WARWICK DISTRICT COUNCIL	**Executive Committee, 11 November 2009**	**Agenda Item No.**

Title	Management of Oakley Wood
For further information about this report please contact	Chris Hastie, 01926 456219 chris.hastie@warwickdc.gov.uk Rose Winship, 01926 456223 rose.winship@warwickdc.gov.uk
Service Area:	Cultural Services
Wards of the District directly affected	Bishops Tachbrook
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and name of meeting when issue was last considered and relevant minute number	22 October 2007, Executive, minute 563
Background Papers	None

Contrary to the policy framework:	No
Contrary to the budgetary framework:	Yes
Key Decision?	Yes
Included within the Forward Plan? (If Yes, include reference number)	Yes (Ref 203)

Officer / Councillor Approval

With regard to officer approval all reports *must* be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).

Officer Approval	**Date**	**Name**
Relevant Director		Andrew Jones
Chief Executive		
CMT		
Section 151 Officer		Mike Snow
Legal	12/10/09	Peter Oliver
Finance	12/10/09	Jenny Clayton
Portfolio Holder(s)		Cllr Susan Gallagher

Consultation Undertaken

Details of public consultation are in attached background paper.

Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1 SUMMARY

1.1 Having purchased Oakley Wood in early 2008, forestry consultants Lockhart Garratt were commissioned to assess the woodland and prepare a draft management plan (http://www.warwickdc.gov.uk/WDC/Leisure+and+culture/Parks+and+recreation/Oakley+Wood.htm) based on their findings and their knowledge of woodland management, ecology, the forestry industry and timber markets.

1.2 The draft management plan (Summary at Appendix 1) formed the basis of a stakeholder consultation during the summer of 2009, details of which are found in the attached Consultation Report (Appendix 2).

1.3 This report considers options for the future management of Oakley Wood and recommends an approach considered to be the most sustainable environmentally, economically and socially.

2 RECOMMENDATION(S)

2.1 That members approve the adoption of the draft management plan for Oakley Wood, incorporating the summary of changes (Appendix 3) identified following stakeholder consultation

2.2 That members authorise the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to tender the sale of 30% of the standing timber in Oakley Wood, to be thinned in a single operation during September – October 2010, and to appoint a buyer and contractor.

2.3 Members agree the process for monitoring and accounting for the income and expenditure arising from the management of the Wood as outlined in paragraph 5.4.

3 REASONS FOR THE RECOMMENDATIONS

3.1 Management plan

3.1.1 The draft management plan is built on a detailed survey of the woodland by carried out by Lockhart Garratt and council officers.

3.1.2 Oakley Wood is an ancient woodland site which has been largely cleared of native broadleaf trees and replanted with a commercial timber crop of coniferous trees. The management plan sets out the steps needed to sensitively return the woodland to native broadleaf tree cover, in accordance with current national forestry policy.

3.1.3 This approach is consistent with the Council's obligations to consider the impacts of its activities on biodiversity, under section 40 of Natural Environment and Rural Communities Act. In following national forestry policy it opens up the opportunity for grant funding from the Forestry Commission to help with management.

3.1.4 The consultation has shown widespread public and stakeholder support for the broad principles outlined in the draft management plan.

3.2 Tender for thinning in one operation

3.2.1 Oakley Wood has suffered from a lack of management for some time, and as such is currently in urgent need of thinning throughout to encourage healthy tree growth and allow more light to the woodland floor. Thinning is an essential component of the management plan and of good woodland management.

3.2.2 Although the draft management plan initially suggested an option of phasing this thinning operation over five years, enquiries made on the Council's behalf by Lockhart Garratt have failed to find a contractor prepared to undertake the operation at economical rates unless it is done in a single operation. This is principally because of the overheads involved in transporting harvesting equipment to the area. There is no local capacity for this kind of work.

3.2.3 Thinning in a single operation has significant other advantages, notably that the disruption to the woodland and its use for informal recreation is concentrated in a single period, rather than being spread out over five yeas.

3.3 Financial monitoring

3.3.1 As Oakley Wood will over time provide some income to the Council it is considered prudent to ensure that procedures are in place to allow us to monitor the long term net impact of the wood on the Council's finances.

3.3.2 It is the nature of forestry that income is not consistent across financial years, but comes in bursts and is significantly greater later in the crop rotation. There will also be instances of one-off grants either general or specific to projects within the wood. However, there are regular ongoing costs associated with managing the woodland as a recreational resource

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 Management Plan

4.1.1 Any option other than the adoption of a management plan broadly in accord with current national forestry policy would preclude the possibility of obtaining grant funding from the Forestry Commission, significantly increasing the net operating costs.

