

## Evidence Paper

### 1. Context

- 1.1. Over 300,000 hectares of Wales is woodland and forest. There are another 93,000 hectares of trees in small groups, in hedgerows, fields, roadsides, railway embankments, parks and gardens across Wales. Just under one-fifth of the land of Wales is made up of trees, woodlands and forests. 117,000 hectares (almost 29%) is on the Welsh Government's (WG) woodland estate, managed by Natural Resources Wales (NRW).
- 1.2. *Woodlands for Wales* is the WG's 50-year strategy for woodlands and trees in Wales. It recognises the management of woodlands and trees is a long-term activity providing a wide range of social, economic and environmental benefits to the people of Wales, including making a significant contribution towards mitigating the impact of climate change. The principles of sustainable forest management delivering a wide range of benefits provide the foundation for the strategy. These principles enable woodlands to play a full and essential part in delivering a Wales which is prosperous and secure, healthy and active, ambitious and learning, united and connected and which is committed to the sustainable management of its natural resources, as embodied in the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016.
- 1.3. The *Woodlands for Wales* Action Plan, (published in February 2016 and running until March 2020) sets out short-term actions and activities to deliver the long-term ambitions of *Woodlands for Wales*. The Action Plan contains fifteen priority actions which describe what will be delivered towards achieving the outcomes and vision of the strategy. The Action Plan provides a detailed breakdown of the priority areas which will contribute towards the delivery of the four strategic themes.
- 1.4. The full Action Plan is at Annex 1. A diagrammatic explanation of the aims of the Action Plan and how it contributes towards sustainable woodlands is provided on Page 6; and the priority actions and their links to the strategy's outcomes and the well-being goals are summarised in the table at Page 15.
- 1.5. The summary at Annex 2 provides an update on our progress with the priority actions identified.
- 1.6. This evidence paper explores some of the strengths, weaknesses, opportunities and threats facing forestry in Wales.

### 2. Progress and Key Funding for the Forestry Industry

- 2.1. Wales Rural Communities - Rural Development Programme 2014-20 (RCRDP) makes provision for supporting woodland management and woodland creation. The Glastir Woodland Creation Scheme has allocated support of £8.5 million towards the creation of more woodland. Additionally funding of £438,000 has been allocated to support the preparation of forest management plans. Further funding of £11.8 million is being provided for maintenance and premium payments over 12 years (although not all of this funding will come from the current RCRDP). A further £1.04 million has been allocated towards an NRW project to undertake forest monitoring and risk management and the Co-operative Forest Planning

Scheme has been allocated £480,000. All woodland creation funded under the RCRDP must meet the standards set out in the UK Forestry Standard and this requires extensive consultation with stakeholders including local people, archaeological trusts, conservation organisations and others including NRW.

- 2.2. Funding is being provided to support businesses through the Timber Business Investment Scheme and this amounts for £8 million of support over the Programme period.
- 2.3. Our woodlands face significant challenges from disease. At the start of our RCRDP it was clear woodland owners needed support to cope with the outbreak of *Phytophthora ramorum* in larch and WG has allocated £7 million of support for private woodland owners to address this challenge through the Glastir Woodland Restoration Scheme.
- 2.4. This package of measures gives a total spend on the sector of £37.258 million over the Programme period.
- 2.5. Farming Connect offers a package of support for the forestry industry in Wales to develop their businesses. This is provided through knowledge transfer activities, specialist advice as well as training and support for innovation. This represents significant progress in extending Welsh Government advisory services for the forestry sector.
- 2.6. Research and evidence are at the heart of informed policy-making and sustainable land management practices. Forest Research is the UK's foremost body for forest and tree related research which provides support to woodland owners, NRW and Welsh Government. Their core budget for the year ended 31 March 2016 was £12,597 million. Farming Connect works closely with Forest Research to raise awareness about the latest research on forestry, including delivering a series of tree health seminars for stakeholders.

