privately owned conifer woodlands in England. Investment in timber processing plant along with relatively favourable timber prices and currency exchange rates mean that UK softwood supply chains are in relatively good shape, with private owners responding to better economic conditions by increasing production. Latest figures available from the National Office of Statistics show that the Gross Value Added contribution made by Forestry (excluding processing) in the UK increased from £310million in 2012 to £422million in 2013. This is the highest level since 2008 (£438million).
7. In England hardwood deliveries have fallen from 1 million tonnes in 1976 to less than 0.5million tonnes in 2013 (Annex 1, Figure 7). There are 899,000ha of privately owned broadleaf woodland in England with an estimated annual increment of around 4 million m<sup>3</sup>. Overall the hardwood market is struggling with the exception of some niche sawmilling operations and growing demand for firewood and fuel (which accounts for around 80% of deliveries, Annex 1, Figure 8). The 50 year hardwood availability forecast suggests that a little over 20% of privately owned broadleaved woodland exhibit evidence of recent thinning activity.
8. The 2007 Woodfuel Strategy described an ambition to bring an additional 2 million tonnes of timber to market annually from English woodlands by 2020. Steady progress has been made and today the Renewable Heat Incentive supports over 6400 boilers in Britain of which 5000 are in England with an estimated fuel demand of

640,000 green tonnes of wood a year (Annex 1, Figure 9). Since March 2011 these boilers have attracted around £80million of subsidy and payments will be made to boiler owners for 20 years following installation. Deployment is well spread across England with some variation between regions (Annex 1, Figures 10 and 11). To date biomass boilers account for 94% of applications to the RHI. It is likely that the rate of deployment will increase slightly in 2015. This could result in an annual fuel demand of 1.2 million tonnes by the end of 2015. There is some uncertainty about how RHI will be run beyond 2016. However, to meet carbon reduction targets significant changes to heat generation in the UK are required in the short and medium term as this sector accounts for more than 40% of total carbon emissions. The Renewables Obligation supports large scale biomass power generation. Although the potential market size is vast, it is unlikely that more than a few hundred thousand tonnes of British wood will enter this market as generators are investing in international supply chains and have pledged to source no more than 10% of their wood from the UK. Current statistics suggest that supply of roundwood is keeping up with increasing demand for woodfuel whilst allowing growth in volumes of timber delivered to sawmills. Roundwood deliveries to panel board mills have remain relatively stable (Annex 1, Figure 12).

## **Current levers**

9. Market pull from conventional softwood processing businesses is at present sufficient to ensure continued management of commercial coniferous woodland. Beyond this, Forest Services deploys levers including promotion of DECC energy policy (Renewable Heat Incentive) including active development of new supply chains, promotion of RDPE grants and a series of projects brigaded under the Woods into Management programme. This allows Area teams to take into account local woodland types, current business activity and current levels of woodland management activity, which varies around the country (Annex 1, Figures 3). A list of strengths and weakness associated with the current approach is shown in Annex 1, Figures 14 and 15). The factors that are considered likely to drive or constrain levels of woodland management are listed in Annex 1, Figures 16 and 17.

## ***Woods into Management Programme***

10. The Woods into Management (WIM) programme aims to deliver our policy goals through increasing economic development and biodiversity from bringing woodlands into sustainable forest management. Looking back, work preceding the initiation of this programme made some important gains, including the development and implementation of a highly successful grant-led method to increase the area of woodland in management which supports forestry microenterprises (harvesting contractors) and owner producers. This included the hosting of the “Woodfuel East” initiative, which ran in the East of England from 2008 to 2012 and led to an additional 9,882 hectares of woodland being managed, produced over 114,000 tonnes of green timber per annum and created 36 full time jobs.

11. The WIM *Practical Action Project* uses a Forest Research methodology to identify and map woodlands that are unmanaged (or under-managed) and with whose agent or owner Forest Services has no current engagement. Each Woodland Officer selects clusters of woodlands to engage, identifying owners and agents and proactively contacting them. Clusters can include 200-300 woodlands, with each Woodland Officer picking a cluster and, once brought into management, moving on to the next cluster. These figures clearly demonstrate the potential of the project to reach our target of having two-thirds of woodlands in management by 2018. The primary objective is to support efforts to meet shared aspiration to bring 66% of woodland into active management by 2018.
12. We are currently piloting this project in the South West Area, where there are approximately 252,150 ha of woodland. According to the FC Managed Woodland Indicator, in 2014, 126,390 ha of woodland is regarded as unmanaged, equating to around 50%. As a pilot, the South West Area Field Team have selected 15 cluster areas, each with a detailed action plan, to prioritise strategic action. This will involve engagement with the owners of around 3,000 unmanaged blocks of woodland. The clusters contain a total of 17,116 ha of unmanaged woodlands, if 3/4 of the woodland in cluster areas is successfully brought into management over the next three years, the South West will be on track to meet the 2018 target. However if all woodland identified in the clusters is brought into management, woodland management activity in the South West would increase by 14% to reach around 71% woodland in active management, exceeding the target.
13. The initiation phase of the South West pilot has been completed, with all Woodland Officers now having cluster action plans and the woodland owners and agents in the first cluster, Stroud, currently being contacted. All Areas will have cluster action plans by the end of May, with the first monitoring results expected during the second half of the year.
14. In the WIM *Forest Advisory Consortium England project*, Area teams are helping forestry business to grow and expand through tailored business support and improved sector networks. The project, based on the Woodfuel East initiative, has taken the form of a contract which has been competitively awarded to a consortium of nine external forestry organisations, a first in the sector. The consortium is providing a range of business, financial and technical support to businesses who wish to expand but lack the necessary paperwork skills to access the funds. Forestry business around the country are preparing business plans to submit to secure new RDPE economic grants issued, for instance, by the Local Enterprise Partnerships. The first monitoring results are expected by the end of the financial year, with a more in-depth evaluation planned for later this year, and an additional package of support will be rolled out during 2015.
15. Feedback from some businesses suggests that by providing unbiased information on resource availability FS enable businesses to make informed decisions on how to invest in forest based supply chains. For example, the South East Area team provided

