

# The long-term role of the Forestry Commission Public Forest Estate in England

Report to Forestry Commission England National  
Committee by a multi-sectoral working group.

May 2010

“The Forestry Commission has already got more experience than any other land manager in delivering integrated land management. On its own publicly managed land and through its influencing role, it now has a unique opportunity to show the real value of managing all its assets in an integrated way, bringing lasting benefits to the very wide range of stakeholders it serves.”

*Jonathon Porrit (2010), Forum for the Future, ex-Director Sustainable Development Commission.*

### **More information.**

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### **Status of this report.**

The opinions presented in this report are the opinions of the working group and do not necessarily represent the opinions of the Forestry Commission. The working group includes representation from: environmental non-Governmental organisations; the timber producing and processing industry; Department for Environment, Food and Rural Affairs; Treasury; Natural England; the Forestry Commission; academia; and access and leisure interests.

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# 1 Foreword.

These are exciting times, and this working group, which I have had the privilege to chair, has looked at the future long-term sustainable role of the Public Forest Estate (PFE). Forestry is a wide-ranging business and the working group included people from non-governmental organisations and the private sector as well as public bodies representing a wide cross-section of views across the sector; people with interests in wildlife, community woodland, access, urban environments, landscape, integrated land management, climate change, and timber businesses. Our recommendations are based on a thorough examination of the evidence, much of it newly collated for this study, taking a collective view across this wide-range of expertise.

Part of this evidence was a public consultation that resulted in 2,200 responses and a further 2,200 responses to a quick questionnaire, an unprecedented level of response to a consultation like this. The vast majority of these responses were highly positive about the PFE. This is a report to a governance committee. Inevitably, it has rather technical language. But we are mindful that we are making recommendations about a set of landscapes that millions of people a year enjoy and thousands of people care enough about to write to us to express their views.

We put forward a strong case for the continued relevance of the PFE. We also set out the need for change, emphasising the importance of the PFE building its many strengths, particularly its ability to deliver sustainable development in practice, to assist others to do so, and to help government deliver key priorities. The case for change takes account of exciting opportunities and the need to resolve challenges. So, we envisage:

- the PFE focusing more on its **distinctive role**,
- delivering **fewer key outcomes secure** within a **more sustainable financial model**, and
- **playing a more active role** to catalyse the full potential of **all** woodland in England.

The key outcomes highlighted for the PFE are:

- creating and maintaining resilient, adaptable, wildlife rich landscapes, particularly in the light of climate change;
- contributing to a low carbon economy; and
- enabling health and well being for all.

This study provides the Forestry Commission England National Committee with a range of recommendations which we believe will enable the PFE to improve on its delivery well into the future. That is the delivery of the priorities for the Government's *Strategy for England's Wood Trees and Forests*, and its contribution to other government priorities. These are indeed exciting times.

Dr Olutayo Adebawale, Forestry Commissioner, Chair of working group.

## 2 Executive summary

We, a cross-cutting, multi-sectoral working group for a study of the long-term role of the Forestry Commission Public Forest Estate (PFE), have produced this report for the Forestry Commission England National Committee.

The findings are based on the evidence gathered for this study including a public consultation that generated over 2,200 responses, an unprecedented level of response for this kind of issue. To develop our findings, we in the Working Group have considered the evidence in depth bringing to bear expert opinion from a wide cross-section of stakeholders in English forestry.

The PFE is the largest single land-holding owned by the State. It is managed by the Forestry Commission, the Government's forestry department. It covers 258,000 ha of land, 2% of the total land area of England, and 18% of England's woodland in 1,500 sites distributed right across England. It provides a significant proportion of all the goods and services from England's woods and forests. However, the PFE is small by UK and international comparisons.

The study was announced by the Secretary of State for Environment Food and Rural Affairs in November 2008 following recommendations by the Forestry Commission. Its purpose is: 'to consider the future long-term sustainable role for the public forest estate and make recommendations about any necessary changes to improve its ability to deliver relevant priorities in the Government's Strategy for England's Trees, Woods and Forests (ETWF) and contribute to other Government objectives'.

### 2.1 Summary of context

**Trees, woods and forests** are relevant to many government objectives and are highly valued by society.

**The PFE is valued by society.** The public consultation and social research showed 'passionate engagement' with the PFE, and that most people see it as 'relevant to their lives'. Economics research shows that the value of public benefits is much higher than the costs.

**Distinctive role:** there is a strong distinctive role for the PFE for the 21<sup>st</sup> century. It is an asset of sustainably managed woodland and other land, skills, and relationships with others that can be used by the Government as a powerful and flexible method of delivering its priorities.

**Opportunities and challenges:** evidence from a 'futures workshop' shows that trends in society will make the PFE more relevant particularly:

- climate change and the move to a low carbon economy;
- the need for economic, social and environmental resilience at low net cost to Government; and
- the importance of quality of life.

The current financial situation is not sustainable. Running costs are increasing as more public benefits are delivered, but public funding is decreasing, and asset

sales are funding the gap. Standards on the PFE are generally high, but standards outside the PFE are variable. Many non-PFE woods and forests in England are also well managed. However, others are under managed and not realising their full potential.

**Case for change:** this and other evidence adds up to a case for change for the PFE, discussed in more detail below. The PFE should build on its strengths; realise the opportunities; and resolve the challenges by:

- focusing more on its distinctive role in delivering a few key outcomes;
- playing a more active role alongside other mechanisms to realise the full potential of **all** woodland in England; and
- securing a more sustainable financial model.

## 2.2 Objectives of the study and recommendations

Below are the five objectives (A to E) of the study on which we have based our report. For each we have given recommendations. These are based on the evidence mentioned above and additional evidence, for example, from an environmental baseline, visits to the PFE, and expertise of FC staff. There are 18 recommendations (R1 to R18), ten of which we consider key, these are summarised below. To see the full recommendations and discussion see the main report (you can use the cross-references below).

### **A. Set out the distinctive future role of the PFE in delivering ETWF and other government objectives. Section 4.1.**

#### **Key recommendations:**

R1 The PFE should focus on the following three key outcomes.

1. Creating and maintaining resilient, adaptable, wildlife-rich landscapes, particularly in the light of climate change.
2. Contributing to a low carbon economy.
3. Enabling health and well-being for all.

R2 The PFE should be used more effectively by the Government to play an active role to help *all* woodland in England fulfil its potential to deliver the three outcomes.

R3 Direct delivery of products and services by the PFE is a key strength, but delivery should be aimed at situations where it provides clear added value. In other situations, the PFE should provide woodland infrastructure for others, including public bodies, to use to deliver the Government's objectives.

**B. Consider the long-term challenges associated with sustainably funding an increasing range of public benefits on the PFE. Section 4.2.**

**Key recommendations:**

R4 The PFE should focus on the key outcomes identified, not simply on increasing the range of public benefits.

R5 The PFE's ability to plan for delivering the key outcomes should be further developed by clarifying the relationship between different approaches to land management (and their costs) and changes in the value of public benefit that they deliver.

R6 The PFE should further develop the range of funding mechanisms it uses to pay for the costs of delivering public benefits.

**C. Explore the scope for changing over time the character, scale, distribution and management of the PFE so that it contributes to future priorities. Section 4.3.**

**Key recommendations:**

R7 Limits should be set for changes that can be made to the PFE to maintain those characteristics that enable the PFE to fulfil its long-term role as an asset for delivering government objectives.

R8 The PFE should use its resource of land, skills and relationships to make balanced decisions and resolve trade-offs to work out how best to deliver the key outcomes within a sustainable financial model.

R9 The PFE should play an active role in accelerating woodland expansion to help fulfil government objectives for reducing greenhouse gas emissions and to deliver more of the many co-benefits of woodland.

**D. Provide a strategic context for any future asset sale or investment programmes. Section 4.4.**

**Key recommendations:**

R12 Management of the assets on the PFE should be targeted so as to evolve the physical distribution and nature of the PFE so that it can better deliver the key outcomes (R10 and R11 are in the main body of the report).

**E. Increase awareness about the roles and opportunities provided by the PFE. Section 4.5.**

We made a number of recommendations focussed on actively communicating the reasons for and benefits of change (covered in the main body of the report).

## 3 Introduction

### 3.1 The working group

This report sets out the recommendations of the working group set up to support the study of the Forestry Commission Public Forest Estate<sup>1</sup> in England (PFE). You will find the membership of the working group and more details on the evidence we collated in Section 7.1.

### 3.2 Study purpose

The study was announced by the Rt. Hon. Hilary Benn, MP, Secretary of State for Environment, Food and Rural Affairs, in November 2008. Its purpose is: *'to consider the future long-term sustainable role for the public forest estate and make recommendations about any necessary changes to improve its ability to deliver relevant priorities in the Strategy for England's Trees, Woods and Forests (ETWF) and contribute to other government objectives'*.

### 3.3 Structure of the report

The structure of the report is based on the objectives of the study:

- A. set out the distinctive future role of the public forest estate in delivering ETWF and other government objectives;
- B. consider the long-term challenges associated with funding sustainably an increasing range of public benefits on the PFE;
- C. explore the scope for changing over time the character, scale, distribution or management of the PFE so that it contributes to future priorities;
- D. provide a strategic context for any future asset sale or investment programmes; and
- E. increase awareness about the roles and opportunities provided by the PFE;

We have made recommendations under each of these objectives – see Section 4.