### 3. Areas for Future Focus

#### New Woodland Creation

- 3.1. It can be difficult to find the right place for new woodlands, and to optimise the benefits from them. Additionally land availability for new woodland planting is a significant challenge partly due to land price and other competing land uses such as food production. Once planted there is a presumption the land will remain as woodland in perpetuity which can be a deterrent to landowners who want flexibility to change their plans in the future. Creating and managing woodland is a long-term commitment but also an opportunity. Working with landowners to grasp this challenge is an example of the long-term approach built into the sustainable development principle.
- 3.2. Where businesses are considering the case for planting new woodlands, an Environmental Impact Assessment (EIA) may be necessary. The consultation required by the Forestry Standard and the requirement for NRW to consider in nearly every case, whether an EIA is required for new planting, can be a barrier to woodland creation schemes. WG and NRW will work collaboratively to bring forward measures to support stakeholders in developing new woodland creation proposals and to improve the way EIA regimes are implemented. This will include assessing consistency between the application of the EIA regime for forestry and agriculture and testing new approaches to protecting important habitats while also allowing for an increase in the amount of new woodland creation in the context of the Natural Resources Policy and the Environment (Wales) Act 2016 to help to meet our goal of planting more trees.
- 3.3. WG funding through the RCRDP for the Co-operative Forest Planning Scheme is intended to fund the development of a bottom-up approach where woodland managers work with stakeholders and UK Forestry Standard consultees to seek agreement about where woodland can be created. Evaluation of the first round of this Scheme has been completed and announcements about the successful bids will be made soon. A further round will be announced this autumn. This should assist in tackling barriers to new woodland planting.

- 3.4. In the past, working in silos has been a barrier to achieving our goals. WG has made sure funding through the RCRDP (our final round of EU funding) has been focussed on co-operation to break down these barriers and encourage interest groups to work together. Through the Sustainable Management Scheme, support is being provided to forest owners and land managers who want to work together to create woodland in places where it will prevent pollution, improve water quality in our rivers and lakes and provide shelter for livestock.
- 3.5. WG has been encouraged by the response from stakeholders such as the Confederation of Forest Industries (ConFor) who have participated enthusiastically in the round-table events which have been held since the EU referendum. It is essential Welsh organisations work together to tackle the challenges and opportunities ahead.

#### **4. Opportunities to Develop our International Context for Forestry**

##### **The Economy and Added Value**

- 4.1. As we move towards the UK's withdrawal from the European Union, there are opportunities to build on Wales' reputation for high quality goods and services underpinned by resilient natural resources across both local and international markets. WG would like to encourage a strong focus on improving processing and added value within supply chains across Wales to support our competitiveness. The resilience of our natural resources and the opportunities they provide become even more important to Wales as we define a new place in the world.
- 4.2. The economic value of the wider benefits which trees and woodlands provide, for example improved air quality, reduced risk of flooding and better health and wellbeing - are becoming better understood. Optimising timber production alongside maintaining a forest resource for environmental and for social benefit is at the heart of *Woodlands for Wales*.
- 4.3. Timber produces a financial return for woodland owners. The immediate impact of the decision to leave the EU (together with the weakness of the £ sterling) has produced some short term benefits. In 2016, the forestry sector in Wales had an annual Gross Value Added (GVA) of £528.6 million and employed over 10,000 people. This contribution to the economy comes from forestry and logging (£22.3 million), the manufacture of wood and products of wood and cork (£172.6 million) and the manufacture of paper products (£333.7 million). In time it is hoped to increase our market share of home produced timber and to rely less on imports.

##### **Carbon and Woodlands**

- 4.4. Raising the level of ambition in respect of tree planting in Wales is likely to require additional funding as well as further examination of regulatory/policy issues to ensure we can deliver our objectives. WG will be looking at proposals to scale up woodland planting as part of a range of policy proposals which will be tested by way of pulling together our Low Carbon Delivery Plan by spring 2019.
- 4.5. In 2016 Ministers strengthened the legislative framework for reducing green house gas emissions through the Environment (Wales) Act which sets a legal emission reduction target minimum of 80% by 2050. The Act requires a system of 5-yearly carbon budgets and interim targets. These will serve as stepping stones and ensure regular progress is made towards this long-term target. The Act stipulates Welsh Ministers must publish a report, the Low Carbon Delivery Plan, setting out their proposals and policies covering areas of ministerial responsibility for each carbon budget.

- 4.6. The Woodland Carbon Code is now a well-established mechanism which allows landowners to calculate and verify the amount of carbon which will be locked up by new woodland creation projects. They can use the platform provided by the code to sell Woodland Carbon Credits on the voluntary emissions reduction market. This can provide a welcome additional income from carbon, just one of the ecosystem services provided by new woodland.
- 4.7. At just under one fifth of the land area of Wales, our woodlands have a critical role alongside agriculture, to address climate change. Trees sequester carbon from the atmosphere as they grow. They are for now, the only way society has to do this. Alongside other measures to reduce further emissions of fossil carbon, protecting and expanding the area covered by woodlands and trees, ensuring they remain healthy and resilient, is an essential part of our future low carbon delivery plan. The low carbon economy is outperforming the economy as a whole, and there are further opportunities around renewable energy and a move to a more circular economy. Trees and woodlands play their role in this economy.