BAA and LC Energy information on local timber availability, which (combined with planning conditions) contributed to BAA taking the decision to install a woodfired Combined Heat and Power unit at Heathrow which accounts for around 45,000 green tonnes of wood a year. LC Energy are working with landowners who were not previously managing their woodland and selling timber. FS also received positive feedback from Grown in Britain on data provided to support a feasibility study for a thermal treatment plant in the South West. It is likely that demand for this type of information will increase in the future.

### ***Private sector initiatives***

16. *Grown in Britain* has launched its licensing scheme for woodland owners and wood processing businesses. To date around 50 organisations have expressed interest, 13 have applied for licences and six licences have been or are about to be issued. License holders include PFE in England, private woodlands, Crown Estates, Local Authority woodlands, BSW and English Woodland Timber. Although a small number, licence holders have processing business in England, Wales and Scotland, they process soft and hardwoods, produce 1 million tonnes of timber products a year and manage 250,000ha of woodland. It is significant that BSW have applied for a licence given their investment in the ex-Giddings site near Southampton. This mill could provide a market for the high volumes of overstood conifer in Southern England and could also use hardwood to fuel drying kilns.
17. *Grown in Britain* has improved communications and ways of working between some hardwood sawmilling companies and is investigating the potential of establishing a 'thermal modification treatment plant' in South West England to produce stable, durable products from ash and other hardwoods for use in construction, fitting out and furniture. This could increase demand for wood and is likely to be associated with GIB licensing.
18. *Andrew Harvey* of Harvey Shopfitters, Bristol, who is a board member of *Grown in Britain*, is testing new ways of bringing private woodland back into management in South West England. This builds on some aspects of the 'Ward Forester' project. He aims to provide a 'one stop' service to woodland owners and offer a guaranteed return to owners before harvesting operations take place. This project was kicked off in late summer 2014 and generated 14 management plan grant applications before the grant was closed in September. It has prepared 9 further applications ready for the new grant in February. It is also developing relations with firewood companies to provide an outlet for wood harvested from currently neglected woodlands. If this approach breaks even then a similar approach could be rolled out in other areas (Andrew has a track record of testing forestry related projects locally before rolling out nationally, including development of the now national 'Woodsure' fuel quality marque).
19. *Stobart Biomass*, Penrith, with FS support, have submitted a bid to the Regional Growth Fund managed by BIS. This project is ambitious and aims to increase fuel production from unmanaged woodland in the North West and West Midlands. If

successful this project could mobilise in the region of 5 million tonnes of wood over 15 years and provide the equivalent of 1million tonnes of oil worth of renewable energy. The bid has support from three LEPs.

## **Possible additional levers**

### ***Changing the focus of regulation***

20. Sustainability criteria associated with energy markets, Grown in Britain licensing and the conditions of Countryside Stewardship grants will increase demand for felling licences and woodland management plans. A change in our regulatory approach that improves standards whilst reducing transaction costs for landowners, businesses and government could help forestry respond better to market opportunity and, potentially, grant incentives.
21. The combination of flat or declining levels of certification, increased demand for woodfuel and increased levels of woodland management are likely to put more scrutiny on UKFS and forestry regulation. Considerable resource is tied up in the current desk based woodland management plan approval process and little resource is available for ensuring UKFS is complied with during management operations in the field.
22. To meet woods into management policy objectives we need to work with partners to change the behaviour of woodland owners, forestry agents and contractors. The current regulatory regime and process may be intimidating to some woodland owners and act as a barrier to management. The contractor operating machinery and making decisions on how to implement a management plan may be better placed than a non expert woodland owner to ensure harvesting does not lead to breaches of UKFS. It may be possible to change the focus of regulation and regard the non expert woodland owner as a consumer of forest management services, and place the regulatory onus on the agent and contractor. This could remove barriers to management, deliver 'Protect and Improve' efficiently and increase standards of both the planning and operational aspects of sustainable forest management in England.
23. One approach could be to adopt a similar method to the Gas Safe Register of gas engineers – in this example the list of approved engineers reduces the risk of non expert consumers hiring a company that uses bad or illegal practice. Establishing a list of 'UKFS compliant' contractors and agents could help improve standards in the sector, make it easier for woodland owners to hire competent companies and ultimately reduce the risk of serious breaches of UKFS. Organisations including FISA, ICF or Grown in Britain could be potential hosts or brokers of this scheme (this has yet to be explored) although some start up funding may be required. This approach could foster a 'self regulating' sector in which standards improve and cost to business and government is minimised.