**If you wish to see a summary of the extensive evidence gathered (including public consultation, economic research, social research, environmental status report and a futures workshop), further**

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<sup>1</sup> While the PFE is strictly the physical woods and forests, we include in this term the staff working for Forest Enterprise, the Forestry Commission's executive agency, and other relevant staff in the Forestry Commission. Forest Enterprise manages the estate in response to a framework set by the Forestry Commission and many of the estate's attributes are linked to its human resources.

**background information to our report and links to the Operational Efficiency Programme please look at Section 6.**

The scope of the study does not allow us to look at institutional change and wholesale disposal or the operational response of the PFE. And our recommendations fall within this scope.

## 4 Recommendations

In this section we set out our recommendations under each objective. Under each heading we:

- set out our recommendations **(R)** for change in green and our key recommendations are in **bold green**;
- summarise the general context and discuss selected aspects of the recommendations to further illustrate our reasoning and offer thoughts on what the PFE should do more of and what it should do less of; and
- refer, when appropriate, to key relevant evidence we considered when developing our recommendations and set out any gaps in the evidence.

### 4.1 Objective A: set out the distinctive future role of the Public Forest Estate in delivering ETWF and other government objectives

#### 4.1.1 Recommendations

#### **R1. The PFE should focus on the following three key outcomes.**

1. **Creating and maintaining resilient, adaptable, wildlife-rich landscapes.** Using woodland to help create a land resource that helps wildlife and people adapt to challenges without requiring ever increasing amounts of public funding. The key challenge now and throughout the next 50 years is the changing climate. A particular challenge for the next 5 to 10 years is the lack of public funding.
2. **Contributing to a low carbon economy.** Increasing the contribution of woodland to targets for reducing greenhouse gases through storage in trees and soils; through growing wood to substitute for other more energy intensive materials such as steel and concrete or fossil fuels; by promoting renewable energy; and by supporting low-carbon businesses and activities, such as domestic tourism and using sustainable transport.
3. **Enabling health and well-being for all.** Creating attractive and accessible urban and rural green infrastructure and helping its use to promote health and well-being for all.

#### **R2. The PFE should be used more effectively by the Government to play an active role to help *all* woodland in England fulfil its potential to deliver the three outcomes.**

#### **R3. Direct delivery of products and services by the PFE is a key strength, but delivery should be aimed at situations where it provides clear added value. In other situations, the PFE should provide**

## woodland infrastructure for others, including public bodies, to use to deliver the Government's objectives.

### 4.1.2 Discussion

**General context.** The consultation and other evidence, such as the Public Opinion of Forestry Survey, shows that people place a high value on woods and forests and therefore support the principle of public ownership because they expect the Government to intervene directly in an aspect of the environment that they value. There is also evidence that people have great trust in the high quality of Forestry Commission delivery. These are reasons for continued central government ownership and management of a significant proportion of England's woods and forests.

The PFE already delivers a wide range and large amount of the desirable outcomes, and stakeholders expect it to deliver even more. However, simply increasing the volume and quality of outcomes directly delivered by the PFE is not affordable (see Section 4.2). Also we need to understand how what happens on the PFE could enable the other 82% of woodland in England to fulfil its potential to deliver key government outcomes.

The volume and quality of outcomes delivered by the PFE will remain important, but it needs to focus on a more distinctive role. The questions are:

- "what outcomes that society needs can the PFE deliver that other mechanisms cannot, or that it can deliver more cost effectively? and
- how can the PFE help or act as a catalyst for all woods and forests in England to fulfil their potential to deliver the outcomes the Government wants?"

ETWF makes a number of direct references to the PFE. In Section 7.3 we set out where our findings strengthen or imply changes to these references.

**Discussion on recommendation 1** – We have identified the three key outcomes because these are the areas where the PFE can best add value to the country's efforts to respond constructively to long-term trends in society. By long-term, we mean over the next 20 years. The relative priority of these trends may alter at a timescale shorter than woods and forests can change. Therefore, underlying this focus on outcomes is the PFE being a flexible asset of sustainable woodland and other land, skilful people, and relationships with others that can be used by government in a variety of situations. This, ultimately, is the long-term role of the PFE. The PFE is a flexible and versatile business through which the Government can manage risk, respond to challenges, and realise opportunities. This has some important implications for our recommendations that we discuss here.

**Discussion on recommendation 2** – Examples of what playing an active role means include:

- demonstrating and communicating with landowners about relevant solutions, for example woodland management models that are resilient to climate change, and new leisure business opportunities;

- being innovative and providing forestry infrastructure for research;
- demonstrating high standards of management;
- providing advice to government about practical land management;
- providing forestry infrastructure for others to use for training and life-long learning;
- improving standards;
- stepping in where there is evidence that the market is failing to generate public benefits;
- delivering the key outcomes together;
- developing and supporting markets that generate public benefits; and
- providing a catalyst for landscape-scale integrated land management.

**Discussion on recommendation 3** – Direct delivery of products and services from the PFE is a key strength – essential to the ‘government asset’ element of the long-term role. However, the most appropriate priorities for direct delivery by the PFE needs to be driven by: the key outcomes; the ‘core role’ of providing an asset of sustainably managed land; and the need to link desired outcomes with funding. Examples of where direct provision appears right include:

- training for integrated woodland management relevant to all types of woodland ownership, for example forestry apprenticeships; and
- developing community engagement in areas of greatest need.

Where there is no distinctive role, then the PFE should focus on providing and supporting woodland infrastructure and skills for others, including other public bodies to use. This could be particularly relevant for the ‘enabling health and well-being’ outcome where the potential for direct delivery via, for example, education and outreach work is huge. But this may be best delivered by others making use of the estate woodland infrastructure.

### **The PFE should do more.**

1. Focussing on the three key outcomes.
2. Actively helping all England’s woodland deliver the desired outcomes as we have identified; and
3. Promoting and responding to recognition across government of the potential for the PFE to cost-effectively deliver government objectives, provided it is funded.

### **The PFE should do less.**

- Activity that is not focussed on the key outcomes.

### 4.1.3 Evidence

The key relevant evidence.

- Most important benefits identified through the consultation exercise and social research.
- Comparative value of public benefits of areas from the economic research.
- Key long-term trends identified by the 'futures exercise'.

## 4.2 Objective B: consider the long-term challenges associated with sustainably funding an increasing range of public benefits on the PFE

### 4.2.1 Recommendations

**R4.** The PFE should focus on the key outcomes identified, not simply on increasing the range of public benefits.

**R5.** The PFE's ability to plan for delivering the key outcomes should be further developed by clarifying the relationship between different approaches to land management (and their costs) and changes in the value of public benefit that they deliver.

**R6.** The PFE should further develop the range of funding mechanisms it uses to pay for the costs of delivering public benefits.

### 4.2.2 Discussion

**General context.** The picture we see is one of financial efficiency and of high public benefit to public cost ratio, but with increasing activities and running costs without the additional income to finance it, and increasing exposure to financial risk.

Funding the PFE was already challenging before the recession caused the squeeze on public finances. The scale of the challenge amounts in the 2010/11 financial year to about £20M in a total budget of £70M. At present, much of this gap is being covered by asset sales of about £10M. We do not consider this to be a viable way of running a business.

The Operational Efficiency Programme (see Section 6.1) is providing evidence on the best way of developing a sustainable business model. We do not attempt to duplicate this work. Instead, we focus on the relationships between generating funding and delivering the long-term remit.

**Discussion on recommendation 4 –** Increasing the range of public benefits (or desirable outcomes) provided by the PFE should not be an objective in itself because this may be too challenging to fund, may not be cost effective, or may not reflect the distinctive role for the PFE that we have recommended. Instead, the focus should be on the key outcomes from Section 4.1.1.

Reducing expenditure on the PFE may reduce the volume and quality of public benefits, for example fewer habitats being brought into favourable condition, less work conserving and enhancing priority species, less urban fringe woodland, or lower standards of management. Furthermore, investment on the PFE may be a highly cost-effective way of delivering wider government priorities, saving money for other parts of government, for example water management and reducing carbon emissions.

**Discussion on recommendation 6** – This is an integral part of the ‘resilient landscapes’ outcome; using asset sales to cover running costs and short-term financial challenges is not a long-term sustainable option. The range of mechanisms should include:

- increasing commercialisation of the PFE, for example through leisure businesses and renewable energy while protecting key outcomes;
- partnerships that bring in additional income and capital investment providing the focus is on the key outcomes, and the capital investment does not simply add to the net running costs;
- new mechanisms for generating private investment, provided public accountability and control are retained;
- more diverse income streams to further reduce the risk of relying on a few major sources of income such as timber; and
- public funding.

30-35% of the gross income on the PFE comes from timber sales. Timber prices remain depressed compared to much of the second half of the 20<sup>th</sup> century, but have held up well in the recession, and are forecast to rise further as global demand increases. Financially, the reliance on timber for a high proportion of income exposes the PFE to risk due to economic cycles. Indeed, most conceivable sources of income such as minerals, leisure and public funding are affected by wider economic cycles.

