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Timber Business Investment Scheme Evaluation

Final Report

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Timber Business Investment Scheme Evaluation Final Report

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

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Glossary

Acronym/Keyword	Definition
CCT	Cross-Cutting Theme
Confor	Confederation of Forest Industries
EC	European Commission
ECA	European Court of Auditors
EIA	Economic Impact Assessment
EOI	Expression of Interest
EU	European Union
FBIS	Food Business Investment Scheme
FIRS	Forestry Industry Recovery Scheme
GVA	Gross Value Added
KPI	Key Performance Indicator
NRW	Natural Resources Wales
ONS	Office for National Statistics
PR	Public Relations
RDP	Rural Development Programme
ROI	Return on Investment
RPW	Rural Payments Wales
SIC	Standard Industrial Classification
SME	Small to Medium-Sized Enterprise
TBIS	Timber Business Investment Scheme
TWIG	The Woodlands Investment Grant
UK	United Kingdom
VfM	Value for Money
WG	Welsh Government

1. Introduction

- 1.1 The Timber Business Investment Scheme (2014–2020) (TBIS) is a £9m capital grant scheme available to private forest and tree nursery owners, local authorities, or other public sector forest owners and small to medium-sized enterprises (SME)¹ that are engaged in forest planting and management activities, timber harvesting, and/or timber processing. The scheme is funded through the Rural Development Programme (RDP) 2014–2020 and follows other capital support schemes for the timber industry that were funded under previous programmes. The current iteration of the scheme has been operational since early 2016 and is due to conclude in June 2023. Specifically, the scheme sits under RDP Measure 8.6 – Investments in forest area development and improvements of the viability of forests (Articles 21–26).
- 1.2 Wavehill have been commissioned by the Welsh Government (WG) (the delivery body) to provide an independent assessment of the scheme’s implementation and impact. With the end of RDP funding in Wales, this is an opportune time to consider the value generated by the scheme. Moreover, the evaluation was tasked with identifying the lessons learnt, and provides evidence-based recommendations with which to inform the WG’s future decisions relating to investments supporting the timber industry in Wales.
- 1.3 This report provides the findings of the evaluation through the following chapters.
- Chapter 2 outlines the methodological approach utilised for this evaluation.
 - Chapter 3 reviews the scheme’s success against its delivery targets, which is the primary measure of performance.
 - Chapter 4 summarises the types of businesses and projects supported in order to contextualise the findings.
 - Chapter 5 assesses the effectiveness of the design and delivery of the scheme.

¹ An SME is an undertaking that employs fewer than 250 employees (based on full-time equivalents) and has an annual turnover not exceeding 50 million euros and/or an annual balance sheet total not exceeding 43 million euros. SMEs consist of three sub-categories of enterprises: microenterprises employ fewer than 10 employees, small enterprises fewer than 50 employees, and medium-sized enterprises fewer than 250 employees.

- Chapter 6 provides a detailed account of the outcomes and impacts generated by the scheme.
- Chapter 7 concludes the report with a series of recommendations.

1.4 Furthermore, we have included the following annexes:

- Annexe A: Delivery Team Interview Questions
- Annexe B: External Stakeholder Interview Questions
- Annexe C: Beneficiary Survey Questions
- Annexe D: Non-beneficiary Survey Questions (Telephone)
- Annexe E: Non-beneficiary Survey Questions (Online)
- Annexe F: Theory of Change for TBIS
- Annexe G: Evaluation Framework for TBIS.

1.5 We begin the report by considering the broader context with regard to the timber industry in Wales and why this scheme was needed, before exploring the design of the TBIS in more detail and, finally, outlining the aims and objectives of the evaluation.

Timber industry in Wales

1.6 Forests are multifunctional, serving economic, social and environmental purposes. They offer habitats for animals and plants and play a major role in mitigating climate change and other environmental services. Furthermore, forests offer wide societal benefits, including health and well-being, recreation, and tourism. The socioeconomic importance of forests is high but often underestimated. Forests contribute to rural development and provide approximately 3 million jobs across the European Union (EU), with timber acting as the main source of financial revenue from forests². Moreover, timber is considered to be an important source of raw material for emerging bio-based industries.

² European Commission, [A new EU Forest Strategy: for forests and the forest-based sector](#), September 2013.

- 1.7 The EU has close to 180 million hectares of forest and other wooded land, covering 45 per cent of its total land area. Between 1990 and 2020, according to Eurostat, the area of EU forests increased by 10.2 million hectares. Private entities own 60 per cent of EU forests, and in 2017 the gross output of forestry production (including logging activities) amounted to more than €55bn³.
- 1.8 The ownership of woodlands, as well as owners' ability to manage forests sustainably, is a key factor in determining the economic, social and environmental value generated. The biennial 'Woodlands for Wales Indicators' reports provide key insights into the profile of the timber sector in Wales. The reports reveal that at the beginning of the RDP 2014–2020 programme period, it was estimated that Wales had a total of 306,000ha of woodlands, of which 117,000ha was WG-owned and managed by Natural Resources Wales (NRW), 86,000–110,000ha was managed by the private sector, and an estimated 79,000–104,000ha was not under any form of formal management arrangement⁴. WG officials highlighted that this latter portion comprises typically small woodlands areas situated on farms which often do not generate any commercial value and are often difficult to access due to, for example, slope grading or the need for low-impact machinery. Thus, it acts as a constraining factor upon the potential value that could be obtained from Welsh woodlands.
- 1.9 The WG's report on the RDP (2014–2020)⁵ provides further details regarding the composition of the sector. It estimates that around 40 per cent of woodlands in Wales is undermanaged, and calls for a mechanism with which to bring this woodlands into production, with a "clear need to better integrate the farm and forestry sectors; farm woodlands often require small scale and expensive working, with limited local markets". According to this report, the potential value of the timber is not widely recognised, which is why these woodlands are often not well managed for sustainable timber production.

³ European Court of Auditors, [EU funding for biodiversity and climate change in EU forests](#), 2021.

⁴ The European Agricultural Fund for Rural Development, '[United Kingdom - Rural Development Programme \(Regional\) – Wales](#)', March 2019.

⁵ Ibid.

- 1.10 The majority of Welsh timber processors are SMEs and are often family businesses, which have been established for an average of 21 years. This long history means that there are well-developed supply chain connections from the grower through to the processor. Most of these businesses have little or no presence in markets outside of Wales. It has been identified by the project team as well as WG officials that if the forestry sector in Wales is to grow and create value, then the external market needs promotion, particularly with regard to marketing in England.
- 1.11 In a sector largely dominated by SMEs, there are only a small number of major wood-processing companies based in Wales (according to WG officials). These organisations draw their material from across the UK, thus potentially representing an opportunity to retain more of the supply chain value within Wales. In 2017 the total gross value added (GVA) of the forestry sector in Wales was £665m and it was estimated to support between 10,300 and 11,000 jobs, mostly in rural areas, where employment opportunities are limited⁶. The bulk of these jobs are in the sawmilling and processing sector.
- 1.12 Using a different measure for GVA by drawing on Office for National Statistics (ONS) data for the following three Standard Industrial Classification (SIC) codes: 'Forestry and logging' (SIC 02), 'Manufacture of wood products, except furniture' (SIC 16), and 'Manufacture of paper products' (SIC 17), we can see the growth of the sector during the delivery period from £553m in the last year before the scheme was launched (2015) to £632m by 2020. We note, however, that this increase of 14 per cent is below the UK average (19 per cent).

Table 1.1: Current price estimates (pounds million) for 'Forestry and logging'

	2015	2016	2017	2018	2019	2020	% increase from 2015–2020
UK	7,449	8,337	8,016	7,980	8,994	8,880	19%
England	5,652	6,363	6,159	6,121	6,906	6,854	21%
Wales	553	620	560	563	632	632	14%
Scotland	1,005	1,077	1,034	1,028	1,130	1,080	7%
NI	239	276	263	268	326	314	31%

Source: Analysis of sector and regional GVA data, ONS

⁶ Welsh Government, [Woodlands for Wales Indicators 2017-18](#).

Policy context

- 1.13 The EU has a long history of contributing towards sustainable forest management of Member States through its policies. A new EU Forest Strategy was launched in 2013⁷ to ensure that the multifunctional potential of EU forests would be managed in a sustainable and balanced way. It identified the key principles needed to strengthen sustainable forest management and improve competitiveness and job creation, particularly in rural areas, while ensuring forest protection and the delivery of ecosystem services.
- 1.14 Sustainable management practices are key to maintaining biodiversity, addressing climate change in forests, and maximising the economic, social and environmental opportunities that forests provide. However, a report from the European Court of Auditors (ECA) concluded that in the areas in which the EU is fully competent in acting, the EU had a “positive but limited” impact on protecting biodiversity and addressing climate change in EU forests⁸.
- 1.15 The EU Forest Strategy describes Forest Management Plans as key instruments in delivering sustainable forest management. It was announced that the Wales RDP would use Forest Management Plans as part of its 2014–2020 strategy to drive their processes surrounding applications and funding.
- 1.16 First published in 2001, the Woodlands for Wales strategy set out the strategic direction for Welsh forestry for the following 50 years⁹. It outlined a vision in which woodlands would be vital in sustaining the wider environment, providing opportunities for people and communities, and improving the lives of everyone in Wales. The strategy has been refreshed over the years in line with publications such as the Well-being of Future Generations (Wales) Act 2015, the Environment (Wales) Act 2016, and the Natural Resources Policy (2020).
- 1.17 As of its latest iteration the key outcome targets for the strategy have remained consistent and are noted below.

⁷ European Commission, [A new EU Forest Strategy: for forests and the forest-based sector](#), 2013.

⁸ European Court of Auditors, [EU funding for biodiversity and climate change in EU forests](#), 2021.

⁹ [Woodlands for Wales \(gov.wales\)](#).

- More woodlands and trees are managed sustainably.
- Woodlands ecosystems are healthy and resilient.
- Woodlands are better adapted to deliver a full range of benefits.
- Woodlands cover in Wales increases.
- The management of woodlands and trees is more closely related to that of other land uses.
- Urban woodlands and trees deliver a full range of benefits.

1.18 Much of WG policy in this area is centred on woodlands creation, and several programmes have been introduced to achieve these strategic objectives. The National Forest for Wales programme¹⁰ was launched in the spring of 2020 with a commitment to creating new woodlands and helping to restore and maintain some of Wales' irreplaceable ancient woodlands. As part of this programme, The Woodlands Investment Grant (TWIG) was introduced, offering 100 per cent funding up to a maximum of £250,000 to projects relating to creating new woodlands or making improvements to existing woodlands. Additionally, the Forestry Industry Recovery Scheme (FIRS) was launched in 2020 as a response to the COVID-19 pandemic. It provided funding to the sector to make capital investments in order to increase their capacity and enable the sector to contribute to a green recovery. Eligible areas included equipment to tree nurseries to increase their capacity to supply trees, ground preparation equipment, equipment for tree safety works for trees affected by ash dieback, and equipment or appropriate technology that improves the harvesting of timber (which is shown to improve sustainable forest management)¹¹.