24. Given the expected increase in demand for management plans, Forest Services is considering how to manage the resulting workloads for Field teams. We are exploring options to implement a risk-based approach similar to earned recognition. We are also considering what our tolerances for 'UKFS compliance' should be at the woodland management plan level. This approach could enable the sector to more easily develop management plans and shift our focus towards enabling owners to implement these plans with operations that are consistent with UKFS. Working towards a situation in which more woodlands are covered by woodland management plans could give confidence to entrepreneurs working in supply chains requiring proof of origin and sustainable forest management (e.g. RHI woodfuel, Grown in Britain, Government procurement) and encourage them to invest in timber processing businesses. This in turn could increase demand for more timber and more management plans.

### ***More differentiated marketing to woodland owners***

25. Defra funded research investigating the attitudes of woodland owners suggests that there is a range of different motivations for owning woodland, and there may be scope for a more nuanced and targeted marketing approach to draw the different owner segments into managing their woodlands. For example, a proportion of owners are more likely to manage their woods if they are cost neutral or profitable, while other owners manage their woods to benefit biodiversity or simply to relax in. These findings suggest that we should work with organisations including CLA, NFU, RSPB, Wildlife Trusts and our regional Forestry and Woodlands Advisory Committees (FWACs) to ensure that messages designed to encourage woodland management are tailored to appeal to the likely views and concerns of different owner segments.

26. For owners motivated by financial considerations, FS could work with Confor, CLA, NFU and Grown in Britain to ensure owners have access to market trends, and local market opportunities. Some of these organisations have agreed to help with this activity in the past if FS can help coordinate activity. There may be scope to investigate how Woodland Officers can be better equipped with information on resource availability, local markets, indicative timber prices, and management costs and how this can be made available to woodland owners and businesses. In some cases, it may be more effective for Area teams to focus on mobilising volume to reduce levels of neglect rather than on developing sophisticated management plans. For example, Annex 1, Figure 12 shows that in the South East Area there is a very high volume of overdue timber (32million tonnes, roughly equivalent to 13 times the volume of wood that is currently delivered to market on an annual basis in England).

27. For owners more motivated by biodiversity, FS could aim to develop approaches to communicating a different set of benefits. Research demonstrates conclusively that biodiversity and resilience are more likely to improve in woods where volume is taken out and a multi layered canopy structure and a mix of tree species are developed. For smaller woodland owners in particular, where FS will not have the resources to offer any personal contact, it will be important to develop channels of digital information

and engagement, perhaps by building on initiatives that already encourage land owners to map and plan their woodlands e.g. MyForest run by Sylva Foundation and Green Shoots Mapping run by the British Association of Shooting and Conservation.

28. The Woods into Management communications strategy aims to bring greater sophistication to messages on woodland management, within Forest Services but also within the sector. The strategy uses the latest audience insights and research and takes inspiration from nudge<sup>1</sup> and behaviour economics approaches currently popular in public policy delivery. Importantly, the strategy will set out the different types of owners identified in research and the key messages most likely to influence them, also striving to create a social norm around woodland management that effectively meets UKFS woodland management standards. The strategy is in final draft and will be implemented from the beginning of next financial year. The Grown in Britain communications strategy has strong 'woods into management' messages and the well established social media presence could be used to reinforce FS lines on the same subject area. In addition the GIB network contains businesses and organisations that sit outside the usual FS sphere of influence.
29. It may also be possible to deploy expertise and business networks offered by FWACs in new ways to help encourage investment into forestry from Local Enterprise Partnerships, Local Nature Partnerships, LEADER partnerships, private business and also competitive schemes aimed at increasing innovation and growth. FWAC representatives are likely to have different networks of contacts, such as Local Nature Partnerships, and different business skills to FS employees and could portray forestry in a way that could appeal to a wider range of potential investors. To capitalise on opportunities in an increasingly volatile and uncertain world it is important that FS capitalises on, and further improves, its ability to respond to local opportunities in an agile and focused way.

## **Resourcing**

Programme funding and staff time requirements to deliver the Woods into Management Programme have been agreed for 2015/16. It is likely that further investment will be required in following years if policy aspirations are to be achieved. Provisional work investigating ways of improving the management plan approval process suggest that significant time savings could be realised, a proportion of which could be redeployed in support of other initiatives discussed here.

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<sup>1</sup> 'Nudge' is a book by Thaler and Sunstein (2008) that uses research insights to set out how to help individuals make the best choices for themselves and for society. For a more in depth overview please see [http://en.wikipedia.org/wiki/Nudge\\_\(book\)](http://en.wikipedia.org/wiki/Nudge_(book))