

**ANALYSIS OF FORESTRY BUSINESS SUPPORT 2014/15****Purpose**

To provide the Board with a fully costed analysis of the support provided to the forestry sector (mainly small contracting businesses) by Area teams during 2014/15, and to highlight further opportunities for FS intervention in 2015/16.

**Recommendations**

That the Board:

- i. Acknowledge the success and value of the enabling support offered to the forestry sector by Area teams during 2014-15
- ii. Consider the scope for some modest additional cash expenditure for the area of activity during 2015-16 should budgets allow (given that work could be deployed and money spent at relatively short notice)
- iii. Support the continued engagement of Area teams in this enabling activity from 2016 onwards.
- iv. Consider if and how this success should be communicated within Defra and further afield.

**Background**

1. During FY 2014/15 the FS Area teams delivered a package of support to individual forestry businesses or groups of businesses to help them develop their business planning and to prepare to access to EU Rural Development funds. This was enabled with £150k of "Slice of Pie" partnership funding for the then-called "FFPS" (Farming and Forestry Productivity Scheme). This package was made up of a number of complimentary activities including:
  - Forest Business Support through the "FACE Consortium" (made up of nine woodland initiatives or individual advisors) to provide free support to help forestry businesses who had an idea about expanding but struggled with the paperwork.
  - A series of 15 outdoor demonstration events, supported with administration from Lantern, showcasing how forestry contractor/woodfuel business were able to benefit from the last round of Rural Development funding
  - A large number of indoor workshops/seminars (typically breakfast or evening "pie and pint" events); informal opportunities to engage with the sector and make them aware of funding and support
  - A basic document reference pack aimed at businesses interested in setting up collaborative arrangements
  - Some communications materials including leaflets, banners and a video
  - Broad support and engagement from the Area teams

2. The initiative was given a “soft” launch at the APF, with communications strategic direction and media provided with support from National Communication colleagues.
3. The desired outcome of this work by FS Area teams in supporting forestry businesses is to help achieve the Government’s aspiration of bringing 80% of woodland into management (66% by 2018).

### Key facts

4. In practice none of the businesses engaged with during 2014/15 will have had a chance to apply for grant support for capital equipment or infrastructure, and the resulting increased management of woodland is therefore likely to be achieved from late 2015 onwards. In the meantime we have two measures of interim success: costed quantitative measures of engagement; and qualitative data gathered from feedback.
5. The quantitative data, gathered from budgetary reports and Area team records, are as follows:
  - Total expenditure for the forestry business support during 2014/15, including fully recovered staff costs<sup>1</sup> and cash, was £329k. The cash element of this was £150k.
  - Some 482 staff days from Area teams were utilised in providing this support, mainly from PB2 Area Directors, PB3 Partnership & Expertise Managers, and PB4 Local Partnership Advisors.
  - **Almost 1900 individuals or forestry businesses (mainly contractors, agents or owner/producers) were contacted by FS Area staff, through email, phone and/or personal engagement.**
  - Of these, an estimated 1060 (57%) were “new” to FS (i.e. no previous or recent engagement through grants or regulations work). The cost to the FC of this new engagement was £310 per business.
  - 66 businesses have been given specialist one-to-one advice by the FACE consortium, at a cost to the FC of £1532 per business.
  - 339 individuals attended one of the outdoor demonstration events
  - 596 attended one of the indoor workshop/seminars (either morning breakfast or evening “pie and pint” events)
  - An additional 83 businesses have been given further bespoke advice from FS Area teams (typically signposting to specific schemes and key contacts, technical advice, and understanding of processes)
  - Almost 250 businesses (13% of those initially contacted) are understood to be considering applying for grant support through Countryside Productivity Scheme, LEADER and/or Growth Funding via the LEPs, at a cost to the FC of £1319 per business.
6. The qualitative data has been gathered from feedback forms given out at outdoor demonstration events and indoor workshops. Three reports have been compiled: one by Lantern for the outdoor demo events; one by

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<sup>1</sup> Staff costs have been calculated from “agency rates” at [http://alpacorn.forestry.gov.uk:7777/portal/page?\\_pageid=33,2351315&\\_dad=portal&\\_schema=PORTAL](http://alpacorn.forestry.gov.uk:7777/portal/page?_pageid=33,2351315&_dad=portal&_schema=PORTAL) . Note that this is not additional or displacement cost; rather the full cost recovery equivalent of the staff time.