1.19 The WG also published a report in 2021 which was commissioned by the Wales Land Management Forum to review the available evidence on the potential drivers, barriers and solutions for woodlands creation in Wales¹². The report outlined a list of recommendations with which to support woodlands creation, focusing on enabling

¹⁰ [Well-being of Future Generations \(Wales\) Act 2015 \(legislation.gov.uk\)](https://legislation.gov.uk/ukpga/2015/10/section/1).

¹¹ [Environment \(Wales\) Act 2016 \(legislation.gov.uk\)](https://legislation.gov.uk/ukpga/2016/10/section/1).

¹² [Natural-resources-policy.pdf \(gov.wales\)](https://gov.wales/natural-resources-policy.pdf).

more land managers to plant more trees more often. One of the recommendations in the report was a need to rethink funding for landowners so that the incentives to engage in a sustainable manner outweigh the benefits of other options such as selling land.

1.20 Furthermore, the WG have established a ‘Trees and Timber’ task force whose role is to support the planting of trees and the wider timber industry, with a focus on skills and management. As part of this, the Deputy Minister for Climate Change held a deep-dive exercise in June 2021 to identify and prioritise a set of actions with which to increase tree planting and overcome barriers, with the recommendations including the following¹³:

- ensure that landowners do not lose out financially as a result of planting trees (rather than using the land for other purposes)
- utilise the social housing delivery programme to systematise the use of Welsh timber
- encourage and enable investment in added value manufacturing as part of the industrial strategy for wood.

1.21 With regard to the sales and marketing of timber, NRW recently launched its ‘Timber Sales and Marketing Plan 2021–2026’¹⁴. The plan seeks to help develop a prosperous timber-processing and forestry sector, and recognises that the sector is a key contributor to a healthy rural economy, sustainable forestry, and natural resource management in Wales. As the largest supplier of certified timber in Wales, NRW recognise their role in ensuring that their harvesting and marketing activity support these wider goals. Moreover, the plan outlines their continued support to engage with the wider forest and wood-processing sector to seek ongoing collaborations, and to work with customers and timber contractors to help protect the safety and livelihoods of partners. Their work alongside the WG to promote the wider use of timber that is ‘Made in Wales’ in other sectors such as housing, as well

¹³ [Trees and Timber task force recommendations \(gov.wales\)](https://gov.wales).

¹⁴ [Timber Sales & Marketing Plan 2021 to 2026 \(naturalresources.wales\)](https://naturalresources.wales)

as facilitating access to Welsh timber for niche markets and communities, is a key component of this ambition.

An introduction to TBIS

Aims

1.22 The vision for the RDP 2014–2020 Forestry Measure is for Welsh woodlands to expand and be better managed and more resilient to change following the seven-year programme. The scheme supports the objectives of the RDP under Priority 5c (‘To promote resource efficiency and support the shift towards a low carbon and climate resilient economy’) and Priority 6a (‘To promote social inclusion, poverty reduction and economic development in rural areas’). Of the five application windows that were opened for this scheme, the grant investment was intended to support initiatives that would enhance applicants’ ability to:

- realise forestry potential or contribute to the mobilising (harvesting)
- contribute to processing and adding value to forest products.

1.23 A further two objectives were introduced for the final application window, as follows:

- deal with trees infected with chalara (commonly referred to as ash dieback)
- increase their capacity as a tree nursery.

Summarising the rationale

1.24 The rationale behind the scheme is to use targeted investment to provide opportunities for timber businesses to grow, to improve the condition of woodlands in Wales, and to bring inaccessible woodlands into management. A sizeable proportion of woodlands in Wales is unmanaged or undermanaged, often due to its inaccessibility, and thus requires different types of machinery for sustainable production. There is a strong synergy with key WG policy objectives with regard to growing more trees and the types of environmental benefits that growing the timber industry can provide.

Delivery model

- 1.25 The delivery model for the TBIS incorporates four distinct activities:
- promotion of the scheme
 - application windows and appraisal
 - capital investment support for businesses
 - ongoing scheme administration (including monitoring, reporting, etc.).
- 1.26 There was an initial stakeholder engagement exercise prior to the launch of the scheme to ensure that organisations operating within the sector were aware that grant support would be made available. Once launched, the scheme was promoted online through the WG website, Rural Payments Wales (RPW), social media, and newsletters, although there was no major public relations (PR) campaign.
- 1.27 Thereafter, the grants were distributed through a two-stage application process, with organisations first being invited to submit an expression of interest (EOI) through application windows. The policy team in the WG were responsible for the initial EOI stage. Each EOI would be scored according to the criteria set by the policy team. The highest-ranked applicants would then be invited to submit a full stage 2 application, with that process being managed by the RPW team.
- 1.28 The EOI selection criteria were based on an assessment of how the projects scored against the following objectives:
- improve capacity to grow or use timber grown in Wales
 - expand local markets and their benefits
 - improve harvesting of timber from thinnings or small-scale, inaccessible woodlands using appropriate machinery
 - increase the capacity of Welsh forestry businesses to undertake ground preparation work ahead of tree planting
 - value for money calculated based on the area of woodlands and gross project value.

1.29 Investment in tree nurseries and tree safety works for trees affected by ash dieback (chalara) was not available in the first four windows but was made available for window 5. Changes were made to the weighting associated with the selection criteria described above in order to encourage more ash dieback and nursery projects. The grants could be used for the following activity:

- capital expenditure including fixed, physical or non-consumable investments such as buildings, comfort units, and machinery and equipment, alongside installation costs
- working operations prior to industrial sawing of wood, e.g. ground preparation, felling, in-forest sawing and processing, etc.
- costs related to the mobilising of wood, such as the transportation of wood within a forest by specialised forestry equipment but excluding standard road transport activities
- small-scale industrial processing, i.e. all in-forest processing as well as processing in facilities with a design capacity of up to 10,000 cubic metres per annum under bark
- small-scale production of wood chips or pellets either within the forest or as a connected activity to working operations prior to industrial processing and small-scale, mobile, or fixed sawing, splitting or other machines
- forest tree nursery technologies and mechanisms for the production of nursing forest trees (for window 5).

1.30 The investment had to be related to improvement of the economic value of specific forests, to provide benefits for one or more holdings, and with a focus on soil and resource-friendly harvesting machinery and practices. Contractors providing services to other forest holders could also access the support.

- 1.31 In addition to complying with the objectives of the fund, applicants were also asked to demonstrate:
- a need for the activity (i.e. contributing towards the aim of the scheme)
 - a need for funding (i.e. it cannot proceed without the funding, and the grant is the minimum gap funding necessary for the project to go ahead)
 - an ability to deliver (e.g. financial viability, there is a viable market for the product of the project, the ability to monitor progress, etc.).
- 1.32 Once the full application (stage 2) was approved, applicants were awarded the funding and could purchase the equipment, with the delivery team being on hand to support with issues such as sourcing the equipment and machinery or deal with requests for change (e.g. project extensions, type of equipment purchased, etc.). A light-touch monitoring process then ensued, largely consisting of in-situ reports to ensure that investments were spent as planned and monitor the relevant outputs.
- 1.33 TBIS grants could be used to cover up to 40 per cent of the total investment cost, with the grant recipient providing 60 per cent match funding. The grants were supplied through five application windows, each of which had a distinct budget of £2m with the exception of window 3, which had a budget of £1m, thus amounting to a budget of £9m across the five windows. There were no minimum or maximum limits within the overall window budget (i.e. of £1–2m per window).
- 1.34 A detailed outline of the theory of change underpinning this scheme can be found in Annexe F.

Aims and objectives of the evaluation

1.35 The principal aim of the evaluation was to provide an independent assessment of the implementation and impact of the scheme within Wales. This will be used to form the evidence base with which to inform future decisions relating to investments supporting the timber industry in Wales. Eight key evaluation questions were assigned for this study, as follows.

- How effectively was the EOI, application and appraisal process implemented?
- What was the level of engagement with beneficiaries and potential applicants? How effective were these processes?
- How effectively was the scheme designed, administered and coordinated, including the claims process, monitoring systems, communications, and the availability of support post-award?
- To what extent did the TBIS meet the targets set for the scheme?
- What was the overall impact of the TBIS (with particular consideration of any economic and environmental impacts of the scheme)?
- What has been the overall value for money (VfM) of the scheme?
- To what extent did the scheme align with other support services and WG/EU strategic objectives?
- What lessons learnt and recommendations for the current scheme can be provided from the assessment and evaluation of the TBIS?

2. Methodology

2.1 This evaluation has been conducted over two stages. Stage 1 commenced upon Wavehill's appointment in November 2021 and was completed in June 2022 following production of the 'Evaluation Framework Report'. The initial stage primarily focused on scoping and evaluation planning. Its main purpose was to develop a firm grasp of the subject area, including understanding the background and policy context, the delivery model, and the intended outcomes (as captured in a theory of change model), before establishing the evaluation framework (i.e. the plan for the evaluation). This also included a review of the scheme's management information (MI) in order to ascertain the type of evidence that would be made available to the evaluation through the internal data collection, and thus the primary data requirements through the external evaluation. The theory of change model directly informed the evaluation framework by establishing the indicators of success as well as the data collection requirements. Next, we were able to develop the research tools for the final evaluation (stage 2). The stage 1 research activities consisted of the following:

- ten scoping interviews undertaken with WG officials and other stakeholders
- a detailed review of the scheme documentation (scheme guidance notes, application form, monitoring data, etc.) and wider literature (e.g. policy papers and sector-based reports)
- a theory of change workshop with WG officials and external stakeholders
- the development of a theory of change model and evaluation framework contained within the stage 1 report.

2.2 We have worked closely with the WG throughout the evaluation, and a long period ensued after stage 1 to develop the research tools for the final evaluation, with several versions being drafted between June and September 2022.

2.3 A mixed-method research approach was used for the final evaluation, drawing on qualitative and quantitative data. This was needed to address the aims and objectives of the evaluation as set out in the previous chapter, with some being better addressed through qualitative data (e.g. examining the effectiveness of the

claims management process) and others through a quantitative approach (e.g. identifying the economic and environmental impacts), although most required a combination of both. The following research activities were undertaken in stage 2 to inform this report.