Another risk factor is the increasing amount of major leisure infrastructure such as mountain bike trails and visitor centres (see Table 2). Income associated with this infrastructure has increased, reducing the net cost of running these facilities to £0.5M per year. However, significant capital investment of about £40M to £50M is required over the next ten years to complete the programme of upgrading visitor centres, and then to keep the leisure offer fresh with new facilities and initiatives. In recent years 90% of this investment has come through non-central government sources such as Regional Development Agencies, but these are becoming more constrained.

Increasing commercialisation could result in inappropriate competition with the private and voluntary sector for business and income. Therefore, it is important that commercialisation continues to be done in a way that spreads the benefits (and risks) to other businesses. For example, the PFE could further develop its provision of woodland infrastructure and use business models that help start-ups of businesses which will help deliver the key outcomes, and which then provide income to the PFE as rent. These models and the lessons learned could then be spread more widely to provide financial benefits to all woodland in England.

We have recommended increased efforts to generate income. However, we do not believe that the role of the PFE is to make a profit for the Government. Increased net income should be used to pay for public benefit delivery on the PFE and its use as a tool for delivery across all of England’s woodland. We would encourage changes in the financial model to aid this, for example end of year flexibility.

The commercial nature of the PFE is more than a useful way of reducing cost to government. It is a component of being an asset of sustainably managed land. Furthermore, it provides government with a powerful way of connecting directly

with the reality of land management and its costs. When demonstrating solutions relevant to all landowners, direct experience of the business environment is important for the credibility of the PFE.

The outgoing accounting system (replaced for 2010/11) has made it difficult to see where activities are generating net income and we perceive a tendency to mix up net and gross income when discussing financial efficiency. We note however that the PFE is developing an accounting system that provides better information for managing a sustainable business model.

**The PFE should do more.**

- Commercial activity, while not detracting from the key outcomes and long-term role.
- Presenting clearly the net costs and benefits of specific activities.

**The PFE should do less.**

- Taking on additional costly activities that appear to deliver ETWF without assessing their contribution to the key outcomes and implications for long-term funding.

### 4.2.3 Evidence

The key relevant evidence:

- conclusions of the Operational Efficiency Programme;
- PFE accounts and budget information; and
- the experience of staff.

## 4.3 Objective C: explore the scope for changing over time the character, scale, distribution or management of the PFE so that it contributes to future priorities

### 4.3.1 Recommendations

**R7. Limits should be set for changes that can be made to the PFE to maintain those characteristics that enable the PFE to fulfil its long-term role as an asset for delivering government objectives.** To fulfil this role the PFE should:

- remain large scale;
- be widely distributed across England;
- have a flexible and varied representative cross-section of all types of woodland in England;
- be able to provide a significant volume of products and services, skills and expertise; and
- remain under public control and accountability.

**R8. The PFE should use its resource of land, skills and relationships to make balanced decisions and resolve trade-offs to work out how best to deliver the key outcomes within a sustainable financial model.** The key issues on which to focus are:

- biodiversity, carbon and landscape are all important and all interrelated;
- how wood production on the PFE (including softwood, hardwood and woodfuel) can best contribute to the key outcomes, particularly moving to a low-carbon economy; and
- the need for a clearer strategic framework in which to set work for encouraging access, including:
  - # the appropriate level, type and diversity of access infrastructure; and
  - # where it is best to focus work on encouraging access in liaison with other providers.

**R9. The PFE should play an active role in accelerating woodland expansion to help fulfil government objectives for reducing greenhouse gas emissions and to deliver more of the many co-benefits of woodland.**

**R10.** Local involvement in decision-making and woodland management should be increased at selected sites to promote community development where the needs and potential benefits to society are greatest.

**R11.** The PFE should continue to implement programmes nationally with the flexibility for regional and local delivery. To do this, the PFE should further

develop indicators to evaluate and communicate the cumulative impact of local decisions at national level.

### 4.3.2 Discussion

**General context.** In Section 6.3.2 we set out how the PFE has, and is changing, in response to changing government priorities. Each trend has a rationale. Added together, however, some overarching trends emerge which may not be desirable. Changes which appear to conflict with the key outcomes are:

- decreasing contribution to reducing carbon emissions; and
- increasing costs of management without associated income.

**Discussion on recommendation 7** – We have not speculated in detail about where the thresholds might lie, although evidence, such as the desirability of a wide distribution across England, provides some pointers. On size, the PFE currently covers 18% of England’s woodland and 2% of the surface. The majority of respondents to the public consultation called for it to increase. However, whether the PFE needs to increase, stay the same, or could decrease and still fulfil the distinctive role we have identified for it, is uncertain. We believe these thresholds should be identified soon, so that they are not inadvertently exceeded in the short-term.

On delivering a significant proportion of goods and services, for timber, the PFE produces 60% of England’s domestic production, the trend is for this percentage to decrease. This is because of the age structure and changes in management of PFE woodland, and because of initiatives to increase wood production from private sector woodland. Again, it is not certain what percentage of domestic timber production the PFE needs to contribute to fulfil its distinctive role. Even with these uncertainties, when planning for change on the PFE, managers should be aware of the impact of these changes on the key characteristics. This allied to our recommendation for a better link between costs and benefits focussed on the key outcomes could lead to better understanding of where any thresholds lie.

We discussed whether setting out ‘public control and accountability’ as a key characteristic represented circular reasoning; “it is public land therefore it has to be publicly controlled and accountable”. We decided that it was not circular reasoning. The public control and accountability adds value in itself.

**Discussion on recommendation 8** – Balancing conflicting trends will require trade-offs. The PFE, more than any other mechanism we can think of, has the opportunity to resolve this challenge through its scale, model of sustainable land management, the skills of its staff and its relationship with other organisations. The solution lies not in just doing more and more activities to generate desirable outcomes across the whole of ETWF. Instead, the PFE should focus on the key outcomes in which it has a distinctive role, and on determining how best to deliver those in a way that is affordable, balanced, and reflects government priorities.

Supporting the move to a low-carbon economy implies that the PFE should plant and harvest more, and faster-growing, trees, this would also reduce net cost.

However, biodiversity and landscape objectives (key elements of creating resilient landscapes and enabling health and well-being) imply leaving trees to grow for longer and not managing woodland intensively, more open space, and more native trees. The apparent conflict between these objectives should not be overstated; plantations managed according to the UK Forestry Standard contribute to biodiversity and landscape, native woods store carbon and can produce useable timber. Nevertheless, there is a trade-off. The key outcomes provide the test for resolving this, but further work is needed to understand the thresholds and dependencies.

The PFE will continue to produce a large volume of timber into the foreseeable future within any reasonable scenario although the volume is predicted to start decreasing in about ten years from now under current forest design plans (by about 10% between 2022 and 2031). It is sensible to bring this timber to market to generate income, contribute to a low-carbon economy and improve woodland condition. At present, there is an additional rationale cited: *“that a predictable and stable supply of timber enables the softwood timber processing industry to invest in capacity and that this investment secures jobs, economic activity and ensures a market for timber, thus reducing the costs of woodland management of all types of woodland and woodland ownership”*. However, some people believe that this can lead to management decisions that may not be focussed on delivering the key outcomes, for example:

- using clearfell where other management practices might be better for landscape; or
- retaining plantations where conversion to heathland might be better for biodiversity.

An example of a possible alternative rationale could be that the primary purpose of timber production is to support a low-carbon economy.

We also feel that if there is this additional rationale for softwood timber production, then there will also be related (but perhaps not identical) rationales for hardwood and woodfuel production. When considering the purpose of public sector timber production, the PFE should include its distinctive role in supporting hardwood processing and woodfuel, particularly in the context of moving to a low-carbon economy.

We have considered the rationale and strategic context for access on the PFE.

- Access on the PFE is very important because of the desirable outcomes it can generate, such as health, well-being, local economic development, and education. It is a major component of the value of the public benefits from the PFE; access is one of the top priorities identified in the consultation; and the ‘health and well-being’ outcome relies in large part on access.
- However, the evidence on the type of access infrastructure required to generate this public benefit is uncertain. For example, the public consultation showed that ‘major leisure infrastructure’ and ‘facilities for specialist interests’ (such as mountainbiking) were not seen as a priority. On the other hand, visits to visitor centres on the PFE are increasing, whereas the general trend for countryside visits is down.

- Access is therefore a high impact, high cost activity which is a significant and increasing part of the PFE's business. It needs to be set in a carefully constructed rationale and strategic context.
- There has been a significant increase in major leisure infrastructure on the PFE in recent years, largely funded by non-central government sources. This is generating gross income. Visitors overwhelmingly approve of the services provided, and there is evidence of local and regional economic benefits.
- However, the current rationale and strategic context for decisions about access infrastructure appear to need further development, particularly at a national-scale. The leisure offer is still a net cost activity (although decreasing) and requires significant capital investment. Evidence on national-scale economic benefits is unclear, and most of the people using the major leisure infrastructure are from more affluent social categories (although with a substantial minority from the less affluent).

Whatever the rationale, maximising opportunities for access on the PFE should remain a top priority. A powerful way of doing this is to reposition the PFE closer to where people live and work, (especially where there is a lack of access), and to heavily promote access. The PFE has done this with impressive results. However, such woods currently tend to be the most costly to manage and grow less timber. In addition, promoting access, whether it is on urban or rural sites, generally includes providing small-scale access infrastructure. If every site on the PFE were to include significant small-scale access infrastructure, the cost burden would be extreme. Unlike major leisure infrastructure, it appears to be harder to generate non-central government funding for investment in this type of provision.

