



Llywodraeth Cymru
Welsh Government

RESEARCH

Understanding social value in woodland asset transfer to third parties: a review of the benefits, costs, and risks (summary)

This review considers the benefits, costs and risks of transferring woodland assets to third parties and how transfer proposals should be assessed.

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Introduction

Steer Economic Development (Steer-ED) was commissioned by the Welsh Government on behalf of Natural Resources Wales (NRW) to understand the full range of benefits, costs and risks of transferring woodland assets to third parties. Such transfers could include the sale of timber, or transfer of property rights through different management and ownership arrangements. This review also sought to understand how these impacts could be measured and where possible monetised for evaluating proposals and monitoring impact.

This research informed the development of a signposting guide for NRW to support future appraisal of projects (including their social value) in relation to community or third sector access to woodland and/or timber on the Welsh Government Woodland Estate (WGWE). The guide sets out expected outcomes, factors that might affect the extent of the achievement of the outcomes, and the confidence in the evidence that transfer may lead to these outcomes. It also suggests approaches for quantification of impacts and, where relevant, monetisation. The confidence in impact quantification metrics and approaches for monetisation are also provided to inform their use in project appraisal and evaluation.

Research aims and methodology

At present, there is no existing framework in place within the Welsh Government and NRW to support the appraisal of woodland asset transfer arrangements in line with government guidance from the Green Book and Managing Welsh Public Money.’

The aims of the research were therefore to:

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- understand the full range of benefits, costs and risks of transferring woodland assets to third parties, and how these vary by project- and location-specific factors
- understand the key influences on outcomes achieved, durability of outcomes and risks to outcomes delivery
- understand the potential unintended consequences of allowing community groups to manage NRW timber stock
- understand under what conditions providing local community groups with woodland and/or timber stock be potentially net beneficial in terms of public value
- understand what effects woodland asset transfers could have on the woodland management operations of NRW
- consider how potential benefits, costs and risks be practically and appropriately assessed and quantified by organisations such as NRW, including under likely project- and location- specific factors

The project included research across five stages:

1. **Scoping consultations** to gain a better understanding of the context of the work, through discussion with the commissioner (Welsh Government), intended end-user (NRW) and other key stakeholders;
2. **A non-exhaustive literature review** of the evidence for social, environmental, and economic benefits, costs, and risks of giving community organisations the opportunity to manage woodland; and harvest and sell timber stock;
3. **Strategic consultations** with Welsh community woodland groups, NRW place-based teams, and Forestry and Land Scotland;
4. **A synthesis of the consultations and literature review** to develop a logic model to show how woodland asset transfer is expected to work in practice by mapping out the causal chains from inputs to impacts; and
5. **A review of the available data and methods** that could be used by NRW to support future appraisal of projects (including their social value) in relation to community or third sector access to woodland and/or timber on the WGWE.

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The logic model and review of data and methods for measuring and valuing outcomes was then used to develop a signposting guide to inform the development of an appraisal framework for proposals which involve the transfer of woodland asset management from NRW to community or third sector organisations in Wales, potentially at below market prices.

Main findings

Evidence review

The literature identified and reviewed suggests there are a wide range of potential social, environmental, and economic impacts and risks from the transfer of timber assets to third parties, and specifically community forestry groups and social enterprises. However, in line with earlier reviews, we find that there is a consistent lack of robust empirical evidence in relation to the realised impact of asset transfer on communities and wider society, and particularly in relation to biophysical, and economic and financial impacts. Evidence is strongest, however for wellbeing impacts related to improved woodland access/exposure and participation in volunteering.

Limitations in the evidence include limited baseline and longitudinal data to support assessment of whether benefits were realised, and a lack of consistent evaluation approaches within the evidence base. Furthermore, much of the evidence also does not consider the extent to which any benefits that could result from asset transfer to community woodland groups (CWGs) are additional to those that could result from the transferor (i.e., NRW) retaining management of the site.