- A second round of in-depth interviews was undertaken with WG officials and stakeholders from late 2022 through to early 2023. These involved four detailed, hour-long interviews with the main policy and RPW personnel within the WG who had been involved in the delivery of the scheme. The discussions explored the effectiveness of the design and delivery approaches, the outcomes of the scheme, and their perceptions of the main lessons learnt (the full set of questions can be found in Annexe A). Five external stakeholders were also interviewed. These were identified using a list of individuals and organisations that had participated in the WG's deep-dive exercise (as referred to in the previous chapter) on the basis that these were some of the leading industry voices and would be able to provide external insights into the scheme and its value for the sector (the full set of questions can be found in Annexe B).
- Thirty-one businesses that had received the grant support (i.e. the beneficiaries) were surveyed between September and October 2022. These were recruited from full population records, with 64 unique business contacts being supplied to us in total. The surveys were detailed telephone interviews (lasting around 50–60 minutes) conducted by our experienced research team, who piloted the survey internally before launching the fieldwork. The survey included a mix of qualitative and quantitative questions designed to understand their business journey and the role of the TBIS within that, their motivations for support, their experience of the scheme, and the outcomes and growth reported (see Annexe C for the full set of questions). Much of the discussion was qualitative in nature due to the small size of the population and sample, which allowed us to capture detailed information on their experience. However, we also included several closed-ended questions to capture quantitative data in order to better generalise the results and complement the detailed responses. A census approach was used for the sampling, with all businesses being contacted at least five times or until a final outcome could be achieved, with a view towards obtaining as many

responses as possible. This generated a 48 per cent response rate (completing interviews with 31 of the 64 businesses), thereby providing a reasonably strong sample with which to understand the beneficiary experience.

- Thirty-nine businesses that had submitted an EOI but did not receive support (i.e. non-beneficiaries) were also surveyed between September and October 2022. These were again obtained from full population records, with 117 unique business contacts being shared by the WG. This was designed to support the counterfactual impact assessment (i.e. understanding what would have occurred had the support not been available) by understanding whether the non-beneficiaries proceeded with the investments without the support, whilst we also explored their experience of engaging with the scheme (the full set of questions can be found in Annexes D and E). Most of these responses (31/39) were obtained through telephone interviews, which were piloted internally before launching the fieldwork. However, a streamlined version of the survey was then created (see Annexe E) and distributed online to all of the businesses that had not responded to the telephone contact attempts, with the emphasis on it being a small and simple survey. The telephone survey was live until mid-October 2022, with the online survey being live for the final two weeks of the month, yielding an additional eight responses. Together, the 39 responses are equivalent to a 33 per cent response rate (from the 117 contacts supplied to us), thus providing a useful comparison sample (albeit lacking statistical robustness). On the basis of the data supplied to us, we categorised 'non-beneficiary' contacts into four groups: 77 businesses that had not proceeded beyond the EOI stage (25 of the survey completions (64 per cent) were in this category); 28 applicants who were invited to submit a stage 2 application but did not apply or withdrew (10 survey completions (26 per cent) in this category); seven applicants who submitted a stage 2 application but were unsuccessful (three completions/eight per cent); and five applicants who were approved funding but terminated early (none completed the survey). Whilst all 117 businesses were contacted, the research team were instructed to target representation from each of these categories in order to capture different perspectives from non-beneficiaries. Accordingly, the smaller groups were targeted more vigorously.

- The final key source of intelligence has been collated through reviewing the MI data. This comprised a review of all application data in terms of the number and value of EOIs and applications in each window, their success rate, and the amount claimed; a review of the scheme's spend and key performance indicator (KPI) data; and a review of the EOI forms (45 forms¹⁵ included in the review) and in-situ reports (extracts from 54 reports were reviewed) to capture further information on the intentions, strategic fit, and outcomes of the projects.

2.4 The research activities described above established the evidence base for the final evaluation, enabling us to address the eight key evaluation questions outlined in the previous chapter. The following sources of information have been used to address each evaluation question (see below).

¹⁵ Sixty-eight forms were shared in total; however, 23 could not be matched with either the business, applicant, or project name on the list of confirmed beneficiaries shared with Wavehill. We believe that some of these EOI forms were for unsuccessful applicants. As such, all unmatched records were excluded from the analysis.

Table 2.1: Data sources utilised to address evaluation questions

Evaluation questions	Quantitative sources	Qualitative sources
EQ1 – effectiveness of the EOI, application and appraisal processes	<ul style="list-style-type: none"> - Analysis of application form data (e.g. number, size, etc.) - Business scoring on each element 	<ul style="list-style-type: none"> - Analysis of application form data (e.g. project descriptions) - Feedback from delivery team and applicants
EQ2 – effectiveness of engagement approaches with businesses	<ul style="list-style-type: none"> - Analysis of application form data (e.g. number) - Feedback from applicants on how they became aware 	<ul style="list-style-type: none"> - Feedback from delivery team and applicants
EQ3 – effectiveness of scheme design and administration	<ul style="list-style-type: none"> - Business scoring on communications, claims, etc. 	<ul style="list-style-type: none"> - Feedback from delivery team and applicants
EQ4 – delivery against targets	<ul style="list-style-type: none"> - Analysis of KPI achievement against targets - Analysis of financial delivery against targets 	
EQ5 – overall impact	<ul style="list-style-type: none"> - Analysis of KPI achievement against targets - Outcomes cited by beneficiaries 	<ul style="list-style-type: none"> - Feedback from delivery team and applicants - Analysis of appraisal reports
EQ6 – value for money	<ul style="list-style-type: none"> - Analysis of costs and economic returns 	<ul style="list-style-type: none"> - Feedback from external stakeholders
EQ7 – alignment with other services and strategic objectives		<ul style="list-style-type: none"> - Feedback from external stakeholders
EQ8 – lessons learnt and recommendations	<ul style="list-style-type: none"> - Based on all of the information generated from the above 	

2.5 We have assessed the VfM (Key Evaluation Question 6) by utilising the ‘5 Es’ approach, i.e. examining the economy (whether funding was spent in the right way), the efficiency and effectiveness of delivery (i.e. in delivering the scheme outputs and outcomes as outlined in the theory of change), cost-effectiveness (i.e. the economic return on investment (ROI) but also other returns such as environmental benefits), and equity (i.e. accessibility). The evaluation framework in Annexe G provides further information on our approach to addressing each of these evaluation questions.

Limitations

- 2.6 There are four notable limitations to the evaluation. Firstly, a large proportion of projects (19/74; 26 per cent) were still active at the time of writing the report (February 2023), with some beneficiaries still being in the process of purchasing the equipment. This proportion was even higher at the time of conducting the survey in September and October 2022. This was mitigated by including a focus on future potential within the survey questions to forecast potential impacts; nevertheless, it has constrained our ability to determine the overall and longer-term impacts of the scheme.
- 2.7 Secondly, businesses operating within the timber industry are a hard-to-reach group, with individuals working different hours, often operating in locations with a poor mobile signal and not regularly monitoring their emails. Whilst there was sufficient contact information supplied to Wavehill, with email addresses and telephone numbers for all contacts (and only one undeliverable email address), the research team found it difficult to contact businesses. Indeed, 38 per cent of beneficiary contacts (24/64) were recorded as 'not contactable', i.e. where we could not reach the businesses after five attempts, whilst a further 14 per cent (nine businesses) opted out of the research. Similarly, there were accurate email addresses for 115 of the 117 non-beneficiary contacts as well as telephone numbers for 114, and yet we could not reach 58 per cent (68/117) of the contacts (despite multiple attempts). We attempted to mitigate some of these difficulties through contacting businesses during out-of-office hours, although it remained a challenge. The sample sizes do provide suitable, indicative findings, although they lack statistical robustness, with the confidence interval being as high as 12.7 per cent for the beneficiary survey and 12.9 per cent for the non-beneficiary survey.
- 2.8 Thirdly, whilst we have been able to undertake a fairly robust economic impact assessment (EIA) by utilising turnover and other relevant data from beneficiaries and non-beneficiaries, a more robust assessment would have required consulting with other businesses to undertake more detailed supply chain mapping (e.g. understanding where new customers would have sourced the products and supplies had beneficiaries not been able to scale up). Moreover, propensity score matching would have enabled a more robust statistical analysis within our difference-in-

differences approach. These have not been possible due to resource constraints. We are confident, however, that the economic analysis contained within this report¹⁶ is sufficiently robust to provide a strong indication of the impact generated by the scheme.

- 2.9 Fourthly and linked to the last two points, only 21 of the 31 respondents (68 per cent) were happy or felt able to share baseline turnover data (i.e. the year before accessing support), and only 20 (65 per cent) could supply the information for the latest financial year. Accordingly, the EIA is based on 20 responses, which further affects the robustness of the analysis.

¹⁶ Further information on the economic impact approach can be found in the 'Business growth and economic impact' section in Chapter 6.

3. Review of progress against targets

3.1 When it comes to understanding whether a capital grant scheme like the TBIS has delivered what it set out to deliver, the first question to address is whether it has managed to allocate the funding that was budgeted. In this section an analysis of the grant application claim and spend data was conducted. Furthermore, we consider the number of EOIs and applications and the success rate across the five funding windows. Alongside the review of application and spend data, we also assess delivery against the KPI targets to gain a better understanding of whether the scheme has achieved what it set out to achieve.

Review of grant application and spend data

3.2 Table 3.1 details the number of EOIs submitted and successful applications in each funding window, alongside the success rate. In total, 64 businesses have received grants through the TBIS to fund 74 projects — 54 businesses were funded on one occasion, while 10 have been funded on two occasions through separate funding windows.

3.3 Funding windows were opened at the same time each year from 2016 to 2019, with applications being due in April and awarded from May to June. No window was opened in 2020, during which activity was paused due to the pandemic; however, window 5 was opened at the same time of year in 2021.

Table 3.1: Grant application success rate at each stage of the application process

	No. of EOIs received	No. of successful EOIs (stage 1)	EOI success rate	No. of projects awarded	Stage 2 success rate	Overall success rate
Window 1 – 2016	49	21	43%	12	57%	24%
Window 2 – 2017	46	38	83%	23	61%	50%
Window 3 – 2018	43	11	26%	9	82%	21%
Window 4 – 2019	31	14	45%	10	71%	32%
Window 5 – 2021	50	31	62%	20	65%	40%
Total	219	115	53%	74	64%	34%

Source: Analysis of grant application data supplied by the WG

- 3.4 The data show that there has been plenty of interest in the scheme, with only 53 per cent of bids (115/219) passing the EOI stage before all available funding for those windows was allocated. The scheme generally did not ‘over-allocate’ funding and, thus, relied on all of the projects approved at the EOI stage to progress towards successful delivery. As it transpired, that was not the case, with there being a drop-off in bids progressing from EOIs to full applications and into successful projects (only 64 per cent of successful EOIs (74/115) progressed towards projects). This drop-off can be explained by issues with ineligibility and time delays, as we will discuss later in the report.
- 3.5 Table 3.2 below demonstrates the value of grants applied for, awarded upon an EOI, and approved following the stage 2 application. It again shows that the demand was plentiful, with only 49 per cent of the total amount that was applied for being approved at the EOI stage.