4.1.2 The option of not managing the woodland has been considered. Proper management of woodlands such as Oakley Wood increases their biodiversity value, their recreational value, the economic returns from them and their capital asset value. Accordingly, not managing the woodland is not considered appropriate.

4.2 Tender for thinning in one operation

4.2.1 The option of thinning in three operations phased over five years has been investigated. It has not proved possible to find a contactor prepared to undertake the thinning on this basis at economic rates because the amount of work involved in each phase does not cover the fixed overheads of transporting machinery to the area.

4.2.2 The Friends of Oakley Wood, who have expressed misgivings about a single thinning operation, have requested that the Council investigates 'small scale thinning methods'. A number of difficulties have been identified with this.

- Although officers are aware of an initiative to develop local capacity for low intensity thinning in south Warwickshire, this is not yet off the ground and capacity does not currently exist locally.
- Smaller scale methods by their nature involve higher labour costs and are less able to realise economies of scale. Accordingly, even if capacity existed locally it is unlikely to be economic.
- The majority of the timber in Oakley Wood is Scots Pine. It is important that Scots Pine is processed as soon as possible after felling as it begins to

develop a blue stain if stacked, degrading its value. Small scale thinning tends to require that timber is stacked for longer before transport.

4.2.3 It is considered likely that lower intensity thinning will have a place in the future management of Oakley Wood, but the volume of timber needing to be harvested at the initial stage to bring the wood back into management is too high for this to be a realistic option.

4.3 Financial monitoring

4.3.1 The Council could choose not to separately monitor the costs and income associated with the management of Oakley Wood. Councillors would not be informed of whether the Wood was performing well and any unspent Grant monies might be lost.

5 BUDGETARY FRAMEWORK

5.1 As outlined in Section 7 below, the income and expenditure incurred on Oakley Wood is not consistent each year. Member are asked to approve the indicative budget for the next five years is attached at Appendix 4, this also details the funding sources.

5.2 Income will either be by way of timber sales or grants to enable specific pieces of work to be undertaken for example the construction of the road as outlined in 7.4.1. below. It should be noted that this income will be volatile. Indeed the predictions originally given to members in October 2007 of £150,000 in timber sales and £47,000 grant for restocking are not now likely to materialise, although these figures were never included in the Medium Term Financial Strategy.

5.3 Much of the costs of maintaining the wood will be annual whilst there will also be some non-routine expenditure as outlined in Section 7 below.

5.4 For these reasons it is recommended that all income and expenditure associated with the management be separately monitored within the Cultural Services Portfolio. Should there be a surplus at the end of the financial year, this would be ring-fenced and carried forward into the following year's budget for the management of Oakley Wood, as part of the final accounts process. In any year when a deficit arises, this would be contained within the overall budget for Parks and Open Spaces. The situation and future forecasts will be closely monitored on an annual basis to ensure there is no overall impact on the Council Tax Payer.

6 POLICY FRAMEWORK

6.1 The recommendations are consistent with the objectives of the Corporate Strategy 2008-2011, particularly

- Provide high standards of environmental services across the district delivering a sustainable and quality environment

6.2 The recommendations are consistent with the aims of the Sustainable Community Strategy 2009-2026, particularly

- The built and natural environment has been protected and enhanced

6.3 The recommendations are consistent with the corporate values, particularly that of being environmentally sensitive.

6.4 The recommendations are consistent with the emerging Green Space Strategy. The recent Green Space Audit has identified publically accessible 'natural' green space as being a recreational resource which the District has a shortfall of.

6.5 The recommendations are consistent with the Council's "biodiversity duty" and with its adoption of the West Midlands Biodiversity Pledge. They are intended to contribute to a long term increase in the biodiversity of Oakley Wood.

6.6 The recommendations are consistent with national forestry policy; in particular they are in accord with the *Strategy for England's Tree, Woods and Forests*, the *UK Forestry Standard* and *Keepers in Time – a statement of policy for England's Ancient and Native Woodlands*.

7 BACKGROUND

7.1 Introduction

7.1.1 Until 2008 Oakley Wood was in private ownership, but was widely used by local residents for informal recreation – a use which was tolerated by the owners. It became available for purchase in 2007 and the Council purchased it in 2008 amidst concerns that a new private owner might restrict recreational use or introduce activities (such as war gaming, for example) which conflicted with the woodland's position surrounding the Mid-Warwickshire Crematorium on three sides.

7.1.2 It was recognized in purchasing the wood that it would be necessary to actively manage it to maximise income, whilst protecting and enhancing it as a valuable resource for both informal recreation and nature conservation.