### **Disease Threats**

- 4.8. Our woodlands face many risks to their effective functioning from the impacts of climate change including the spread of pests and disease such as *Phytophthora ramorum* in larch woodland, and *Chalara fraxinea* in ash woodland.
- 4.9. Maintaining the health of our woodland is a key priority. The clear felling of large areas of woodland close to the communities of the Afan Valley and at Cwmcarn illustrates the significant impact such events can have not just on the timber and wood processing sector but also on the landscape and the people who live, work and enjoy their leisure time there.
- 4.10. The WG's *Phytophthora ramorum* Management Strategy sets out a pan-Wales approach to slowing its spread, accepting due to the nature of the disease and its distribution across Wales, eradication is not an option. Controlled felling of larch is carried out in areas with already high levels of infection, whilst targeted felling to prevent the spread of the disease is being pursued in areas of zero or very light infection.
- 4.11. As the effects of *Chalara fraxinea* become more apparent, Welsh Government has established an operational response team bringing together experts from across the industry, transport managers and local authorities with scientists from Forest Research to lead our response to this disease. The early advice suggests Ash may prove more resilient than Larch and landowners should not fell Ash trees showing symptoms of Chalara unless they are dangerous. More information will be available from the NRW, Forest Research and Welsh Government at the Royal Welsh Show and on organisations websites.

### **The Role of NRW in Tackling Disease**

- 4.12. NRW is to be congratulated on the work it is doing in felling and removing diseased trees from the Welsh public forest estate and on the restoration work. They have played a key role in the battle against managing the effects of *Phytophthora ramorum*.
- 4.13. Whilst damaging to existing woodland, the current disease outbreaks are an opportunity to speed up change and replant with more resilient species to develop healthier and more varied woodlands and to provide a greater variety of trees to produce high quality Welsh timber. This will make our woodlands more attractive for future generations.
- 4.14. The WG has supported NRW to ensure it is able to restock the large area of larch felled on the public woodland estate. Since 2013, WG has provided NRW with an additional £11.01 million in support of this. The Glastir Woodland Restoration grant now offers financial support to

private landowners to replant areas which have been felled under a Statutory Plant Health Notice and we will continue to monitor and amend our management strategy for the disease based on sound research and in consultation with those affected.

Whilst the disease is a disaster for larch in Wales and its management presents a continuing problem for the woodland sector, local communities and visitors to Wales, it is also an opportunity to replant and increase the species diversity and resilience of Welsh woodlands. This will provide a better quality environment capable of making a significant contribution towards tackling poverty by creating employment opportunities, generating income for businesses involved in the forestry and tourism sector and in making our communities attractive places to live, work and visit.

## **5. Growth and Change to Deliver our Vision for Forestry**

### **Woodland Diversity**

- 5.1. Wales needs both large scale and small scale highly diverse woodlands which include conifer and broad-leaved species, which also need to be integrated within open spaces and other habitats. A more diverse land use is needed incorporating woodland, removing the artificial distinctions between farmland, trees and towns.
- 5.2. A continued increase in tree cover and woodlands wherever it can contribute positively to ecosystem resilience and well-being is needed. New woodland should be created and trees planted to provide greater connectivity between, and increase the size of, woodland habitat and to address other challenges identified in NRW's The State of our Natural Resources Report (SoNaRR), in both rural and urban areas. Trees and woodland which have high environmental values (including ancient woodland sites, ancient, veteran and heritage trees) are an irreplaceable resource which can provide a wide range of benefits. They should be managed so their condition steadily improves.
- 5.3. There is potential to develop new markets, both through new and innovative products which add value along the supply chains and replace less sustainable products, and through diversifying to further develop markets in carbon, water, biodiversity and energy.

### **The Role of the Welsh Government Woodland Estate**

- 5.4. The 117,000 hectares of woodland owned by the Welsh Government is a significant asset. It allows NRW to develop approaches which deliver sustainable management of natural resources at significant scale. The estate makes up just under one third of Welsh woodland. Welsh Government is working with NRW in the context of SoNaRR to develop a statement giving more detail about our shared vision for the role and purpose of this public forest estate. This will be shaped by our Natural Resources Policy and will be completed early in 2018.

### **Timber in Construction and House Building**

- 5.5. Timber is an alternative to other more traditional and less sustainable construction materials and can contribute significantly to the carbon sink effect of forests and through its sustainable use in a circular economy. Use of timber in buildings sequesters carbon for the long term and is a low carbon option when substituted for carbon intensive materials including steel and concrete. There is less waste in manufacturing and demolition as timber by-products and waste can be used for energy generation in biomass power plants to generate power.

The WG's £30 million investment to deliver 20,000 new affordable homes provides an opportunity for partners to collaborate and innovate in terms of materials such as timber and methods of construction. Technical issues regarding quality of domestically grown timber for construction have been largely overcome and the increased use of timber will help to develop

the domestic supply chain to meet demands of the construction sector for a sustainable supply of raw material. The use of home grown timber in the construction of housing reduces the amount of wood imported into Wales. The shorter travelling distance reduces the amount of emissions produced during its transport and finally the absorbed carbon in the form of timber can then be locked up for a very long time in a wide range of construction uses.