Table 3.2: Value of grant funding applied for and successful at EOI stage

	Budget	Total value of grants applied for (EOI stage)	Avg. grant applied for (EOI stage)	Total grants progressing to stage 2 appraisal for successful EOIs	% of total grant value progressing to stage 2	Avg. value of grants progressing to stage 2 appraisal (successful EOIs)
Window 1 – 2016	£2,000,000	£4,615,881	£94,202	£2,086,755	45%	£99,369
Window 2 – 2017	£2,000,000	£1,933,621	£42,035	£1,605,021	83%	£42,237
Window 3 – 2018	£1,000,000	£4,484,934	£104,301	£1,356,030	30%	£123,275
Window 4 – 2019	£2,000,000	£3,195,816	£106,527	£1,983,414	62%	£141,672
Window 5 – 2021	£2,000,000	£4,002,308	£80,046	£1,970,385	49%	£63,561
Total	£9,000,000	£18,232,560	£83,636	£9,001,605	49%	£78,275

Source: Analysis of grant application data supplied by the WG

- 3.6 Grants varied substantially, ranging from £2,434 to £379,000. The number of EOIs received remained fairly consistent from window to window, although there was some variance in the types of applications coming through; for example, window 2 witnessed the most successful bids but the grants requested were typically much smaller. Smaller bids were also successful in window 5 following changes made by the team to the selection criteria to encourage more ash dieback and nursery projects (which typically involved smaller organisations).
- 3.7 Finally, Table 3.3 below shows the value of grants awarded to beneficiaries following the stage 2 application, revealing that whilst the full £9m budget was allocated at the EOI stage across the five windows, only £7.2m was allocated after the full application (80 per cent of target).

Table 3.3: Value of grant funding allocated at full application stage (stage 2) and claimed to date (t/d)

	Grants allocated to beneficiaries following stage 2 appraisal	% of grants allocated to beneficiaries following stage 2 appraisal	% of all grants applied for (EOI stage) that were awarded	Value of grants paid t/d	% of grants awarded at stage 2 that have been paid t/d
Window 1 – 2016	£1,594,196	76%	35%	£1,553,178	97%
Window 2 – 2017	£1,277,680	80%	66%	£1,167,845	91%
Window 3 – 2018	£1,190,379	88%	27%	£1,178,609	99%
Window 4 – 2019	£1,663,986	84%	52%	£1,408,563	85%
Window 5 – 2021	£1,463,641	74%	37%	£1,086,723	74%
Total	£7,189,882	80%	39%	£6,394,918	89%

Source: Analysis of grant application data supplied by the WG

- 3.8 The delivery team explained that one of the reasons for this underspend was that they could not ‘overcommit’ funding in anticipation of drop-offs during the funding windows. Thus, any drop-off from the EOI stage would result in an underspend. However, we understand that this limitation was only introduced following an Audit Wales Report in June 2020 which was critical of the WG’s practice of increasing grants at appraisal and during the lifetime of the project, which led to restricting EOI allocation to the budget available for that window¹⁷. Accordingly, this limitation will

¹⁷ Audit Wales, [‘Ensuring Value for Money from Rural Development Grants Made Without Competition’](#), June 2020.

only have affected the scheme in window 5. Perhaps the greater limitation was that the budgets were allocated on a yearly basis, with any underspend returning to the RDP 'pot' and being used for other priorities. Accordingly, they were not able to reallocate funding shortfalls from one window to the next.

- 3.9 Interestingly, the team did experiment with allocating the funding differently during the final window by opening three tranches within window 5 (these essentially acted as 'sub-windows', with the fund being administered in three different periods, rather than an open period, throughout the window, like we saw previously). This could have potentially been a solution by moving funding shortfalls between stages 1 and 2 from one tranche to the next; however, the team did not take advantage of that opportunity, with only £1.97m of funding being allocated at the EOI stage of window 5, which was slightly below the budget. Indeed, window 5 witnessed the biggest drop-off from stages 1 to 2, with only 74 per cent of the EOI funding allocation being awarded after the stage 2 applications.
- 3.10 Table 3.3 also demonstrates the amount of funding actually paid to businesses to date, which is £6.4m or 89 per cent of the value that was allocated. This is equivalent to 71 per cent of the total budget. This will increase once the 19 active projects, predominantly from window 5, reach a conclusion. Based on the proportion of grants paid in windows 1–3, we would expect the final amount paid to be equivalent to 77 per cent of the total budget, thus representing a 23 per cent shortfall.

Review of KPI data

- 3.11 Table 3.4 is based on data shared by the WG in early 2023. It demonstrates that the scheme has supported fewer operations than anticipated (74 per cent of the target), although it has performed well against all other KPI targets. It has exceeded the target for jobs created and significantly outperformed the target for jobs safeguarded. In addition, it has achieved well beyond the target for area of woodlands supported, which was more than 45 times the target.

Table 3.4: Achievement against KPI targets (scheme-level analysis)

	KPI	Target (5C)	Target (6A)	Target (overall)	Overall achieved t/d	% achieved
EC indicators	Number of operations supported for investments in forestry technology and primary processing/marketing	100	20	120	89	74%
	Total investment (public and private)	€16,693,381	€3,337,074	€20,030,455	€18,718,391 ¹⁸	91%
	Total public expenditure (€)	€6,677,352	€1,334,830	€8,012,182	€7,392,234 ¹⁹	92%
	Number of jobs created through operations supported for investments in forestry technology and primary processing/marketing	10	0	10	13	130%
WG	Area of woodlands (ha) supported			400	18,141	4,535%
	Number of jobs safeguarded through supported projects			40	227	567%

Source: KPI target and achievement data supplied by the WG in February 2023

3.12 We note, however, that the target figures do appear to be very modest. For instance, achieving 10 jobs created is equivalent to one job created per £900,000 spent within the context of the £9,000,000 budget available to applicants. Even by including the figure for jobs safeguarded (i.e. 50 jobs in total), this equates to one job created or safeguarded per £180,000 of grant funding. This is substantially below the ratio for the ‘Food Business Investment Scheme (FBIS)’, for example, which is a comparable capital investment scheme funded over the same period through the RDP in Wales. The ratio for the ‘FBIS’ is one job created per £57,537 of grant funding and one job created or safeguarded per £33,566 of grant funding.

¹⁸ An achievement figure was not shared for this KPI. However, we have calculated the achievement by drawing on the grant spending data. As part of this, we have assumed that the proportion of the grant allocation spent t/d (89 per cent) represents the proportion of the total intended investment made (i.e. including the match funding). The pound sterling figure has been converted into the EUR currency unit by drawing on the conversion rate outlined in the WG’s KPI data (ca. 1:1.16).

¹⁹ An achievement figure was not shared for this KPI. However, we have calculated the achievement by drawing on the grant spending data and converted it into the EUR currency unit by drawing on the conversion rate outlined in the WG’s KPI data (ca. 1:1.16).

- 3.13 As discussed in the previous section, the scheme is below its target for public expenditure (i.e. the grant funding spent). However, the scheme has achieved 92 per cent of the target and, based on the amount of allocated grant funding that was actually paid in windows 1 to 3 (ca. 96 per cent), we project that the scheme will all but reach its target of distributing around €8m in grant funding by the end of delivery (the financial completion date for 19 projects is in March or June 2023). We note, however, that this figure is below the total budget of £9m. It should be noted that the financial allocation (target expenditure) is derived from the current approved programme-level indicator plan (fifth modification) and does not represent the original target. The financial allocation data are continuously modified throughout the programme to reflect the projection at the time; thus, they do not reflect the performance of the scheme against what was originally intended. The comparison of actual spend against the budget for the scheme (i.e. £9m) is a better reflection of performance.
- 3.14 Finally, the targets for the European Commission (EC) indicators in Table 3.4 are broken down by the two priorities against which the scheme was delivering, namely Priority 5c ('To promote resource efficiency and support the shift towards a low carbon and climate resilient economy') and Priority 6a ('To promote social inclusion, poverty reduction and economic development in rural areas'). The table shows that the scheme intended for most of its outcomes to be recorded against the more environmentally focused Priority 5c, as opposed to the more economically focused Priority 6a, with 83 per cent of the targets for operations supported and investment recorded against the former, alongside 100 per cent of the target for jobs created. Delivery team members confirmed that this was based on the types of applications that they were expecting. However, upon reviewing the applications, the WG determined that most were in closer alignment with Priority 6a and were recorded as such. Indeed, we have received MI data from the team on the priority against which each project funded through windows 1–4 has been assigned, revealing that 79 per cent were recorded against Priority 6a.

Project-level data

- 3.15 The review of the aggregated scheme-wide data (above) has been supplemented by a review of the KPI data at a project level where target figures were agreed at the EOI stage and actual achievement was collected during the in-situ visits. Please note that this was not possible for the window 5 beneficiaries (20 cases), as the in-situ visits have not yet taken place. There were some other gaps also where the data were not available in the EOI or in-situ reports. Thus, it is important to note that the analysis is not based on a full record — the figures are based on between 36 and 47 cases (49 to 64 per cent of all projects), as shown in the Table 3.5 headings (see below).
- 3.16 The project-level analysis again demonstrates the overachievement against the targets for jobs safeguarded and created, revealing that beneficiaries had collectively committed to achieving well beyond the scheme-wide targets and were able to exceed what they had committed towards. This implies that the scheme targets should have been more ambitious. This is yet more evident with regard to the KPI for the area of woodlands supported, where beneficiaries had committed to supporting just below 20,000ha in the 47 cases that we reviewed, which is 50 times the target for the entire scheme (400). Whilst the in-situ reports suggest that beneficiaries were not able to support the amount of land that was outlined in their EOI, it is still significantly higher than the scheme-level target. This would suggest that the official KPI targets were under-ambitious, whilst the project applications were overambitious — the latter were perhaps motivated by the VfM aspect of the scoring criteria, where the larger the proposed area of woodlands supported, the better they scored.

Table 3.5: Achievement against KPI targets (project-level analysis)

	Jobs safeguarded FTE (actual) – n=40	Area of woodlands supported (ha) – n=47	Operations – n=47	Jobs created (FTE) – n=36
Target	83.5	19,978	52	45
Actual	103.6	10,265	51	49
% achieved	124%	51%	98%	110%

Source: Review of EOI form and in-situ report data

Review of total TBIS expenditure

- 3.17 Alongside the provision of grant funding, there were other costs associated with administration of the scheme by RPW. Whilst RPW have not recorded the specific time taken by staff to complete all of the administrative processes, checks, and controls required for compliant delivery of schemes under the RDP 2014–2020, the team have provided an estimate (which was calculated retrospectively using captured application and claim data, the funding awarded under technical assistance, and operational knowledge). On this basis, the administrative cost of the scheme has been calculated to be in the region of £0.57m. If we add this to the total amount of grant funding allocated (see Table 3.3 above), it provides a best estimate of £7,759,882. This is likely to be an underestimate, as it does not, for example, include costs associated with the time spent by WG policy officials. Nevertheless, we will use this figure as the basis for calculating the scheme's ROI.