7.1.3 The development and adoption of a management plan for the woodland is a crucial stage in taking this forward. It identifies the following vision for Oakley Wood:

> *"Oakley Wood is to be perpetuated for future generations as a prominent and attractive woodland feature within the local landscape, whilst over time becoming increasingly naturalistic in its composition and structure and thereby heightening its biodiversity value. The woodland is to be made available as a local resource for informal low impact recreational and educational use and management is to recognise and reflect the woodland as a renewable natural resource"*

7.1.4 Derived from this vision, four main objectives are identified:

- To maintain and enhance the visual amenity of the woodland as a feature within the local landscape
- To safeguard and enhance the biodiversity value of the woodland and associated habitats
- To provide facilities for informal public access and environmental education and work with the local interest groups
- To maintain the woodland as a renewable resource to be sustainably harvested in support of social and economic activities, maximizing the economic value of the wood in so far as this does not conflict with other objectives.

7.1.5 The woodland is largely a commercial coniferous plantation on an ancient woodland site. The broad management strategy proposed is to return the woodland to native broadleaf trees over a period of up to 50 years, utilizing “continuous cover” techniques. National forestry policy has the return of Plantation on Ancient Woodland Site (PAWS) to native planting as a key objective and the Forestry Commission is able to use a mixture of regulatory powers and grant funding to encourage owners in this direction. The existing conifers will be managed to maximise their timber value in as far as this is consistent with the wider aims of a gradual return to native cover.

7.2 Revenue predictions

7.2.1 Accurate financial forecasting for forestry operations is extremely difficult for a number of reasons.

7.2.2 Timber markets are volatile. As an example, the average price received by the Forest Commission for the sale of standing timber in England was £11.71/m³ in 2006/7, £16.35 in 2007/8 and £12.37 in 2008/9, representing a 39.6% variation in prices over a three year period. The Coniferous Standing Sales Price Index for Great Britain was 30.1% lower in real terms in the year to March 2009, compared with the previous year.

7.2.3 The value of trees per m³ varies with the size, with larger trees having a higher unit value. Estimating the mix of sizes that will be available at any particular point is difficult.

7.2.4 Although yield models exist to help estimate the likely quantities of timber available at points in the future, these are based on more traditional clear fell and replant management models. Estimating likely yields when using continuous cover silviculture is known to be problematic.

7.2.5 It is also important to appreciate that forestry is a long term investment. Revenue is sporadic rather than regular, and is considerably higher towards the end of a crop’s rotation than it is earlier. The crop in Oakley Wood is largely mid-rotation at present.

7.2.6 On the basis of surveying work carried out by Lockhart Garratt and council officers in early 2009, it is estimated that there is currently 8500m³ of timber in Oakley Wood.

7.2.7 The average price of standing sales in England in the year to March 2009 was £12.37/m³. Because of Warwick District’s position, remote from much of the forestry and timber processing industry, harvesting overheads will be higher. Furthermore, at this stage in the crop’s growth prices will be lower. An estimated value for Oakley Wood at present is £8/m³. This gives a current standing timber value of £68,000.

7.2.8 Good ongoing management will both increase the volume of timber in the woodland, and increase the size of the trees, and therefore value per m³. It is worth noting that in the twelve months to March 2009 the average standing sales price in England for coniferous trees over 1m³ in volume was £19.33/m³.

7.2.9 Clearly, until tenders are returned it is impossible to know exactly what the income from the proposed thinning operations in 2010 will be, but it is estimated on the basis £8/m³ to be £20,000. It is important to bear in mind that this initial large scale thin is a one off operation and this level of income in a single year is not expected to recur for some time.

7.2.10 An additional source of revenue is grant funding to help with management costs.

7.2.11 Currently restocking following felling in PAWS attracts a grant of £1760 per ha, the highest level of planting grant available. The management plan proposes that approximately 1ha of woodland be felled and replanted every 5 years.

7.2.12 A number of other management operations are eligible for grant funding. This includes 80% of the standard cost of ride management (currently £250/km/year for 2 zone and £400/km/year for 3 zone) to favour woodland bird species. The management plan proposes that 4.3km of ride be managed on a 2 or 3 zone system (section 4.2 & appendix 5), equating to grant income of up to £1376 / year

7.2.13 At present, a grant of 80% of standard costs (currently £60/m) is available for creation of category 1 access roads in PAWS. For a 50m length of road with a 26m turning head this equates to grant funding of £3648.

7.2.14 The following table summarises anticipated income over the next five years

Sale of standing timber (thinning)	20,000
Sale of standing timber (fell 1ha, appx 220m^3)	1,760
Restock grant, 1ha	1,760
Ride management (3km 3 zone, 1.3km 2 zone)	6,100
Install 76m of category 1 ride	3,648
Total	**33,268**

7.3 Operational costs

7.3.1 Operational costs can be divided between those that are recurring annual costs, and those associated with one off operations.