The way forward to a strategic framework and rationale for access on the PFE is to understand more fully the distinctive role of the PFE in delivering the 'health and well-being' outcome. A more rigorous appraisal of costs, income and public benefits due to access and leisure on the PFE is also needed, and success should be defined according to key outcomes, not simply in terms of visitor numbers.

It is clear that there is a lower rationale for continued public ownership of parts of the PFE that are not open for access, such as some leasehold sites<sup>2</sup> (unless these significantly deliver other key outcomes or contribute to a sustainable business model). However, we need more evidence to decide on the best ways of promoting access to the PFE. For example, these could be;

- through re-positioning the PFE closer to where people live and work;
- making the current estate more effective in promoting access; or
- the PFE helping to generate improvements in access to all woodland across England, for example, by demonstrating how to manage access in woods with high biodiversity value.

The correct balance may lie at a limited number of high input or high income-earning visitor centres alongside a wider investment in informal access close to where people live.

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<sup>2</sup> Although see comments below about the need for variety.

There are aspirations to increase the rate of woodland expansion to contribute to a low-carbon economy. The ability and track record of the PFE to deliver on government priorities means that it should play a part in achieving this level of ambition. However, the PFE currently has little land suitable for more tree planting, or opportunity to acquire more land within the current financial climate. So its role is more likely to be on demonstrating solutions and promoting collaboration. However, given additional funding from private or public sources it could undoubtedly play a major role in direct delivery, possibly via modern ownership and business models, for example management agreements for planting and establishment.

**Discussion on recommendation 10** – Currently, forest design planning is the PFE’s route for local involvement in decision making and for engaging stakeholders. The PFE has a good track record of high-quality consultation with local communities and for promoting active use of sites by local people. There are some examples of higher levels of community involvement, for example community woodland groups. On sites where the potential delivery of social benefits is highest, for example those close to urban areas and deprived communities, further involvement at higher levels (i.e. taking part in the decision making rather than just consultation) could help develop social cohesion by informing, including and engaging local people. This could also address the current apparent lack of engagement of, and by, people from black and minority ethnic groups.

**Discussion on recommendation 11** – Decisions about the estate are made at many levels, from local to national, and different processes operate at each level. Below the national level the processes are the forest district strategic plans and, for each woodland or block of land, the forest design plans. These plans operate over periods of ten years for the detail and 50 years or more for broad direction. Forest design plans are approved by the regulatory function of the Forestry Commission in a process similar to felling licences and woodland management plans that operate for non-PFE woodland. These plans and their associated consultation processes should remain the foundation of forest management. The contribution of strategic and forest design plans to national level policy delivery is not always clear. Equally, the national framework that drives local forest decisions needs refining, for example decisions about disposals.

The PFE is a national scale asset with a short decision-chain to government. Decisions about the PFE are inevitably affected by government policies and this makes it vulnerable to short-term initiatives that may have long-term implications for delivery, because woodland changes over many decades. The size and diversity of the estate is a positive asset in this, as there will almost certainly be a wood or forest somewhere with the relevant attributes where initiatives can be tried.

### **The PFE should do more.**

- Decision making at national level - based on a better understanding of how to use integrated land management to deliver the key outcomes.
- Providing access within a clear strategic framework and rationale based on the outcomes.
- Promoting woodland expansion.

### **The PFE should do less.**

- Investing in major leisure infrastructure except where there are clear sustainable financial benefits or it is required to deliver key outcomes.

### 4.3.3 Evidence

#### **Key relevant evidence**

- Regional responses to the consultation were not significantly different from the national picture, though there were some exceptions, for example tourism in Yorkshire and Humber and East England was a relatively high priority; and timber production was a relatively high priority in the south west.
- Diverse views and information from the consultation about aspects such as timber production, biodiversity objectives, and leisure.
- Comparing the value of public benefits of recreation, timber and biodiversity from the economics research.
- Environmental baseline compared to overall objectives for biodiversity.

#### **Gaps in the evidence**

- Economic analysis of the role of timber production in supporting the processing sector.
- Economic analysis of the impact of different types and amount of access infrastructure on the key outcomes and other government objectives at local, regional, and national level.
- What would happen to woodland management if the PFE stopped guaranteeing timber supply?
- What are the barriers to the PFE further supporting development of the hardwood timber and woodfuel industry?

## 4.4 Objective D: provide a strategic context for any future asset sale or investment programmes

### 4.4.1 Recommendations

**R12.** Management of the assets on the PFE should be targeted so as to evolve the physical distribution and nature of the PFE so that it can better deliver the key outcomes.

**R13.** The focus for new acquisitions should be on sites where, given a sustainable business case:

- there is a gap in delivery which cannot be better filled by other mechanisms;
- innovations in land management are required to provide public benefits;
- there are opportunities to demonstrate solutions that are relevant to all landowners; and
- new trees can be planted, particularly close to deprived communities.

**R14.** The variety of ownership and business models should be further developed. It is not necessary for the PFE to formally own land to deliver key outcomes.

**R15.** Sites where continued public control and accountability or ownership and investment are likely to be most appropriate are those where:

- land management is complex and market mechanisms are unlikely to maintain key public benefits;
- key public benefits are vulnerable to changes in land ownership;
- significant increases in public benefit can be achieved through continued public ownership and control;
- the site provides a key link in a potential landscape-scale management unit, opportunity to promote joint delivery of desired outcomes or to demonstrate solutions for all landowners; or
- the site contributes significantly to the financial sustainability of the PFE.

### 4.4.2 Discussion

**General context.** Disposing of and acquiring assets is a normal part of any business. Current policy for asset management allows for the disposal of a small proportion of the PFE that is not delivering much public benefit or where continued delivery of public benefit can be assured. Asset sales and reinvestment over the past decade which has focussed on disposing of outliers that have little public benefit, and acquiring land close to where people live, has significantly increased the public benefits provided by the PFE, mainly in the form of increased access.

The scale of asset sales proposed over the next few years to plug the funding gap cannot be accomplished within the current policy. There is increasing tension between retaining woods that deliver the most public benefit and selling, as a consequence, the more productive woodland, thereby increasing the funding gap further. Furthermore, the overwhelming majority of responses from the consultation called for an increase in the size of the PFE. This and our comments about the value of the PFE do not sit easily alongside the need to cover running costs by selling land. It is clear that the sale of such a highly-valued public asset to plug a gap in running costs is not an adequate strategic response.

**Discussion on recommendation 13** – The asset sales programme appears to be inevitable given the current lack of public funding. We have tried to make our recommendations fit with this reality. However, the current asset sales programme should be viewed as a ‘bridging strategy’ to maintain standards on the PFE as it moves towards a sustainable business model. This strategy should make sure that the PFE does not go beyond the thresholds for the key characteristics of scale and variety that make it an asset for delivering government objectives. We do not wish to speculate on where these thresholds might lie but believe these should be identified soon so that the bridging strategy does not go beyond them.

The portfolio analysis approach should be further developed to provide a tool for applying the strategic context for both disposals and acquisitions, i.e. focussed on evolving the physical nature and distribution of the PFE, rather than simply reducing its size as part of an asset sales programme to cover running costs. Analysis should take account of potential as well as current delivery.

**Discussion on recommendation 15** – Note that the types of sites implied by much of this list also tend to be the sites that are the most expensive to manage. Overall, the portfolio of sites on the PFE should be financially viable within the sustainable business model.

#### **The PFE should do more.**

- Planning its asset management to enhance delivery of the key outcomes and to strengthen the PFE as a long-term asset for delivery of government priorities.

#### **The PFE should do less.**

- Selling assets to cover running costs.
- Selling assets that either erode the delivery of key outcomes, increase long-term net running costs, or decrease potential for net income.

### 4.4.3 Evidence

#### **Key relevant evidence.**

- Responses to the consultation.
- Operational Efficiency Programme.
- Economic research.

### **Key gaps in the evidence.**

- Evaluation of changes in the value of public benefit following disposal.
- Comparison of cost-effectiveness of different delivery mechanisms.
- Impact of disposals on other mechanisms for Government intervention in forestry such as grants and provision of advice.

## 4.5 Objective E: increase awareness of the roles and opportunities provided by the PFE.

### 4.5.1 Recommendations

**R16.** Build on the momentum generated by this study to further develop discussion with stakeholders as part of implementing the recommendations and making sure that the PFE remains relevant to a wide cross-section of society.

**R17.** Develop mechanisms to communicate progress in making any changes agreed to through this study, and to demonstrate the impact of these on key outcomes, including evaluating the financial impacts where possible.

**R18.** Develop better two-way communication with people from black and minority ethnic groups, particularly for urban woodland and including accessible woodland and green space in other forms of ownership.

### 4.5.2 Discussion

**General context.** The evidence gathering phase of the study has contributed significantly towards this objective, particularly the consultation exercise. The study should enable the Forestry Commission to develop a set of clear messages with which to communicate the role of the PFE. We do not make direct recommendations about these messages, but focus instead on how to build on this study.