Conclusions

- 3.18 In summary, the TBIS has not quite managed to invest the entire grant funding allocated to the scheme but is likely to have distributed around 77 per cent of the grant funding by the end of the process and will have met the official EC target (as shown in Table 3.4). The main reason for the shortfall in funding can be explained by the inability to reallocate shortfalls from one window to the next. The scheme did exceed most of the formal EC and WG KPI targets, although these do appear to have been very modest and, thus, provide limited insights into the VfM generated. Accordingly, we supplement this review with a more detailed assessment of the outcomes and VfM generated later in the report.

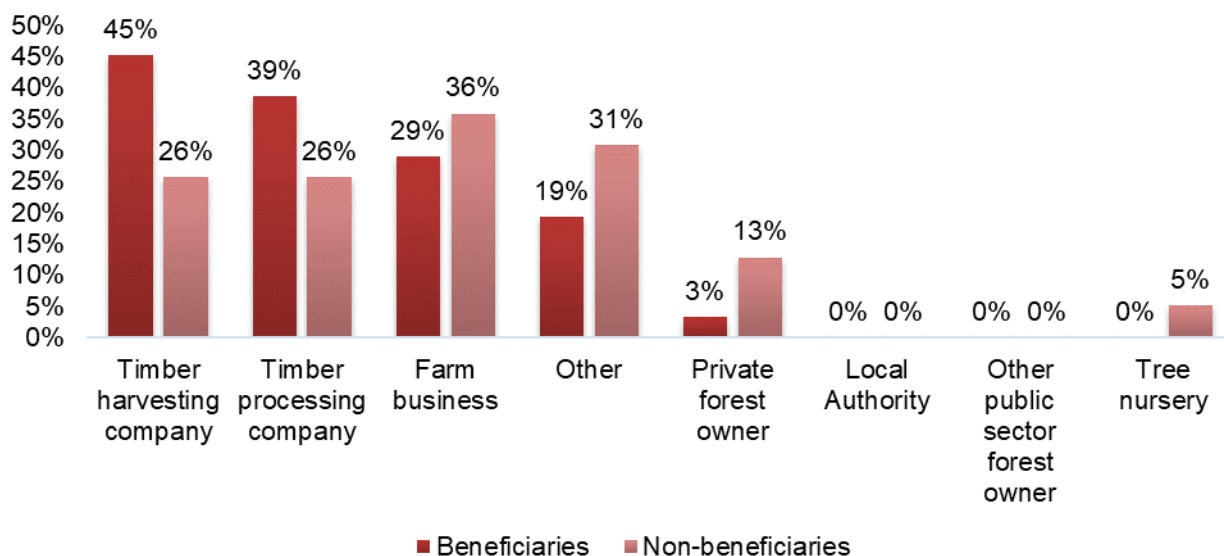
4. Profile of projects and businesses supported

4.1 This chapter draws on the MI data alongside feedback from beneficiaries in order to provide insights into the types of projects and businesses supported. This will provide more context with regard to what the scheme has funded and the impacts that were intended.

Types of businesses accessing support

4.2 Figure 4.1 shows that a mix of different types of businesses have received support, covering different parts of the timber supply chain, from harvesting to processing. (Please note that respondents could select more than one answer, e.g. some operated in timber harvesting and processing.) We also understand that some tree nurseries were supported in the final window, although none were surveyed and, thus, are not reported in the chart below.

Figure 4.1: Types of businesses receiving and applying for support



Source: Beneficiary (n=31) and non-beneficiary (n=39) surveys

4.3 The data also show that several farm businesses have been supported, with 29 per cent of the beneficiary survey sample (9/31) operating a farm. This represents a strong fit with one of the scheme's strategic objectives with regard to bringing unmanaged woodlands (which is often situated on farm woodlands) into sustainable management. Equally, more of the non-beneficiary sample operated farm

businesses, suggesting that there may have been an opportunity to deliver more activity against that strategic objective. Indeed, 64 per cent of the farm businesses in the non-beneficiary survey (9/14) reported that their application was unsuccessful (rather than ineligible) or that they had decided not to pursue it. Respondents explained that they simply had not secured enough points or were “*too small*”, again suggesting that there may have been an opportunity to deliver more activity in this area.

Size and growth/sustainability of businesses

4.4 Table 4.1 demonstrates how the scheme has supported SMEs and (almost exclusively) microenterprises, typically very small ones at that. Indeed, around half (48 per cent; 10/21) of beneficiary survey respondents who provided turnover data generated less than £100k before accessing support from the TBIS. The table suggests that the sizes of beneficiaries and non-beneficiaries are broadly similar, reflecting the nature of the sector (which has very few large and medium-sized enterprises).

Table 4.1: Businesses’ turnover before receiving/applying for TBIS support

	Beneficiaries		Non-beneficiaries	
Start-up	1	5%	1	3%
Up to £25k	5	24%	4	11%
£25,001 to £50k	1	5%	3	8%
£50,001 to £100k	3	14%	7	19%
£100,001 to £250k	3	14%	12	33%
£250,001 to £500k	5	24%	3	8%
£500,001 to £1m	2	10%	3	8%
>£1m	1	5%	3	8%

Source: Beneficiary (n=21) and non-beneficiary (n=36) surveys

4.5 Further data were collected on businesses’ perceptions of their sustainability and growth aspirations prior to receiving TBIS support (see Table 4.2 overleaf). They reveal a mixed picture regarding the former, with 38 per cent (10/26) of beneficiaries providing a low to medium score (i.e. 1 to 3 out of 5) on the sustainability of their business model. By comparison, only 13 per cent (5/39) of non-beneficiaries provided a low to medium score, suggesting that the scheme had perhaps

succeeded in targeting the support at businesses that had a more uncertain future and perhaps needed the support to create a more sustainable model.

- 4.6 Almost all beneficiaries (25/26; 96 per cent) provided a high score with regard to aspiring to grow the business, while non-beneficiaries provided an even higher score, with 77 per cent (30/39) scoring their ambitions as 5/5 in comparison to 54 per cent (14/26) of beneficiaries. This may again suggest that the beneficiary group were in a more fragile position and were more likely to focus on developing a sustainable model than were their non-beneficiary counterparts.

Table 4.2: Businesses’ sustainability and growth ambitions

	I/We had a sustainable business model		I/We had aspirations to grow the business	
	Beneficiaries	Non-beneficiaries	Beneficiaries	Non-beneficiaries
1 – Not at all	4%	0%	0%	0%
2	8%	5%	0%	0%
3	27%	8%	4%	8%
4	27%	46%	42%	15%
5 – To a great extent	35%	41%	54%	77%

Source: Beneficiary (n=26) and non-beneficiary (n=39) surveys

- 4.7 Asked to elaborate on their growth plans, beneficiaries explained their intentions to access new markets (particularly selling firewood and biomass products) and access new woodlands areas, while others expressed a need to become more productive:

“Trying to keep costs down and invest in new machinery that will make the business leaner and access new markets so that we can harvest new inaccessible terrain.” (Beneficiary Survey)

“My aim was to grow the business from a part-time, subsidiary business into a full-time business. We wanted to significantly increase the amount of firewood we produced and increase our customer base from retail to local domestic customers, to also offering contract firewood processing for other landlords. This increase in capacity could only be achieved by increased mechanisation and automation that required a wood processor. The cost of this equipment was too high for the business without the TBIS funding.” (Beneficiary Survey)

“We were unable to meet demand. We needed more machinery to meet demand and so we could take on more staff.” (Beneficiary Survey)

“We were planning on employing a couple more people and taking on an apprentice, which we’d never done before, and the two machines allowed us to do that.” (Beneficiary Survey)

- 4.8 Others highlighted how the focus was on sustaining their operations, as outlined in Table 4.2:

“The funding was more about buying the equipment to keep the business competitive and safeguarding employment. We had missed out on a number of contracts, as the equipment we had didn’t have the capacity required to do that scale of work.” (Beneficiary Survey)

Size of projects

- 4.9 The TBIS grants were significant investments for the beneficiaries in most cases. Indeed, our analysis of the ratio of grant size to turnover reveals that in half of the cases that we reviewed (10/20), the grants were more than 50 per cent of beneficiaries’ baseline turnover — this includes four cases (20 per cent of the sample) in which the grant was around twice the size of the baseline turnover, as well as two cases (10 per cent) in which the grant was more than 10 times the baseline turnover. Accordingly, the scale of investment was large enough to be transformative for many beneficiaries.
- 4.10 According to the TBIS MI data, 86 per cent of projects (64/74) were awarded the maximum intervention rate of 40 per cent, whilst the other 10 were only marginally below 40 per cent, with the grant funding accounting for 39 per cent of the total project costs overall. This means that £11,060,308 of the total expenditure across all 74 projects (£18,250,190) has been through match funding.
- 4.11 With regard to the size of woodlands covered, the TBIS MI data reveal that the average for all applicants was 430ha (399ha for applicants who were unsuccessful at the EOI stage, and 532ha for beneficiaries). Beneficiaries’ projects are likely to be larger in size because of the VfM element within the scoring criteria, where the applications committing to covering larger areas of woodlands were scored higher.

Table 3.5 in the previous chapter revealed how the actual area of woodlands covered appears to have only been around half of what was committed during the EOI stage. This implies that there may have been an element of 'gaming the system'.

Motivations for accessing support

- 4.12 Beneficiaries were primarily motivated by a desire to grow and cited economic drivers (90 per cent), while environmental drivers were a secondary concern (45 per cent). Two thirds of beneficiaries (20/30) cited how the funding formed part of their growth plan, with 60 per cent (18/30) reporting that they were making the investment to increase capacity/output in order to meet demand.
- 4.13 While non-beneficiaries also reported that they were primarily motivated by a desire to grow their business (79 per cent or 31/39 reported this), far fewer reported that they needed to increase capacity in order to meet demand (only 15 per cent or 6/39 reported this), perhaps suggesting that the beneficiary group were better placed. Just under half of beneficiaries (47 per cent; 14/30) wanted the support to help increase or at least safeguard employment. This is again much higher than the proportion of non-beneficiaries reporting the same (only 13 per cent or 5/39). Half of beneficiaries also reported a desire to increase efficiencies or reduce costs, which is another economic driver:
- “To keep the business competitive by having better equipment that was more productive and efficient. To increase the number of contracts we can tender for, as we would have the capacity to do larger jobs.” (Beneficiary Survey)
- “Looking to bring farm woodlands under management for the first time and create jobs by starting a timber-harvesting operation. The TBIS grant would be used to buy the equipment that would allow us to start this operation. We were also looking to increase the amount of woodlands on the farm.” (Beneficiary Survey)
- 4.14 Almost half of businesses cited environmental drivers, with 36 per cent (11/30) reporting that they wanted to improve the woodlands conditions, while nine wanted to bring accessible woodlands into management (a key strategic objective), six

wanted to better protect woodlands (e.g. by utilising less intensive equipment), and four were explicitly seeking to manage ash dieback issues.