7.3.2 Recurring annual costs include such things as ride maintenance, glade mowing, litter picking etc. As more young trees are planted they may also include control of pests (squirrel, rabbits, deer). However, at this stage this is not necessary and so is not discussed further here.

7.3.3 The table below summarises annual ongoing recurring costs. The 'Source' column indicates the source of the price, either current grounds maintenance schedule of rates or Forestry Commission standard prices.

Operation	**Unit cost**	**Quantity**	**Annual cost**	**Source**
Litter pick paths	37.39/km	4.3km	880	GM Contract
Litter pick internal area	85.7/ha	47ha	2,014	GM Contract
Manage rides 2 zone	250/km	1.3km	325	FC standard
Manage rides 3 zone	400/km	3km	1,200	FC standard
Ditch clearance etc, JCB	£350/day	1day	350	GM Contract
Contingency, VO team	41/hr	24hr	984	GM Contract
Total			**5,753**	

7.3.4 Additionally it should be noted that as the plan develops areas of open ground will be created which will need mowing, particularly around the fort. The cost of this is currently £765/ha, with the fort glade eventually being 4ha in size.

7.3.5 As there is a well motivated 'Friends' group it may be possible to reduce some of the costs of non-skilled operations such as litter picking by using volunteers.

7.3.6 Additional operational costs arising on a one off basis include planting costs, creation of 2 and 3 zone rides, scrub clearance and maintenance in some of the younger, thicket stage areas. Examples of these operations and associated costs are given in the indicative outline 5 year cash flow forecast at appendix 8 of the draft management plan.

7.4 Investment costs

7.4.1 The only investment currently planned is the construction of a 50m length of forest road with 26m turning 'T' to enable timber lorries to load up off the public highway during thinning operations. The FC standard price for forest roads is £60/m run, making a total cost of £4560. It is anticipated that this will be 80% grant funded, an assumption included in the five year revenue table above. It is recommended that this Council's Contribution of £912 be met from the 2010-11 Cultural Services Improvement Budget.

7.5 Woodfuel co-operative

7.5.1 Officers are currently assessing the possibility of joining a co-operative of woodfuel producers in Warwickshire. The co-operative aims to develop the processing infrastructure necessary to develop a market for woodfuel. This in turn provides a market for low grade timber which is being processed locally, thus reducing transport overheads.

7.5.2 A significant advantage of the co-operative to the Council's financial planning will be that we will agree a quantity of timber to be supplied to the co-op, and a price to be paid for it, up to a year in advance. This will enable us to have a clearer idea of likely income from at least part of our timber sales in advance.

7.5.3 A further report on this project will be brought to the Executive in February 2010.

History of the Management of Oakley Wood

Oakley Wood is designated as a Plantation on an Ancient Woodland Site (PAWS). A PAWS is defined as woodland which has been in continuous woodland cover since at least 1600c but has since been felled and replanted, in this particular case with predominantly Scots pine.

The woodland was clear felled with the exception of specific sections during the late 1940s-early 1950s and replanted with predominantly Scots pine (Pinus sylvestris) between 1947 and 1981. At the time of clear felling the woodland was under the ownership of the Forestry Commission. Further felling and replanting of mixed conifers and broadleaves was undertaken during the 1970s and 1980s with small scale supplementary under-planting undertaken during the 1990s.

There appears to have been very little work undertaken within the woodland over the last 15 years with the exception of small-scale tree planting, maintenance of access and very occasional individual tree removal in order to meet the previous owner's firewood demand. This operation was undertaken with consent from a felling licence which is thought to have expired during the early 2000s. Oakley Wood was purchased by Warwick District Council in 2008 with local public support. This report outlines a strategy for future management. A detailed survey was undertaken on 15 January 2009.

Vision for the future

Oakley Wood is to be perpetuated for future generations as a prominent and attractive woodland feature within the local landscape, whilst over time becoming increasingly naturalistic in its composition and structure and thereby heighten its biodiversity value. The woodland is to be made available as a local resource for informal low impact recreational and educational use and management is to recognise and reflect the woodland as a renewable natural resource.

Management Aims to achieve the vision

In order of precedence the management aims are:

i. To maintain and enhance the visual amenity of the woodland as a feature within the local landscape.

ii. To safeguard and enhance the biodiversity value of the woodland and associated habitats.

iii. To provide facilities for informal public access and environmental education and work with local interest groups.

iv. To maintain the woodland as a renewable natural resource to be sustainably harvested in support of social and economic activities.