**Discussion on recommendation 16 –** The volume of responses to the public consultation and the depth of positive engagement shown by respondents is remarkable. The PFE should adopt a more confident tone when telling others about its role. However, success in responding to the long-term remit will not be accomplished simply by communicating better what is already being done; there is a case for significant change and communicating that change.

We recognise the challenges, particularly moving to a more viable business model and integrating potentially conflicting expectations from stakeholders. However, the PFE's track record of long-term resilience, high regard from many stakeholders, and near universal acknowledgement of its current and future relevance is notable. It is a highly valued national asset and known to many as a strong example of high quality, cost-effective integrated land management. This needs to be further developed so that the role of the PFE is more widely recognised, both by a wider cross-section of society and to a greater degree across government.

**Discussion on recommendation 17 -** The forest design plan process has a key role in embedding changes into the PFE, and for directing and managing that change. It is the trends within these plans, consolidated across the PFE, that provide a potentially powerful mechanism to tell others that the PFE is changing and will change.

**Discussion on recommendation 18** – There is evidence, from the consultation and social research, that people from black and minority ethnic groups are less likely to visit the PFE than the general population. However, there is evidence from other studies that this pattern of access is repeated for the countryside in general. There is also counter-evidence, such as studies of specific urban fringe sites on the PFE that access to the PFE broadly reflects the local population, including the relative proportion of people from black and minority ethnic groups.

**The PFE should do more.**

- Communicating on the direction of and rationale for changing the PFE.
- Communicating confidently, using the many current examples of high quality delivery, to illustrate the direction and ambition of change.
- Developing of indicators that show the impact of change in terms of better delivery of desired outcomes.

**The PFE should do less.**

- Communicating defensively - focussing on justifying what is being done already.

### 4.5.3 Evidence

**Key relevant evidence:**

- Consultation responses; and
- Social research.

**Key gaps in the evidence:**

- Whether apparent low levels of engagement by people from black and minority ethnic groups are due to the location of the PFE or some other reason.

## 5 Conclusions

The extent of consensus we have developed within our group is noteworthy given the wide range of interests represented across the spectrum of stakeholders in English forestry.

In some cases we have adjusted the certainty and level of the recommendations to preserve this consensus. Key areas where there were differences of opinion are:

- the extent to which the PFE should focus on helping to deliver Biodiversity Action Plan targets;
- the extent to which providing a predictable supply of timber for the processing industry is part of the rationale for timber production;
- whether the PFE needs to increase in size; and
- the priorities for investing in access infrastructure .

In working towards these findings, we faced three main intellectual challenges:

1. seeing the long-term role beyond the current severe financial challenge;
2. differentiating between the value of all woodland and the distinctive value of the PFE; and
3. dealing with a large set of connected factors that have no simple relationships with each other or the rest of their environment.

While we are confident we have dealt constructively with these challenges, we recognise we have not provided the PFE with a simple set of instructions for change. This was not our remit, nor would it be appropriate. However, in Section 7.3 we have provided some detail on the implications of the recommendations on how the PFE might best contribute to ETWF.

We invite Forestry Commission England National Committee (ENC) to consider the implications of our recommendations. They may, in turn, make recommendations to ministers who, if they choose to, will respond with instructions to the Forestry Commission. The staff on the PFE, directed by ENC, and working with those who have relationships with it, will then be charged with translating this ministerial direction into operational changes. We have found the constructive and wide engagement of PFE staff in this process impressive. Their continued 'buy-in' is important if the conclusions of this study are to be implemented successfully.

The change implied by our recommendations is profound. It is also complex because of the integrated nature of land management. Implementing the change would be challenging, require political commitment and a financial 'bridging strategy', and would take several years to implement. However, we believe that it is needed if government is to realise the full potential of the PFE to contribute to its objectives and move it to a sustainable financial position.

## 6 Supporting information

### 6.1 Study context

The Government published its Strategy for England's Trees, Woods and Forests (ETWF) in 2007. In December 2008, together with Natural England, the Forestry Commission published the Delivery Plan for ETWF. This plan included a commitment to carry out a study of the PFE and this was included in the Forestry Commission Corporate Plan for 2008–2011.

The study was announced by the Rt. Hon. Hilary Benn, MP, Secretary of State for Environment, Food and Rural Affairs, in November 2008. Its purpose is: *'to consider the future long-term sustainable role for the public forest estate and make recommendations about any necessary changes to improve its ability to deliver relevant priorities in ETWF and contribute to other government objectives'*.

This study also links with the Government's Operational Efficiency Programme (OEP). The OEP is part of the Government's strategy to deliver better value for public money, aiming to achieve greater efficiency across government. It has five strands of which one is looking at asset management and includes the PFE.

The Treasury included the PFE within their wider progress report on the OEP in the Smarter Government White Paper in December 2009 (<http://www.hmg.gov.uk/frontlinefirst.aspx>). This identified scope to generate greater commercial benefit from existing opportunities, such as timber and leisure and, or, new and innovative opportunities, such as renewable energy. The report highlighted alternative funding opportunities, such as long-term leases, joint ventures or special purpose funding vehicles.

The study will provide a refreshed mandate for the future role of the PFE. The OEP will consider the business model to deliver that role efficiently and effectively.

Below we summarise:

- the evidence gathered for the study;
- the current situation;
- how the PFE currently relates to ETWF; and
- the trends of the PFE in relation to key trends in society.

### 6.2 Evidence

#### 6.2.1 Summary of evidence collated

We gathered a wide range of evidence which we considered in depth when developing this report. You can see reports on the evidence collated for the study at [www.forestry.gov.uk/england-estatestudy-evidence](http://www.forestry.gov.uk/england-estatestudy-evidence).

## 6.2.2 Public consultation

- Over 2,200 people replied with an additional 2,200+ replying to a questionnaire for visitors. An exceptional response.
- Many people see the relevance of the estate to their lives, how it contributes across a wide range of government agendas, and care about what happens to it in the future.
- Many people place a particular value on the size of the estate and what they see as the trusted brand of the Forestry Commission as its managers.
- People show many interests in the estate, but give highest value to its role in wildlife; combating climate change particularly via woodland creation; landscape; and access and recreation.
- Most people accept that using the estate to raise income to help fund further public benefit is desirable as is further engagement with partners, but wish to see limits to avoid loss of public control and accountability.
- Note that several stakeholders strike a more challenging tone with conflicting views about its current performance and future role.
- There is generally strong resistance to disposals, concern about relinquishing management to third parties, and most people wanted to see the estate increase in size.
- Many people identified tree planting as the key priority.

You can see the working group's commentary on the responses to the public consultation and how they link to our recommendations at <http://www.forestry.gov.uk/england-estatestudy>

## 6.2.3 Economic research

- The main sources of (socio-economic) value from the PFE are recreation, greenhouse gas regulation and aesthetic value.
- Overall, benefits are greater than costs, in all areas.
- The best performing areas were a 'recreation focus' which achieves high values due to the aesthetic and recreational importance of urban community woodlands, and the recreation benefits of woodlands with significant investment in access facilities due to the number of visitors.
- The 'timber focus' scenario performed well on timber values and greenhouse gas regulation. However, the losses in recreation and aesthetic values overshadowed the gains.
- All these scenarios are over-simplifications of complex situations. They are not mutually exclusive and others could be constructed combining particular elements.

#### 6.2.4 Social research: social use, value and expectations

- Society values and widely supports the PFE. Even people who do not use the PFE (or are not aware that they are using it) are very positive about it. For all current values, and preferred future benefits, expectations are higher for public forest than for private (with the single exception of higher expectations of woodfuel production from private woodlands).
- There are important differences within our diverse English society, in terms of experience and knowledge of the PFE, and ways in which people value it. The most striking social difference is between ethnic groups: people from black or minority ethnic groups are much more likely to report visiting public woodlands other than the PFE, especially those owned or managed by local authorities (perhaps reflecting the geography of the PFE). However, there is counter evidence from specific urban fringe sites showing that visitors to the PFE broadly represent the local population.
- Suggestions from business partners included: clearer lines of communication; a more business-like structure to charges; and longer-term business leases to allow more investment and decrease risk.

#### 6.2.5 Futures workshop

- The PFE's potential value to the public, socially, economically and environmentally, will generally increase in the future.
- The changing layers of debate about landuse and climate change (for example, landuse as a way of producing desirable goods, as having intrinsic value, of providing ecosystems services, and of helping society cope with changes) imply that there will be a demand for the PFE to be permanent, resilient and managed to high quality.
- The PFE needs to retain flexibility and adaptability through its scale, distribution and variety.
- In the face of the inevitable financial difficulty all public sectors will be facing, the PFE should evolve to focus on its key targets. Its long-term viability will be tested by its ability to react to changes in government finances.
- The most relevant long-term trends to which the PFE should respond are:
  - # climate change;
  - # increasing and ageing population and pressure for land;
  - # increasing value of forest products;
  - # increasing local and international influence; and
  - # tightening public finance.
- However, the future will not necessarily be an extension of what is happening now, or what has happened in the past.