Whilst woodland asset transfers to third parties, and particularly community groups or social enterprises, do have the potential to create a range of environmental, social, and economic benefits, robust evidence that can be

generalised is lacking.

Stakeholder consultations

Our consultations with NRW, community woodland groups and other key stakeholders revealed that:

All CWGs interviewed were different in scale and location, yet they all had some similar and overlapping aims; to create benefits for their local community. These included:

1. improving biodiversity, health (including supporting Health Board patients) community cohesion and participation, and community capability and confidence
2. providing opportunities for education and skills development to increase employability
3. reducing anti-social behaviour and pressure on Public Services

NRW interviewees felt empowering CWGs and supporting them to thrive contributed to flourishing places and enabled NRW to meet its strategic aims. Similarly, CWGs interviewed viewed their role as enabling NRW to meet their own objectives.

All assets managed by the CWGs interviewed were non-prime woodlands i.e., considered to be unproductive or underused.

Costs and risks associated with the transfer of woodland asset management to CWGs were highlighted; however, these costs and risks were seen as small in nature in proportion to the totality of NRW's activity.

Interviewees felt there was a common risk to all CWGs of instability of the organisation structure due to personnel turnover or retention of volunteers.

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Given this, an objective for all CWGs should be to engage the whole community during co-design at inception to encourage interest from as many community members as possible.

While management plans that CWGs submit to NRW were viewed to be sufficient and appropriate in order for progress between parties to be aligned. With no specific template for CWGs to follow, however, a signposting tool or simple logic model aligned to NRW expectations could help to demystify how CWG can connect their own particular objectives to relevant and proportionate benefits. The logic model can act as the golden thread that ties strategic aims to known positive outcomes.

Finally, CWGs felt there was an opportunity for the timber industry to work with CWG, as opposed to working around them or damaging their activity

Signposting guide: review of data and methods to support the development of an appraisal framework

The review identified that for many potential impacts of woodland asset transfer, there are a range of robust methods for quantifying and monetising impacts, so informed decisions are required about such choices. The selection of the values should be based on utilisation of robust and suitable approaches and sources, but may also be dependent on available data, measures taken to minimise double counting and the willingness of NRW to purchase licence agreements to some of the tools.

Many methods identified fall within UK Government and supplementary guidance. Some of these will likely need further consideration given these are outside applicable guidance sources, but may, in appropriate circumstances, have some role in informing estimations where there are remaining evidence gaps.

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Drawing on the research Table 1-1 presents a summary of key findings. It presents an indication of the state-of-knowledge of both impacts (benefits, costs, and risks) and potential to incorporate quantified and monetised impacts into a value for money/ benefit cost assessment.

Table 1-1 Overview of quality of evidence in signposting guide

Impact	Quality of evidence for potential impact of community asset transfer	Quality of evidence for monetisation
Biodiversity and woodland resilience	Limited	Weak
Adaptation	Limited	Weak
Carbon storage and Sequestration	Limited	Strong
Decarbonisation	Limited	Strong
Local economic stimulus	Limited	Strong
Social & cultural capital	Moderate	Strong
Wellbeing	Strong	Strong
Community quality of life	Moderate	Strong

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Impact	Quality of evidence for potential impact of community asset transfer	Quality of evidence for monetisation
Community empowerment	Limited	Weak

Source: Steer-ED

Due to the range of transfer arrangements and associated conditions of transfer, as well as factors such as difference in project scale, location, and focus, outcomes (i.e., benefits, costs and risks) are likely to be project-specific. As such, an approach based on application of a uniform set of indicators and coefficients are unlikely to be generally appropriate.

The review of data and methods to measure impact revealed there is no single ‘one-size fits all’ framework or tool but a key starting point is the Green Book and supplementary guidance resources. As such, the signposting guidance developed draws on multiple tools, but it is important for users to be aware of the basis and suitability of these sources for the case at hand, including their limitations.