- 4.15 Several of the farm businesses identified a desire to develop the capability of managing woodlands on their farms, some of whom had relied on contractors previously:

“The farm had an area of woodlands that was not being used and had a number of diseased trees etc. that needed to be harvested. I wanted to use the TBIS funding to buy equipment that would allow me to cut down diseased trees and use it to produce biomass for own biomass boilers, plus sell locally, plus sell timber to the local trade. Before TBIS we were relying on contractors to come in and cut down trees that were in a dangerous condition. The equipment would allow me to maintain the woodlands sustainably.” (Beneficiary Survey)

Analysis of project EOI form data

- 4.16 Alongside the survey analysis, we have reviewed the entries from beneficiaries in the EOI forms, which provide further insights into the types of projects supported and what beneficiaries sought to achieve. Beneficiaries once again primarily focused on the need to increase capacity in order to meet demand when providing their project descriptions. This as well as an ambition to bring inaccessible woodlands into sustainable management constituted the main focus within project descriptions in the EOI forms (both were referenced in 45 per cent or 35/77 of EOI project descriptions). The data also show that many of the projects (23 per cent or 17/77 of EOI project descriptions) involved a process of ‘thinning’ the woodlands to generate a better-quality and more marketable product, while a range of other activities and ambitions were also cited, such as increasing production, accessing new markets, efficiencies, and employment:

“Our current harvesting equipment currently operated will only climb to 20–25 per cent gradient on banks. We recognise the different and evolving challenges facing the industry and demand for extracting timber on steep gradients and increased thinning works. As such, we propose to invest in an eight-wheeled harvester to enable us to climb to 40 per cent gradient slopes. The specially equipped harvester, supported by a specialist thinnings forwarder, would [enable]

us to work on steeper ground to extract unmanaged timber and to do so in a cost-effective manner.” (Extracted from Beneficiary EOI Form)

“The project aims to develop the applicant’s existing tree surgery and firewood business in two areas. The first is in woodlands management, bringing neglected woodlands back into active management. The business will invest in a specialist mini-forwarder machine that is capable of extracting timber from inaccessible locations, together with a trailer on which to transport the machine. The second will be to upscale the wood fuel business, increasing firewood production to respond to increasing demand. This will be achieved through the purchase of a mechanical firewood processor.” (Extracted from Beneficiary EOI Form)

“The project is to improve the forest by a process of regular thinning and to use the resultant timber to develop new and existing local timber markets.” (Extracted from Beneficiary EOI Form)

4.17 Our review of responses to other questions on the EOI form also found the following.

- Fifty-three per cent felt that their projects would help to safeguard or create jobs, and 29 per cent reported that training would be provided to new and existing staff as a result of the new machinery acquired; for example: “Undoubtedly, this increased capacity and increase in equipment we operate may require additional workforce. We are committed to providing local employment opportunities for the long term and, in doing so, promoting training opportunities.”
- Twenty-nine per cent cited that their projects would increase the quality or value of the timber; for example: “It will involve removal of the suppressed and poorer-quality trees to be processed as firewood so as to improve overall timber quality and value of the residual stand, as well as providing ecological and wildlife benefits.”
- Twenty-three per cent reported that it would lead to expanding their output to local markets; for example: “My aim is to support local construction businesses by sourcing local Welsh timber and processing it in-house to deliver the most competitive rates.”

- Twenty-one per cent described how their project would support biodiversity, and 19 per cent highlighted how it tied into woodlands regeneration and the removal of invasive species; for example: “By regenerating the woodlands through coppicing and replanting, which will increase its timber stock to healthy levels once again. Such regeneration, thinning and coppicing will also regenerate the habitat for other fauna and flora species to thrive.”
- Eighteen per cent reported that their project would include diversifying the tree species or planting more trees, which is linked to building resilience to climate change; for example: “The project will increase species diversity through both planting and management of forests and through increasing use of both hardwood and minor conifer species, including oversize material in the mill.”
- Thirteen per cent referenced the protection of woodlands through their projects; for example: “It would minimise soil erosion and damage to natural habitat by reducing the need to excavate unnecessary access tracks. It would [...] reduce the amount of machinery needed to be used.”

5. Key findings on the design and delivery of TBIS

5.1 This chapter explores some of the main lessons learnt with regard to the design and delivery of the TBIS.

Grant parameters and design

5.2 The decisions made with regard to the design of the scheme were generally well received by applicants, with there being broad support for the flexibility of the grant size — 94 per cent (29/31) of beneficiaries and 79 per cent (30/38) of non-beneficiaries provided a positive score with regard to the appropriateness of the grant size. Furthermore, there was generally a positive response to the intervention rate, where 65 per cent (20/31) of beneficiaries were satisfied or very satisfied with the 40 per cent rate, and 74 per cent (29/39) of non-beneficiaries reported the same. Lastly, there was broad satisfaction with the eligible costs and activities, with 90 per cent (28/31) of beneficiaries and 64 per cent (25/39) of non-beneficiaries providing a positive score.

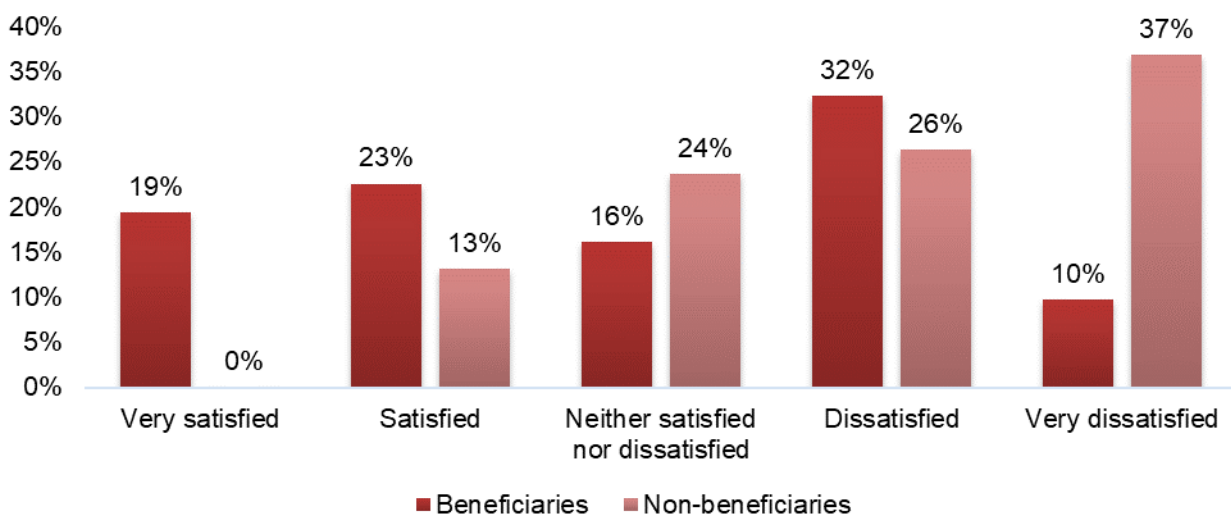
5.3 On a more strategic point, however, there perhaps ought to have been greater clarity as to what the scheme was seeking to achieve and the types of investments that it should make. For instance, as we have shown previously in the report, there was an expectation that the projects would be predominantly environmentally focused (i.e. addressing Priority 5c), but the bulk of activity appears to have been more economically focused and better aligned with Priority 6a. This perhaps points to a lack of strategic focus. Some of the external stakeholders also suggested that there was ambiguity with regard to the role of the scheme.

5.4 The scheme has a very broad remit, encompassing most of the supply chain and with a wide range of eligible spending areas. Whilst this has the benefit of maximising flexibility and allowing beneficiaries greater scope to decide what they want to invest in, it perhaps negates the strategic focus and impact of the scheme. A more targeted investment scheme that homes in on specific strategic objectives would perhaps be more impactful and leave a greater legacy. This is a theme that we will revisit in the report.

Application and appraisal processes

5.5 There was a more mixed response from beneficiaries with regard to their satisfaction with the application process. Less than half (42 per cent; 13/31) reported that they were satisfied, and an equal proportion reported that they were dissatisfied with this aspect (see Figure 5.1 below), with the remaining 16 per cent providing a neutral score (5/31). Non-beneficiaries were yet more critical of the process, as we would expect (given that they were not awarded funding). However, the scale of dissatisfaction is noteworthy, with 63 per cent (24/38) reporting that they were dissatisfied and only 13 per cent (5/38) reporting satisfaction with the process.

Figure 5.1: Satisfaction with the application process



Source: Beneficiary (n=31) and non-beneficiary (n=38) surveys

5.6 Delivery team members concurred that there had been issues with the process, noting lengthy delays — particularly during the stage 2 full application, which were primarily because of a lack of resources within the RPW team (see Table 5.1 for our analysis of the time taken to process applications). Moreover, it was noted that whilst the EOI stage did work reasonably well, there could perhaps have been a better understanding of the scheme’s rules to ensure that fewer ineligible businesses were invited to submit a full application: “From the customer point of view, it would be frustrating to get through the first half only to be told it was ineligible.”

- 5.7 However, delivery team members felt that the stage 2 full application represented the main blockage, noting that the uptake rate from EOI through to the full application was not sufficient. This is evident in the grant application data, where 25 per cent of all those progressing to the stage 2 full application (28/114) withdrew from the process or failed to submit the stage 2 full application in time, whilst a further four per cent (five applicants) were successful in stage 2 but terminated early.
- 5.8 RPW provided a further response on the time taken to process applications, noting that the average elapsed time taken for a full application to be appraised was 244 days (from the date of receipt to the date of the grant offer). When placed against the context of the overall time taken to process applications (498 days on average — see Table 5.1), this could suggest that the first stage was equally long. The figure confirmed by RPW is more than 2.7 times longer than the 90-day target in which they had committed to turning applications around.
- 5.9 Delivery team members highlighted how the delays were compounded by external events such as Brexit, the COVID-19 pandemic, and the war in Ukraine (with its associated inflationary effects). According to the team: “The longer the wait, the more expensive it becomes. Some were asked to pay 30 per cent more than when they sought the initial quote.” To compound matters, there was no flexibility within the scheme to increase the grant level in order to account for the rising costs of the equipment (despite there being excess budget in each funding window). They had to abide by what was originally agreed in the initial EOI.
- 5.10 This followed a change within the WG’s internal processes regarding the distribution of RDP funding, where, in response to Audit Wales recommendations in 2020, the decision was made to cap all future grant awards at the value of the grant applied for in the original EOI²⁰.