## 6.2.6 Environmental status report

### Highlighted statistics

- Between 2002 and 2009, there was a 12% increase in the area of plantation that had been restored to semi-natural woodland from 15,952 ha to 17,842 ha.
- During 2004 to 2009, Native Woodland Habitat Action Plan habitats on the Estate have increased from 24,815 ha to 27,224 ha. These habitats now represent over 10% of the total area of the PFE and UK Biodiversity Action Plan priority open habitats have also increased by 10% since 2004.
- Examples of work to conserve and enhance key species, such as work with Butterfly Conservation to support butterfly and moth populations and hosting populations of Bechstein's and Barbastelle bats on the Isle of Wight, nightjar and woodlark in Thetford Forest, East Anglia and red squirrel in Northern England.
- The PFE includes 67,772 ha of Sites of Special Scientific Interest (SSSIs). Those classified as being in target condition rose from 71% in 2003 to 98% by 2009.
- The heritage resource of the PFE is rich, and when compared to the national position for risk those on the PFE, were considered at lower overall risk of loss or damage.
- 80,000 ha of the PFE are within National Parks, and 35,000ha are within Areas of Outstanding Natural Beauty (AONB), i.e. a total of 45% of PFE. From the other perspective 8% the area of National Parks and 2% of AONBs (4% of designated landscapes) are managed as part of the PFE in England. Note that five national park authorities, two AONB teams, and the National Association of AONBs replied to the consultation with generally positive comments about current delivery on the PFE.

The national context for several of these statistics is shown in Table 1.

## 6.2.7 Landscape discussion paper

The working group discussed a paper on landscape issues for the PFE, agreeing that landscape was important, but direct recommendations on changes to the PFE arising from landscape issues lay outside the scope of the study.

## 6.2.8 Young Pioneers report

A survey was run by the charity, Young Pioneers, by young people for young people, based on the quick questionnaire from the consultation.

- Young people were broadly aligned with the general population, but attached greater importance to the PFE's role in helping the move to a low-carbon economy.

- They also wanted to be involved in local decision-making via institutions such as their schools.

We also listened to the experience of PFE staff, visited several parts of the PFE and used evidence from a variety of other sources, such as government reviews.

We also received a presentation on the 'Portfolio Analysis'. This analysis of the whole estate is being undertaken to help this study and the Operational Efficiency Programme. It presents the contribution that different areas of land on the PFE make to the overall delivery of Forestry Commission and wider government objectives. The results will be used to help decision making on the future scale and distribution of the PFE to better meet its long-term remit.

The working group would like to thank all those who have contributed to this evidence, those who replied to the consultation, researchers and Forestry Commission staff. Their commitment to the estate, and the ideas generated, have been an essential element of the study.

## 6.3 Current situation

The PFE is the largest single landholding in England and its size, diversity and geographical spread through the country is striking. Some of the key attributes are shown in Table 1.

Table 1: Key facts and figures

<b>Size and scale</b>	2% of England (258,000ha)
	18% of England's Woods and Forests.
	1,500 different woods from 10ha to 60,000 ha.
	Woodland on the estate is approximately 27% broadleaved and 73% conifer. The trend over the past 30 years has been for an increase in native trees and fewer conifers.
	16% of England's Ancient Woodland resource.
	31% of the Estate in National Parks. 14% in Areas of Outstanding Natural Beauty.
	Independently certified to international sustainable management standards (a world first).
<b>Timber</b>	60% of softwood production in England (1.4m tonnes each year).
	90% of annual softwood increment harvested.
	60% of timber sold 'standing to private sector'.
<b>Recreation</b>	40m countryside recreation visits each year.
	53% of the accessible woodland in England.
<b>Greenhouse gas regulation</b>	129 MtCO <sub>2</sub> e (million tonnes of carbon dioxide equivalent) stored in the trees and soil. The 48 MtCO <sub>2</sub> e of carbon in the trees represents 18% of the carbon in English woodlands <sup>3</sup> .
<b>Biodiversity</b>	67,800 ha of SSSI, 6% of all England's SSSIs, 98% of which are in target condition compared to 93% for SSSIs in general <sup>4</sup> .  29,000ha of potential lowland heathland under conifers, 50% of the total in England. 3,500ha is planned for conversion to heathland over the next 20 years, adding to the 16,800ha already on the PFE. The Habitat Action Plan target for expansion of lowland heathland by 2015 is 6,100ha.  In 2002, there was 53,213 ha of ancient woodland on the estate. Since then almost 1,900 ha of plantations on ancient woodland sites have been restored (to semi-natural class 1). The target for restoration of PAWS across all England is 36,000ha by 2015.

<sup>3</sup> Based on woodland areas within the National Inventory of Woodlands and Trees 1998

<sup>4</sup> Natural England – compiled 1 March 2010

<b>Heritage</b>	872 Scheduled monuments. 39 Registered parks and gardens.
<b>Ecosystem services</b>	Valued at £680m per year <sup>5</sup> .
<b>Public funding</b>	Total running cost typically £70M <sup>6</sup> .  Made up of sustainable forest management, 45%; priority habitats and heritage, 10%; major recreation destinations, 10%; other recreation and dedicated public access 26%; and urban community woodlands 9%.  Central government funding is typically £15m per year but reducing to £10m in 2010/11. Other funding is made up of income from timber, recreation and estate management and asset sales
<b>Staff and skills</b>	950 FTE <sup>7</sup> staff.

### 6.3.1 The Public Forest Estate and the Government's Strategy for England's Trees, Woods and Forests

There are many direct references to the PFE in the Delivery Plan for the Government's Strategy for England's Trees, Woods and Forests (ETWF) across all five Aims:

1. Sustainable Resource
2. Climate Change
3. Natural Environment
4. Quality of Life
5. Business and Markets

We have presented for each aim a **sample** of the ways in which the PFE delivers across ETWF.

**Aim 1 – Sustainable resource** – The estate is managed to international sustainable management standards. The estate includes 18% of the woodland in England and 58% of England's certified woodlands. Outside the PFE in England, 16% of the woodland area is certified.<sup>8</sup>

**Aim 2 – Climate change** – a Climate Change Action plan is being prepared for the PFE. The PFE includes a store of 129 MtCO<sub>2</sub>e (million tonnes of carbon dioxide equivalent) in the trees and soils. The wood and timber products harvested from PFE woodlands also contribute to climate change mitigation

<sup>5</sup> From the Economic research for the PFE Study.

<sup>6</sup> Using figures for 2010/11, see Table 2.

<sup>7</sup> Full Time Equivalent.

<sup>8</sup> Source: Forestry Statistics 2009.

through substituting for fossil fuels both directly, in the form of woodfuel, and indirectly by replacing energy intensive materials, such as concrete and steel.

**Aim 3 – Natural environment** – SSSIs on the estate are in better condition than elsewhere in England. The PFE contributes significantly to the England Biodiversity Strategy and the UK Biodiversity Action Plan.

**Aim 4 – Quality of life** – there are more than 40 million visits to the estate each year with the estate providing an increasing role in providing accessible woodland to more diverse populations, and closer to where people live.

**Aim 5 – Business and markets** – the PFE produces 60% of the softwood production of England in line with published forecasts and provides continuity of supply for forestry businesses and timber processors. More and more of the work on the estate, both land management and recreation, is carried out by the private sector. For example, in 2007 to 2008, 59% of timber was sold directly to the private sector as 'standing' timber and only a proportion of the remainder was harvested by Forestry Commission teams.

There is considerable potential to contribute more to ETWF, and more widely. However, given the continuing need for efficiency and the continuing financial challenges facing the estate, managers for the estate should prioritise those areas where their efforts add value. This distinctive role of the estate and the key outcomes on which it needs to focus are presented in Section 4.1.

### 6.3.2 Key trends on the Public Forest Estate

The Public Forest Estate has evolved throughout its history and continues to do so in response to the changing needs of society (and a changing legal framework<sup>9</sup>). By looking at the changes currently implied within forest design plans,<sup>10</sup> we can project the future make-up of the estate. The proportion of the estate under broadleaves and open habitat will continue to rise and the area under conifers will continue to fall – see Figure 1. This is likely to mean increased delivery of biodiversity benefits.

However, other consequences are likely to include reduced storage of carbon on the estate and reduced substitution for fossil fuels. About 37% of the woodland area of the estate is managed under low or non-intervention forest management and this seems to be increasing. There is likely to be reduced income from a lower production forecast and increased costs.

Income from recreation has increased and is expected to continue to do so, but note that recreation is still a net cost and requires maintenance and reinvestment in infrastructure.