### **Community Projects**

- 5.6. Attractive and accessible woodlands and other green spaces provide a focus for community activities and identity and are a stimulus to regeneration and investment.
- 5.7. Community-run assets, such as community woodlands or community energy schemes, can provide local income, employment, skills and improved community cohesion through volunteering. Since March 2016 the community woodland network Llais y Goedwig has received WG core funding support to enable community woodland groups to establish and grow. Two capacity building officers provide support and advice to woodland owners and volunteers. They help broker agreements for activities to take place, from community- led woodland management to outdoor gyms and for forest schools and other learning opportunities. Where parcels of woodland have seemed uneconomic to manage, there can be untapped opportunities for communities to take an increasing role and find innovative ways to improve and add value to such woodlands.

### **Health Benefits, Recreation and Tourism**

- 5.8. The natural environment provides options for significant physical and mental health benefits by increasing opportunity to engage in physical activity. Woodlands and trees are important to people's health and well-being. Outdoor play and learning in green spaces is particularly important to children and their healthy development and understanding and appreciation of the environment. The WG woodland estate is a huge recreational asset which benefits the health of residents and visitors to Wales. Walkers, horse riders and cyclists are some of the groups who enjoy the results of NRW's sustainable management of the woodland estate both at established visitor centres and within woodlands close to communities, for example in the south Wales valleys. NRW's role includes important community engagement and an example of new woodland providing well-being benefits for local people can be seen at the Llynfi project near Maesteg.
- 5.9. Trees in green spaces (in and around towns and cities) also support health and well-being. They provide a natural backdrop for communities which can improve well-being through cleaner air and by enhancing open spaces for people to enjoy. Good urban tree management on the ground is critical to sustain these and other benefits.
- 5.10. The evidence on the extent to which trees absorb harmful pollutants continues to improve. Trees and other green infrastructure including hedgerows provide an effective barrier to harmful particulate matter which is linked to ill health in humans. The siting of trees and species selection of trees has a significant bearing on whether pollution is absorbed or potentially worsened.
- 5.11. NRW's study 'Tree Cover in Towns and Cities' presented the world's first country-wide survey of urban tree canopy cover. In 2016, with WG funding, NRW updated the report to complete analysis from 2006, 2009 and 2013 for all urban areas in Wales. The resulting series of reports shows a trend of a canopy loss with an average rate of cover across Wales of 16.3% in 2013, down from 16.8% in 2009.

- 5.12. The surveys provide a baseline to plan targeted action, for example in areas which experience particularly low in tree cover, and suggest over 35% of land in Wales' major towns may potentially be available to be planted with 'the right tree in the right place'. The results have been shared with Public Service Boards and others to influence local plans, policies and strategies including the development of Well-being plans.
- 5.13. Three iTree Eco Studies have been completed in Wales. iTree Eco is a tool for quantifying the benefits of urban trees in relation to air quality improvement, carbon dioxide reduction and flood control. Local authorities are encouraged to use evidence such as iTree Eco to inform decisions which support improved diversity and resilience of tree cover in urban areas.

### **Biodiversity and Water Management**

- 5.14. Woodlands provide a valuable contribution to our environment through water regulation, soil protection, air quality and as carbon sinks, as landscape features and havens for biodiversity. Targeting planting on flood plains and riparian areas or integrating woodland planting with other land uses, has the potential to reduce flood risk, reduce the effects of agricultural run-off and protection of soils, as well as providing on-farm timber or firewood, shelter for livestock and habitat for wildlife. Welsh Government is working with NRW and a range of stakeholders to maximise the opportunities to develop market-based funding streams – more commonly known as Payments for Ecosystem services (PES). This approach recognises the importance of ecosystems and the benefits derived from these systems to help deliver positive changes for wildlife, water quality, flood risk reduction, health and well being.

## **6. Finally**

- 6.1. *Woodlands for Wales* provides a sound basis on which to build as Wales faces the challenges and opportunities of leaving the EU and developing our international markets. Trees, woodland and forests make up one fifth of Wales land use delivering a significant contribution to industry, jobs, recreation, tourism, health and actions to take forward climate change.
- 6.2. They are a vital element of our Natural Resources Policy and the key to the delivery of our ground-breaking Well-being of Future Generations (Wales) Act 2015, and the Environment (Wales) Act 2016. The industry must continue to collaborate, engaging all sectors – public, voluntary and business to ensure Welsh woodlands provide and develop new opportunities to benefit today's and future generations.



Cabinet Secretary for Environment and Rural Affairs

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