²⁰ According to RPW, the ‘[Ensuring Value for Money from Rural Development Grants Made Without Competition](#)’ report published by Audit Wales in June 2020 was critical of the WG’s practice of increasing grants at appraisal and during the lifetime of the project, which led to the decision of capping grants at the value applied for in the original EOI.

- 5.11 Delivery team members further noted that the disconnect between the two application stages, with two separate teams working with two processes, made it more difficult to ensure that applicants could have a smooth transition through the application process. It was suggested that whilst it was reasonable for specialists to be brought in when needed, e.g. to manage the financial aspects, there perhaps should be greater consistency in the team with regard to managing or at least providing oversight of the application process. We note that this is a wider RDP issue, rather than a TBIS-specific one, with all RDP schemes of this nature being structured in the same way.
- 5.12 Finally, delivery team members highlighted that the IT system may have represented another barrier. It was described as a “clunky” system that forestry businesses will have struggled to manage (some applicants did cite this as an issue, as we discuss below).

Applicants’ feedback on main challenges

- 5.13 There was some suggestion during our scoping consultation in stage 1 of the evaluation that there was a lack of lead-in time for applicants to prepare and submit their EOIs. When asked directly about this, however, 84 per cent (26/31) of beneficiaries and 79 per cent (30/38) of non-beneficiaries reported that they did have enough time to prepare for the EOI stage. Thus, that generally has not been the issue in the application process.
- 5.14 When asked openly about the challenges faced during the application process, most felt that it was too onerous and time-consuming (55 per cent or 17/31 of beneficiaries and 29 per cent or 10/35 of non-beneficiaries), while many spoke about the general complexity of the process (39 per cent or 12/31 of beneficiaries and 29 per cent or 10/35 of non-beneficiaries). Over one third of beneficiaries (39 per cent; 12/31) felt a need to hire a consultant to help develop the application for them. This can be compared with only 11 per cent (4/35) of non-beneficiaries reporting the same. The fact that beneficiaries were almost four times as likely to have paid for support suggests that it did have an impact on the success rate, which raises questions as to the equitable nature of the scheme and the effectiveness of the selection process (i.e. that it is not necessarily the best projects that get funded,

but also partly about which businesses are large enough to acquire support from the private sector to develop their bids).

- 5.15 In reference to the onerous nature of the application, some highlighted that it was disproportionate, given the size of the grant requested (note that the grant size varied from less than £3k to substantially above £300k) or the size of their business. Eight non-beneficiaries highlighted this as an issue (see below):

“Generally, the application process was overly bureaucratic for such a small grant, involving dozens of hours of work on the laptop, and additional research was crazy for a grant of 14k.” (Beneficiary Survey)

“The form was not geared up. The way it was worded was very difficult. I spent a few days on it and was very frustrated by it. They claimed in the advertising it was for businesses like us, but it clearly wasn’t.” (Non-beneficiary Survey)

- 5.16 There was a perception that the scheme was designed for larger businesses with the capacity to undertake that type of exercise. This is linked to the previous point with the fact that so many felt the need to pay for external support, and yet it was a one-size-fits-all process, giving credence to some of those perceptions. One applicant called for a tiered system which would be less onerous for smaller grant applications. These findings are also consistent with the broader point reported by the delivery team regarding a potential bias towards larger businesses:

“Competing with well-established companies that employ grant application specialists/consultants. Such resources are not available to a new sole trader start-up business. The TBIS aims are to supposedly assist relatively small-scale enterprises [...]. However, it appears relatively large-scale organisations are at a significant advantage.” (Non-beneficiary Survey)

- 5.17 Time delays and a lack of communication from the WG team were also prominent issues within the feedback from applicants. Non-beneficiaries in particular stressed this point when discussing the challenges, with some raising examples in which they had simply not been notified at all and, in two cases, this was despite the fact that their application had been successful:

“We were accepted but we weren’t notified. All that happened was that it was updated online without an email notification or phone call. By the time we found out, the window had closed, so we lost the funding opportunity.” (Non-beneficiary Survey)

“Having to employ consultants to fill it in, as it was impossible to do it yourself. Timescale was 12 months, which was far too long to be in limbo, not knowing if you could progress the business or not. Even from my EOI, it could have been worked out as to whether I was eligible at that point — and yet they let it drag on for a year.” (Non-beneficiary Survey)

- 5.18 A very mixed response was received when beneficiaries were asked directly about their satisfaction with the timescales for grant approval (48 per cent or 15/31 were satisfied, while 45 per cent or 14/31 were dissatisfied), which is consistent with the feedback from delivery team members and further reveals the issues caused in many cases. There was a similar mixed response from non-beneficiaries, too, with 33 per cent (13/39) expressing dissatisfaction:

“I had to cost the equipment I’d get on the day I applied. I got three quotes. By the time you get the grant for the equipment it’s 18 months later and the costs have gone up. It should take no longer than six months for this. Quotes are only valid for three months.” (Non-beneficiary Survey)

“The amount of time and effort that you had to put in — it was pointless. It took long enough to get through the first stage — the second stage would have taken months. In the end I invested myself because I couldn’t wait any longer.” (Non-beneficiary Survey)

- 5.19 By drawing on the submission date for beneficiaries’ EOIs and the recorded project approval date, we can see that it took 498 days or 17 months on average to process the applications, which was fairly consistent throughout the funding windows.

Table 5.1: Time taken to approve projects from date of EOI submission

	Time until approval – days	Time until approval – months
Window 1 – 2016	481	16
Window 2 – 2017	597	20
Window 3 – 2018	488	16
Window 4 – 2019	507	17
Window 5 – 2021	394	13
Overall	498	17

Source: MI data supplied by the WG²¹

Appraisal

- 5.20 The delivery team believed that the appraisal process was effective, highlighting that they had an appropriate mix of personnel assessing the applications, including representatives from the WG policy team, NRW, and an external voice from Forestry Scotland or the Forestry Commission in England, alongside individuals with industry experience. They believed that they were able to award funding to a “good range of people which hasn’t just been the usual suspects”.
- 5.21 The delivery team’s one reservation, however, was that the scoring criteria favoured larger applicants due to the VfM component (as previously discussed). One team member qualified this by stating: “If you want to affect industry, you do need to support the bigger players, so it was potentially the correct approach.” Another team member spoke about how the criteria potentially worked against achieving some of the strategic objectives:
- “[The funding was] geared towards harvesting-type businesses, but almost eliminated nurseries, smaller ones. We didn’t let through many difficult tree maintenance, e.g. ash dieback, operators, which was a big issue.” (Interview with a Delivery Team Member)
- 5.22 This perhaps again demonstrates an element of ambiguity with regard to what the scheme was trying to achieve. There was much emphasis during the initial scoping interviews for the evaluation on the scheme aiming to bring new woodlands into management, specifically targeting inaccessible areas (which are predominantly

²¹ We were able to identify the EOI submission date for 38 projects. Where the data were not available (i.e. the remaining 36 EOI submissions), we assigned a mid-point estimate for the funding window (all windows were open from February to April; thus, we assigned a March 15 date for the respective funding window years).

situated on small woodlands, often on farms). The emphasis within the appraisal process on supporting larger woodlands ran in direct contradiction to this objective. Furthermore, it worked against the WG's strategic objective with regard to growing more trees and dealing with ash dieback, although this was recognised and rectified in window 5 (where the objectives of dealing with chalara and supporting nurseries were incorporated).

Engagement processes and use of support

- 5.23 The business engagement element within the TBIS consists of initial engagement to make industry aware of the support, facilitation support through the application and monitoring processes, and support to address any queries as businesses spend their grant funding. These were not extensive engagements, as we outline below.

Initial engagement

- 5.24 The TBIS team launched and promoted the scheme through a modest marketing campaign which primarily utilised industry channels. This was evident in the survey responses, with 45 per cent (14/31) of beneficiaries finding out about the support through the WG website or Gwlad, while one quarter became aware through word of mouth and most of the others through consultants or advisory services such as Farming Connect.
- 5.25 The team felt that this was appropriate, given the nature of the sector: "It's a very small industry, so it doesn't need a lot. It didn't need to be widely publicised outside the narrow confines of the industry itself, such as through Confor [Confederation of Forest Industries] and other organisations that represent the industry."
- 5.26 That being said, applicants generally felt that there was not a particularly high level of awareness of the scheme within the sector. Asked specifically about their perceptions of this by means of a scale of 1 (Not known) to 5 (Very well known), most beneficiaries (57 per cent or 17/30) provided a low to medium score of 1–3, while 29/39 (74 per cent) non-beneficiaries reported the same. What is more, some of the industry experts to whom we spoke (i.e. the external stakeholders) made similar comments and suggested that there should have been more of a 'push' and collaboration with them to get the message out.

Use of support

5.27 The facilitation support through the application process and thereafter seems to have been limited. We understand that RPW did offer support, with each business having a named person whom they could contact. However, RPW confirmed that they had to “move to contact via RPW online to ensure requests and queries weren’t missed as a result of staff being off sick/annual leave etc.”, which will likely have affected the accessibility of the support offer. The WG team were also limited in what they could provide:

“We were directed not to advise businesses on their project. We could give policy advice and talk about scheme rules etc., but, because of fairness, couldn’t act as a consultant.” (Interview with a Delivery Team Member)

5.28 The delivery team member proceeded to explain that this did lead to issues that could have been avoided, but it was a matter of ensuring fairness. The WG did provide some support through guidance notes which remained fairly consistent in each window — this contrasts with some other schemes in which the guidance changes from window to window. Accordingly, the delivery team felt that the guidance was useful, simple, and easy to follow. Additional support was provided through FAQs, workshops run by the Wales Rural Network, and other communications to manage applicants’ queries, although less than one third of beneficiaries (32 per cent; 10/31) had accessed this support.

5.29 Where the support had been received, the response was very mixed, with six reporting that it had been useful, while the other four did not find it very useful. Regarding the latter, this mostly concerned the mode of support and how it was difficult to speak to someone in person or via the telephone, which links back to the lack of resources on the delivery side:

“The guidance documents gave lots of useful information to help with filling the application and were written in easy-to-understand language.” (Beneficiary Survey)

“The support helpline was very helpful and provided useful advice for the questions. The WEFO website was very difficult to use and navigate.”

(Beneficiary Survey)

“The guidance material with the application was a little-bit useful, but the application questions were so complicated and difficult to understand that I couldn’t complete the application without paying for a consultant to help.”