Recommended next steps

NRW could aim to pilot the recommended signposting guide before embedding it across the wider organisation. The recommended signposting guidance presented within this report will need to be piloted within NRW with a user-group to identify training needs, co-design reporting templates, additional guidance, and areas where specialist expertise may be required. It will also be important to understand where transfers may lead to additional costs to NRW (both financial or otherwise) – the evidence review has provided some indication of these.

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NRW should assess whether they can take on these additional costs in advance of and as part of the appraisal process, balancing these against the benefits woodland asset transfer can bring.

NRW should consider establishing a set of valuations and related metrics that are 'approved for use'. The purpose of the signposting guide was to provide a wide range of valuation sources that cover the impact of all activities that could be undertaken by CWGs. The wide range of monetised values presented reflect the diversity of activities undertaken by CWGs. It was, however, beyond the scope of this study to examine each valuation individually. Given this, there are multiple valuations available in the signposting guide for the same outcome. As such, users (for example, an NRW user group) should review sources and valuations for their robustness, pilot valuations and establish sensitivities with a view to agree a set of valuations and related metrics 'approved for use'. Whilst the selection of metrics and valuation will vary on a case-by-case basis depending on the asset and proposed activities of the CWG, agreeing a suite of approved metrics and valuations will minimise selection bias and establish consistency across appraisals. As key valuation sources such as ENCA are updated, these valuations should be reviewed on, for example, an annual or biennial basis to keep pace with developments within the literature.

NRW should draw on learning and experience from existing woodland asset transfer programmes (for example., Community Asset Transfer Scheme in Scotland). NRW could consider, for example, consultation with Forestry and Land Scotland, to draw on experience and learning from the Community Asset Transfer Scheme. Here, community organisations have a right to request to take over publicly-owned land or buildings that they feel they can make better use of for local people. Forestry and Land Scotland have developed an asset transfer appraisal process that places the onus for demonstrating impact and considering costs and risks on the proposing community group which is then reviewed by an expert panel and augmented with site visits. CWGs interviewed expressed a 'rigid' framework for monitoring and measuring outcomes could stymie innovation and could potentially be resource intensive, particularly when CWGs

are already stretched. Whilst Forestry and Land Scotland were consulted as part of the project, follow up consultation is advised. This would enable NRW to draw on experience and learning from development and implementation of a similar scheme, within a similar context.

NRW should pilot the signposting guide combined with comprehensive, standardised and systematic evaluation of woodland asset transfer projects. This approach would enable NRW to build an evidence base of the scale and extent of impacts resulting from woodland asset transfer, particularly where evidence gaps exist. This would also facilitate NRW to identify the largest most variable factors that affect impact realisation. The evidence collected within this study provides some qualitative insight from stakeholder consultations and the evidence review in relation to the impact of the scale and extent of different activities carried out by CWGs. The evidence is, however, limited to the extent that conclusions are partial and unquantifiable at present. The summary of quality of evidence presented in Table 1-1 however, provides some indication of the state-of-knowledge of both impacts (benefits, costs and risks) and potential to incorporate quantified and monetised impacts into a value for money (VfA)/ benefit cost assessment (BCA). It will be important that NRW are able to identify some sort of baseline to monitor benefits against and that progress is assessed over time to help provide an indication of the impact any woodland asset transfer has had. This may also help start to identify where impacts are additional.

NRW should develop a simplified version of the signposting guide for CWGs. A toolkit comprising 'approved for use' metrics and valuations and CWG specific guidance could provide a first approximation at the proposal stage. Given potential additional costs to NRW should CWGs proposals and operational management agreements increase significantly, an effective way to screen proposals could minimise costs. Furthermore, this approach could be adopted from proposal approval to project inception to co-design the monitoring and reporting protocols and risk registers. This would cultivate partnership working with NRW from the outset.

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government.

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