Matthew Woodcock from the South East & London team; and one by Corinne Meakins from the East & East Midlands team. A summary of these reports is as follows:

- 280 attendees completed an evaluation form
  - 91% found the event they attended useful
  - 70% already had a project in mind for which they were seeking support
  - 80% of attendees wished to attend a workshop once the grant schemes opened
  - 99% wanted more information
7. Other benefits of the engagement have been identified by Area colleagues:
- The events have provided excellent networking opportunities for both the FC and for the industry attendees: "We simply never get together like this as an industry. We should do it more!"
  - The contacts made are important both in terms of intelligence gathering but also because the legacy of such contacts will be important for the future
  - The engagement, which fully meets the Government's policy for forestry expertise by enabling the sector through advice, and providing the sector with a strong customer-facing resource at the local level, has been an important element in strengthening the reputation of Forest Services, according to the feedback received from individual forestry businesses and the FWACs.

## Options

8. Business Plan priorities and budgets for 2015/16 have already been agreed and approved. These include, within the "Woodlands into Management" Programme (Programme 4) an element of "Reaching new audiences". This encompasses a number of elements similar to the engagement and support identified in this paper, to which 8.3 FTE and £150k cash has been allocated. There are two elements which merit further discussion: is there capacity to further strengthen this work during 2015-16?; what are the priorities for similar enabling work from 2016 onwards?
9. The key elements of the "reaching new audiences" programme for 2015-16 are:
- Another forestry sector business support tendered contract (£50k)
  - Two large scale demonstrations of small woodland harvesting and extraction systems organised by Technical Development Branch (£30K)
  - A series of indoor workshops, seminars and small scale outdoor show case demonstrations organised by Area teams (£15k)
  - The setting up of the Countryside Productivity Scheme "Integrated projects" (£10k)
  - Project feasibility for possible LEP projects (£10k)
  - A WiM communications strategy (with tools and materials) (£35k)
  - Formal external evaluation of the engagement (undertaken by Forest Research under the SLA)

10. The inclusion of feasibility funding for LEP projects, and the requirement for cash to set up the Integrated Projects, has put unforeseen pressure on the budgeted cash. Given the success and importance of the engagement, the Board are asked to consider the scope for some modest additional cash expenditure for the area of activity during 2015-16 should budgets allow. This work could be deployed rapidly and money spent quickly in the second half of the financial year if anticipated now.
11. From 2016 the grant offers from both Rural Development and other European programmes will be well-embedded and the required level of "hand-holding" to the forestry sector reduced. There is, however, likely to be a requirement for continued forestry expertise in enabling the sector, and providing a strong customer-facing resource at the local level. The Board are asked to support the continued appropriate engagement of Area teams in this enabling activity from 2016 onwards.

### **Risk assessment**

12. Strategic risks:
  - FS12 (Inadequate forestry incentives and delivery mechanisms in next RDPE). Mitigate through delivery of enabling the sector and provision of strong customer-facing resource to support at the local level
  - FS15 (The Forestry Sector, and our own staff lack capacity (money, people and skills) to respond to FC withdrawal/reduction in resource allocation). Mitigate by supporting the sector to work through collaborations, co-operatives and partnerships.

### **Equality Analysis (EqA)**

13. Not applicable

### **Communications**

14. The entire Woodlands into Management programme is subject to a Communications Strategy, being developed by Camargue through Louise Aveyard. It is recommended that this paper is shared with the Senior Management group. There might be other opportunities to share the success of this engagement activity within Defra and the wider sector.

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11<sup>th</sup> May 2015