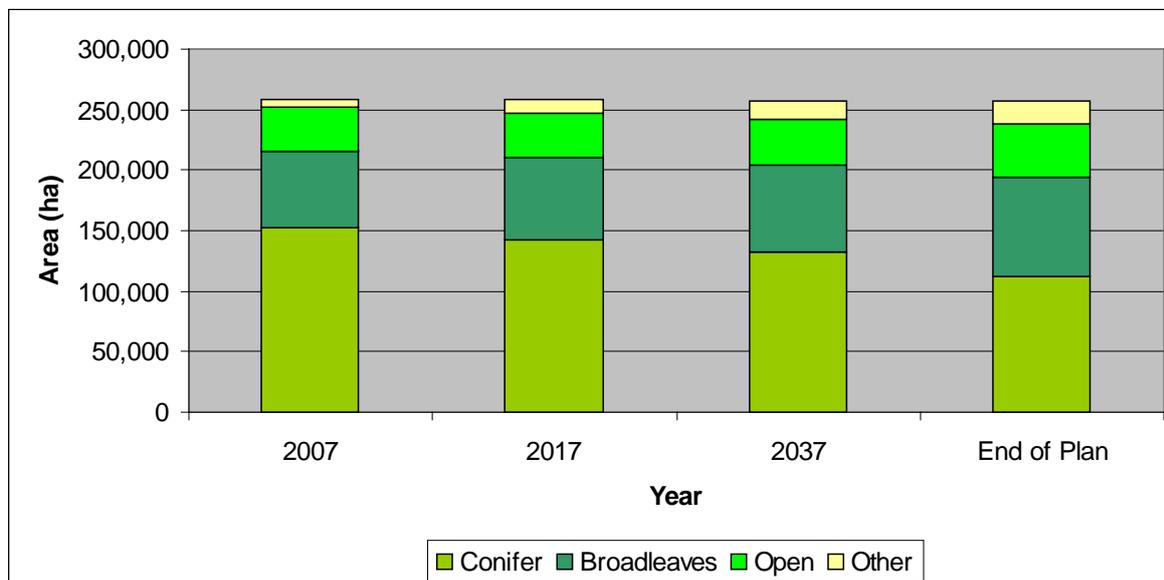
The proportion of the total funding for the PFE that comes from central government (parliamentary funding) is decreasing – see Figure 3.

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<sup>9</sup> See 7.4 Annex 4.

<sup>10</sup> Prepared for all individual woodlands or groups of woodlands – in detail for 10 years but with proposed activities for 50 to 100 years.

Figure 1 Future changes in woodland type and open space on the Public Forest Estate implied by forest design plans

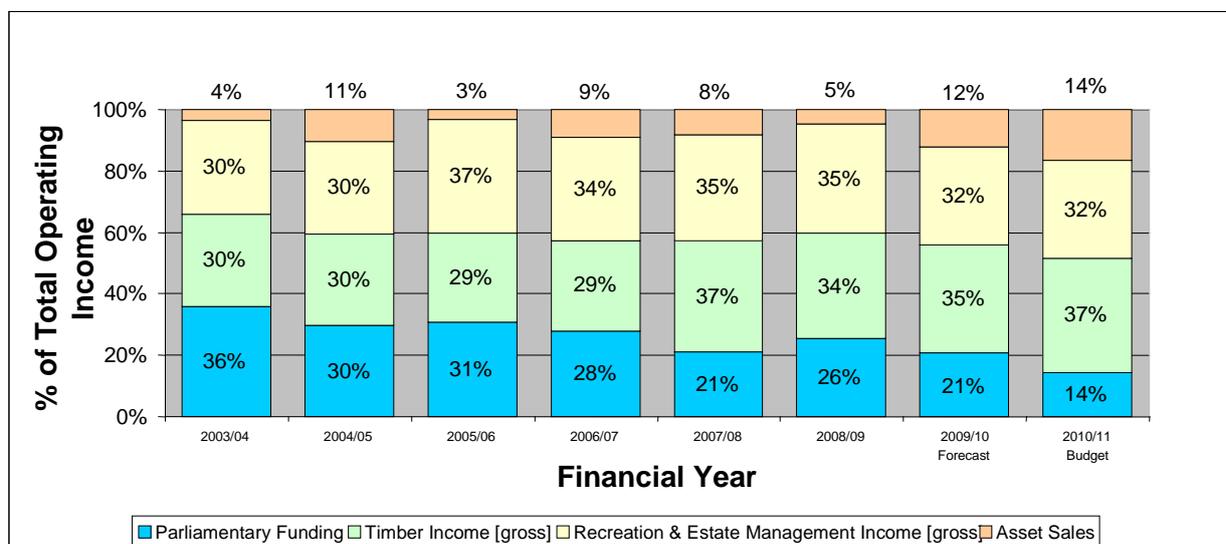


'Other' is land set aside for natural succession or where the current status is unknown.

Figure 2 Income and expenditure on the Forestry Commission Public Forest Estate

£m	2009-10 Forecast	2010-11 Planned
<b>Public Forest Estate Income:</b>		
Sustainable Forest Management	27.1	26.5
Priority Habitats and Heritage	2.0	1.9
Major Recreation Destinations	6.6	6.5
Other Recreation & Dedicated Public Access	9.7	9.5
Urban Community Woodlands	3.8	3.7
Asset sales	9.1	11.5
<b>Public Forest Estate Total Income</b>	<b>58.3</b>	<b>59.6</b>
<b>Public Forest Estate expenditure:</b>		
Sustainable Forest Management	33.4	31.5
Priority Habitats and Heritage	7.3	6.9
Major Recreation Destinations	7.5	7.1
Other Recreation & Dedicated Public Access	19.0	18.0
Urban Community Woodlands	6.2	5.9
<b>Public Forest Estate Total Expenditure</b>	<b>73.5</b>	<b>69.5</b>
<b>Net Operating Cost</b>	<b>15.2</b>	<b>9.9</b>

Figure 3 Changes in the proportion of sources of funding for the Public Forest Estate



Providing leisure infrastructure has also increased with more infrastructure – see Table 2, often supported by partnerships.

Table 2: Facilities and activities on the Forestry Commission Public Forest Estate

	"Traditional" PFE estate			Urban Fringe*	Total (traditional & urban fringe)	Difference between 1999 and combined 2010 position
	1999	2010	% Diff			
<b>Forest Walks (waymarked)</b>	277	264	-5%	31	295	6%
<b>Cycle Trails (waymarked)</b>	59	82	39%	12	94	59%
<b>Car Parks</b>	403	398	-1%	15	413	2%
<b>Picnic Sites</b>	240	158	-34%	19	177	-26%
<b>Play Areas</b>	24	32	33%	11	43	79%
<b>Visitor Centres</b>	16	24	50%	0	24	50%
<b>Go-Ape Courses</b>	0	14		0	14	

Urban Fringe\* - primarily North West England (Newlands Project and Capital Modernisation Fund Project) Thames Beat (CMF Project and Jeskyns), South Yorkshire, Sherwood. Units are the number of individual facilities.

As well as changes in the volume and type of access infrastructure, the 'leisure offer' provided has also changed. The trend for visitor centres is for a greater range of outdoor experiences, such as Go Ape and family adventure trails, and service provision such as cafes and equipment rental as opposed to simply interpreting the natural environment. This range of experiences is increasingly supplied by non-Forestry Commission businesses. While the number of

countryside visits is generally decreasing<sup>11</sup> in England, the number of visits to major leisure sites on the PFE has increased.

It is notable that there has been a repositioning of the PFE in the last ten years. Modest land sales of 7,800 ha and acquisition of 5,400 ha close to towns and cities and other priority access areas has had a significant impact. 30% more people live close to the estate than in 1999, including people from more diverse and deprived communities. This positive impact has a price in terms of increased costs of management. From the economic research, urban PFE woodland costs about £530 per hectare per year to manage - over three times the cost of managing rural PFE woodland (£146 per hectare per year (gross costs)).

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<sup>11</sup> England Leisure Visits Survey 2005.

## 7 References

### 7.1 Annex 1 – Working group members

<b>Name</b>	<b>Position</b>	<b>Representing</b>
Dr Olutayo Adebowale	Chair, Forestry Commissioner	Forestry Commission England National Committee
Tanya Arkle	Deputy Director, Sponsorship, Landscape and Recreation	Defra
William Armitage	Head of Defra spending and strategy, HMT	HM Treasury
Hilary Allison Mike Wood	Policy Director, Woodland Trust UK Forestry Policy Officer, RSPB	Jointly representing Wildlife and Countryside Link
Rob Cooke	Director Environmental Advice and Analysis	Natural England
Lynn Crowe	Professor of Environmental Management	Sheffield Hallam University
Dominic Driver	Study Senior Responsible Officer, Policy and Programmes Group	Forestry Commission England
Stuart Goodall	Chief Executive ConFor (Confederation of Forest Industries)	ConFor
David Hunter	Forestry Lead, Northwest Development Agency	Regional Development Agencies
Martin Key	Policy Officer, Recreational Space, CCPR (Central Council of Physical Recreation)	CCPR
Brian Mahony	Head of Sustainable Land Management	Forestry Commission England (Public Forest Estate)
Pat Snowdon	Economics & Climate Change Advisor, Forestry Commission	Forestry Commission, Great Britain

Joe Watts, Forestry Commission Policy and Programme Manager, Strategic Planning, provided project management services and technical input.

## 7.2 Annex 2 – Summary of process of the study including working group roles and responsibilities

### 7.2.1 Purpose and objectives of the study

The purpose was to:

*'To undertake a study to consider the future long-term sustainable role for the public forest estate and make recommendations about any necessary changes to improve its ability to deliver relevant priorities in the Strategy for England's Trees Woods and Forests and contribute to other government objectives'*

The original objectives of the study were to:

- set out the distinctive future role of the public forest estate in delivering the new Strategy for England's Trees, Woods and Forests;
- increase awareness about the multiple roles and opportunities provided by the estate;
- consider the long-term challenges associated with funding sustainably an increasing range of public benefits on the estate;
- explore the scope for changing the character, scale, distribution or method of working of the estate so that it is best placed to contribute to future priorities, such as adapting to climate change and improving the quality of life of urban communities; and
- provide a strategic context for any future asset sale or investment programmes.

### 7.2.2 Study scope

Areas **within** the scope of the study included:

- strategic direction of the estate, the services provided and its evolution.

Areas considered to be **outside** the scope of the study included:

- institutional arrangements;
- large-scale disposals; and
- pace and type of change.

### 7.2.3 Study approach

The study approach was to establish an externally recognised working group, and under the guidance and advice of this working group to:

- capture the current state of PFE delivery to demonstrate the diversity of the estate as it is currently distributed and managed;

- establish key drivers for change and outline their likely impact upon the PFE directly or indirectly;
- explore the potential for future delivery using a number of scenarios;
- commission research on the economic value of the public benefits of the PFE and of the PFE's ecosystem services';
- undertake research on how it is perceived or used by the public and partners; and
- conduct a public consultation.

#### 7.2.4 Working group roles and responsibilities

Working to the terms of reference, the study members of the working group would draw upon their own resources and that of their organisations to support the study in the following key areas:

Throughout the study:

- refine the approach of the study including as wide a consultation process as is appropriate;
- make sure the study has the necessary **evidence** – this will include:
  - # drawing upon their own or their organisation's knowledge of research and making it available to the study;
  - # agreeing the critical gaps in research;
  - # refining briefs for further primary research; and
  - # make sure the study is addressing the key policies and drivers for change (for example futures work) and support the study to do so;
- take on a representative role, where appropriate, including, helping additional meetings with the broader interests that they represent to make sure there is wider engagement and understanding.

Running up to and during the public consultation:

- support the preparation of a consultation document;
- ensure good engagement in the consultation process, for example advise on distribution lists and on wider public engagement; and
- attend at least one of the regional events to support the process and seek views.

Following the consultation:

- consider the findings of the research and consultation under the terms of reference, the Strategy for England's Trees, Woods and Forests and the Government's principles for Sustainable Development;
- support the preparation of the working group report;
- sign-off the working group report, making recommendations to the Forestry Commission's England National Committee.

The Working Group met seven times during the study:

- March 2009 – Thames Chase Community Forest;
- May – Westonbirt Arboretum;
- September – London;
- November – Dalby Forest Centre;
- February 2010 – London twice; and
- April 2010 – London.

The report of the working group was presented to the Forestry Commission England National Committee. The England National Committee will consider these recommendations before in turn making its recommendations to ministers.

### 7.3 Annex 3 – Working Group’s commentary on links to the Forestry Commission Public Forest Estate in the Delivery Plan for the Government’s Strategy for England’s Trees, Woods and Forests (ETWF).<sup>12</sup>

ETWF Delivery Plan Aims	Activities set out in ETWF directly linked to the Public Forest Estate	Working Group’s commentary
<p><b>Sustainable Resource</b></p> <p><i>To provide, in England, a resource of trees, woods and forests in places where they can contribute most in terms of environmental, economic and social benefits now and for future generations</i></p>	<p>Further develop the role of publicly owned woodland, particularly the Forestry Commission estate, as a major provider of public benefit, an exemplar of good practice, a facilitator of innovative economic activity and a catalyst for landscape-scale working.</p>	<p>This should be refocused on the key outcomes: resilient, adaptable wildlife-rich landscapes; moving to a low carbon economy; and health and well-being.</p> <p>‘Exemplar’ is better expressed as ‘solutions relevant to all landowners’.</p> <p>The references to facilitating economic activity and catalysing landscape-scale working aligns with our recommendation to play an active role in helping all woodland deliver the desired outcomes.</p> <p>There should be an overarching statement about the core long-term role being to act as an asset of sustainably managed woodland, skilled staff, and relationships with others available to government to deliver key objectives.</p> <p>There should be more monitoring and evaluation of the impacts of work on innovation and catalysis.</p>
<p><b>Climate change</b></p> <p><i>To ensure that existing and newly planted trees, woods and forests are resilient to the impacts of climate change, play a role in adapting rural and urban</i></p>	<p>Prepare a climate change action plan for the Forestry Commission estate.</p> <p>Develop common messages, on how trees and woodland can address climate change, and develop partnerships to convey those messages using all available media and resources, including</p>	<p>This is in line with the ‘resilient, adaptable, wildlife-rich landscapes’ outcome.</p> <p>There should be stronger references to the PFE’s role in helping the move to a low-carbon economy.</p> <p>The priority given to using visitor centres and other</p>

<sup>12</sup> Note that these are just the direct references. The possible contribution of the Public Forest Estate across ETWF is not limited to these activities.

ETWF Delivery Plan Aims	Activities set out in ETWF directly linked to the Public Forest Estate	Working Group's commentary
<i>environments to those impacts and contribute to their mitigation<sup>13</sup></i>	forest visitor centres.	parts of the PFE to communicate climate change messages is questionable.
<p><b>Natural Environment</b></p> <p><i>To protect and enhance the environmental resources of water, soil, air, biodiversity and landscapes (both woodland and non-woodland) and the cultural and amenity values of trees and woodland</i></p>	<p>Evaluate the contributions that [England Woodland Grant Scheme], Environmental Stewardship and the Forestry Commission estate make to enhancing and restoring ancient and native woodland and improving its resilience to climate change. Follow through with necessary changes to enhance such contributions.</p> <p>Improve opportunities for people to enjoy woodland wildlife and the historic environment, increasing the area of native woodland with public access and providing exciting and innovative ways for people to experience wildlife on the Forestry Commission estate.</p>	<p>This is in line with the 'resilient, adaptable, wildlife-rich landscapes' outcome. There would need to be more work on evaluation of the impacts of this work.</p> <p>This is in line with the 'health and well-being' outcome. However, we would expect the focus to be on providing woodland infrastructure for others to use, rather than on direct delivery in all circumstances.</p> <p>There should be references to a role for the PFE in promoting water management and soil conservation.</p> <p>We would expect references to the role of the PFE in delivering other biodiversity objectives, such as Biodiversity Action Plan targets for open habitats and species.</p>
<p><b>Quality of Life</b></p> <p><i>To increase the contribution that trees, woods and forests make to the quality of life for those living in, working in or visiting England</i></p>	<p>Develop the role of the Forestry Commission estate and other agencies as exemplars of innovation and good practice in wooded Green Infrastructure provision.</p> <p>Support innovative partnership projects and joint ventures that extend the range of opportunities for both informal and more active sport and recreation</p>	<p>Again, 'exemplar' could be better expressed as 'solutions relevant to all landowners'. A role in providing green infrastructure is supported as well as defining the key focus for green infrastructure.</p> <p>This is supported provided it is clear that the key phrase is 'innovative partnerships and joint ventures'. There is little justification for a focus on direct delivery of</p>

<sup>13</sup> The precise wording differs from that given in the ETWF Delivery Plan to better reflect the current balance between climate change adaptation and mitigation actions.

ETWF Delivery Plan Aims	Activities set out in ETWF directly linked to the Public Forest Estate	Working Group's commentary
	<p>in both public and private woodland.</p> <p>Further develop the Forestry Commission's role as a provider of high-quality recreation, natural play and leisure experiences to a wide audience for the benefit of their health, wellbeing and personal development.</p>	<p>opportunities for active sport.</p> <p>This priority is questionable because it implies a focus on providing major leisure infrastructure. We have discussed the need for a stronger strategic framework in which to make decisions about this.</p>
<p><b>Business and Markets</b></p> <p><i>To improve the competitiveness of woodland businesses and promote the development of new or improved markets for sustainable woodland products and ecosystem services where this will deliver identifiable public benefits, nationally or locally, including the reduction of carbon emissions</i></p>	<p>Explore opportunities for using public resources to trial innovative leisure and tourism enterprises and facilitate private- sector partnerships to showcase these.</p>	<p>This is supported, but the nature of the financial relationship should be clarified. The key would be to explain that these should generate income for the PFE.</p> <p>We would expect references to supporting low carbon businesses and renewable energy.</p> <p>We would expect references to the role of public sector timber production.</p> <p>We would expect more references to monitoring and evaluation of the impact of such infrastructure.</p>

## 7.4 Annex 4 The legal framework for the Public Forest Estate in England

Forestry Act 1967 (as amended)	Enables the Forestry Commissioners to manage the Public Forest Estate, placed at their disposal by Ministers, to promote forestry, afforestation and the supply of timber.
Countryside Act 1968	Includes a duty to conserve the natural beauty and amenity of the countryside. Allows the planting and management of woodland for amenity, sport and recreation and for the provision of facilities. Gives the power to make charges in connection with such facilities.
Wildlife and Countryside Amendment Act 1985	Establishes a duty for the Forestry Commissioners to achieve a reasonable balance between afforestation, the management of forests and the production and supply of timber, and the conservation of natural beauty, flora, fauna and geological or physiographical features of special interest.
Countryside and Rights of Way Act 2000	Allows dedication of land for public access in perpetuity and requires the Forestry Commission to have regard to any relevant advice from Local Access Forums.
Natural Environment and Rural Communities (NERC) Act 2006	Places a general duty on public bodies, including the Commissioners, to conserve biodiversity in the course of their work.
Regulatory Reform (Forestry) Order 2006	Enables the Commissioners to form corporate bodies, establish trusts, and delegate their charging powers for recreational facilities.