(Beneficiary Survey)

“Generally not too helpful. It was either via email or you had to access everything through the WEFO or RPW portal — you couldn’t pick up the phone and speak to anyone.” (Beneficiary Survey)

5.30 The vast majority of applicants would have valued receiving other support to help navigate the application process, with 63 per cent (19/30) of beneficiaries and 81 per cent (30/37) of non-beneficiaries reporting this. Elaborating on this, nine beneficiaries reported that they would have valued having a contact to whom they could speak or telephone contact, while seven cited increased guidance. Given the fact that so many businesses needed to access private consultancy, and with consideration given to the practical nature of the sector, a strong case could certainly be made for providing more tailored and one-to-one support in future provision.

5.31 Beyond the application process, very few beneficiaries received any ongoing support, with only four of the 31 respondents (13 per cent) reporting that the WG had provided further support (which mostly concerned the claims processes or queries regarding purchasing the equipment).

Claims and monitoring processes

5.32 Generally, beneficiaries were satisfied with the claims and monitoring processes, with 61 per cent reporting this. However, a sizeable minority (23 per cent; 7/31) expressed dissatisfaction and most of those held strong views. Beneficiaries cited the time delays and the bureaucratic nature of the process, e.g. regarding the evidence requirements and the need for several quotes (6/31 or 19 per cent cited

these challenges), whilst a further five (16 per cent) cited the complexity of the process and four cited issues with the WEFO website:

“The claims process is very complicated and requires a lot of supporting paperwork. The timescale to make a claim is too short, especially if you are undertaking a construction project, which can face issues such as planning, finding suitable builders, etc.” (Beneficiary Survey)

“Time delays — I had to submit a variation report, as I wasn’t going to use all the grant immediately, and it took so long to get that signed off by TBIS.” (Beneficiary Survey)

- 5.33 The lack of flexibility has been an issue, with beneficiaries often being penalised for factors that were outside of their and the delivery team’s control. The combination of the external challenges leading to rapid inflation and the lack of flexibility internally led to significant issues for some businesses. The delivery team acknowledged that the lack of flexibility and resources had been an issue throughout the scheme and that “every stage of the process has taken too long.”

6. Key findings on outcomes and impacts

6.1 In this chapter we consider what the scheme has achieved beyond the grant funding and KPI targets. We consider how businesses have benefitted from the support and what have been the broader impacts identified in the theory of change (see Annexe F).

Improvement to processes

6.2 Earlier in the report we examined how successfully the scheme has been able to distribute the grant funding allocated. The second measure of success is to consider whether those that did successfully draw down funding were able to make the improvements that they had set out in their proposals.

6.3 Most beneficiaries believed that they had achieved what they had set out to achieve, with 77 per cent (23/30) selecting a 4 or 5 when asked this question on a scale of 1 (Not at all) to 5 (To a great extent). This is consistent with our review of the in-situ reports which were based on physical inspections undertaken by the TBIS delivery team. These reports included a progress update section in which the inspector outlined whether the project had been delivered in accordance with the proposal. We were able to obtain data on 49 of the 74 projects (these primarily exclude window 5 projects, as most have not yet received an inspection). In every case, the inspector found that the project had been delivered as intended (41 cases; 84 per cent) or had been delayed or amended before being delivered (eight cases; 16 per cent). Additionally, in almost every case (43 cases; 88 per cent) the projects had completed the work and purchased all of the equipment that they had set out to purchase, whilst in a minority of cases (six; 12 per cent) the projects had partially or mostly purchased the equipment.

6.4 We then asked two open questions in the beneficiary survey: firstly, to establish what additional activities the TBIS grant support had allowed them to undertake; and, secondly, regarding the extent of change to their business operations as a result of the support.

- 6.5 Beneficiaries cited a wide range of results in response to these questions, with the main themes comprising increased production and accessing more difficult terrains (eight each cited this from 27 responses, or 30 per cent) and accessing new markets (seven references; 26 per cent). Linked to this, eight businesses (30 per cent) cited an impact on their sales, whilst five (19 per cent) reported that they were able to operate more efficient processes, four (15 per cent) reported increased value from biomass, and three (11 per cent) reported that they had developed safer processes.
- 6.6 Accordingly, the evidence certainly suggests that the scheme has had an impact with regard to improving the capabilities of the timber sector in Wales. This is supported by findings from our counterfactual analysis, which is based on feedback obtained from beneficiaries and non-beneficiaries.

Counterfactual analysis

- 6.7 We found that none of the beneficiaries would have been able to make the same investment at the same time without the support, and around one quarter (23 per cent; 7/31) would not have been able to make an investment at all. Most businesses reported a partial additionality²² effect, with 65 per cent reporting that they would have made a different or smaller investment and 42 per cent reporting that they would have had to wait longer to make the investment, thus demonstrating the TBIS's acceleration effect and facilitation of better/more appropriate investments. Beneficiaries further reported that 75 per cent of the investment made would not have occurred without TBIS support, which is equivalent to ca. £13.6m. If we remove the £7.2m allocated directly through the TBIS, we can estimate that the TBIS has leveraged £6.4m of investment from businesses in their capabilities which would not have occurred without the support.
- 6.8 We further queried beneficiaries' ability to invest in the new equipment without TBIS support. Firstly, almost all beneficiaries (30/31; 97 per cent) reported that there were financial constraints that prevented them from making the investment without grant assistance. Beneficiaries reported that they simply did not have the finance with

²² Additionality is the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention.

which to purchase the equipment themselves, which was evident when examining the grant-to-turnover ratio. Secondly, 37 per cent of beneficiaries (11/30) reported that they had explored other finance options, mostly bank loans; however, they reported that the interest rates would provide too high a risk for their businesses. Indeed, only 16 per cent (5/31) of beneficiaries had previously accessed repayable finance. Accordingly, this would further suggest that public finance was needed for the investment to go ahead.

- 6.9 Only 21 per cent (8/38) of non-beneficiaries reported that they proceeded to purchase the same capital items for which they were hoping to use the TBIS. Where they had been able to purchase the same items, all eight explained that it had taken longer for them to do so. The remaining 79 per cent (30/38) were forced to purchase different items or were not able to purchase new equipment at all. Furthermore, only 18 per cent of non-beneficiaries provided a high score when asked to what extent they were able to achieve their objectives without the TBIS²³. Some of the comments made are shown below:

“We bought cheaper older equipment that was less effective.” (Non-beneficiary Survey)

“It’s meant that we haven’t been able to expand as quickly.” (Non-beneficiary Survey)

“Unable to grow the business and unable to gain new contracts.” (Non-beneficiary Survey)

- 6.10 These data demonstrate a strong level of additionality within the TBIS support, thereby indicating a high level of impact regarding increasing the capabilities within the sector.

²³ In response to the question ‘Thinking about the reasons you wanted TBIS funding to invest in capital items, to what extent have you been able to achieve those objectives without TBIS support?’, 56 per cent selected 1 (Not at all) or 2, 26 per cent selected 3, and 18 per cent selected 4 or 5 (To a great extent).

Overview of outcomes

6.11 Businesses were able to provide detail as to the difference that the new capabilities had generated for their operations, describing the new areas of woodlands that they could access, the new markets developed, and their ability to secure larger contracts and undertake larger exercises. We provide some examples below:

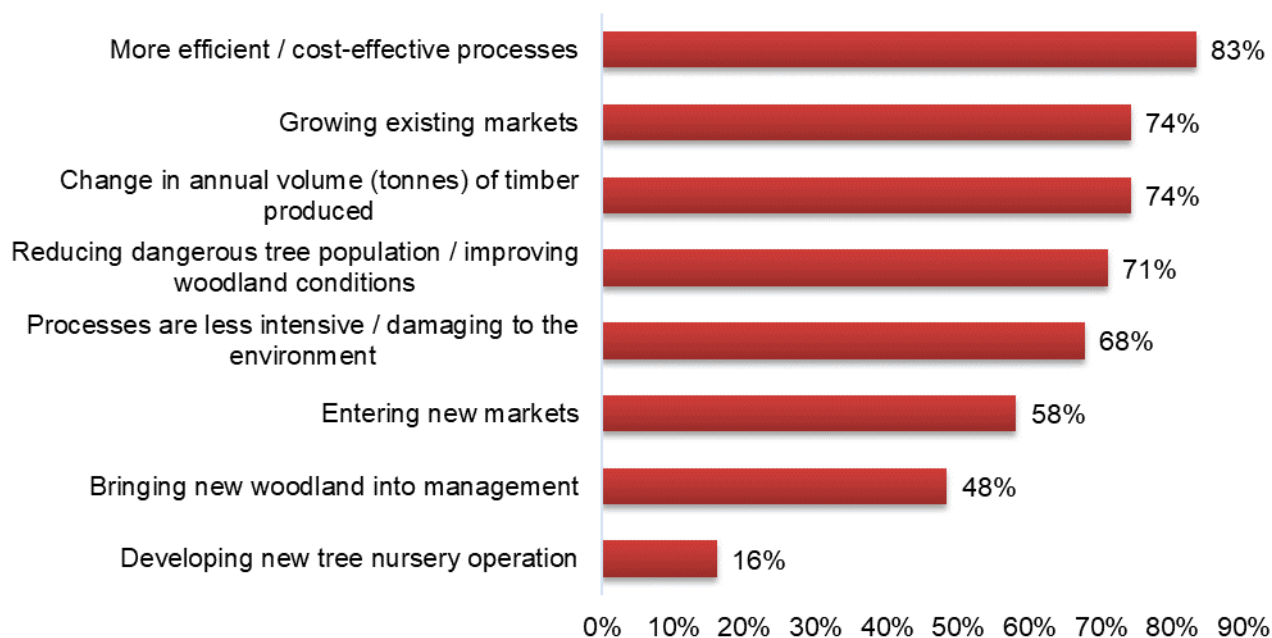
“Project 1 allowed us to safely and efficiently take the business from a hobby to a fully operating business and start employing people. Project 2 allowed us to increase capacity and production so we could sell to commercial and wholesale customers and, once the sawmill and storage facilities are completed (late 2022), start selling timber to the construction sector.” (Beneficiary Survey)

“Additional activities include steeper terrain work, harvesting of larger trees [also on steeper terrain if required], and take on work for [name of forestry manager]. Prior to the grant we were doing small estate work, which we have continued to do, but we are now able to take on larger projects on more challenging terrain.” (Beneficiary Survey)

“The new equipment is much more automated and less time-intensive and is able to produce more in a shorter time. The process of producing firewood is now much faster, efficient and cheaper, so I am able to spend more time growing my customer base and I am able to fulfil larger orders.” (Beneficiary Survey)

6.12 Beneficiaries were then asked a closed-ended question on specific outcomes that had been identified during the theory of change process. This was designed to supplement the unprompted open-ended questions to generate more quantifiable results on the outcomes achieved. The results are outlined in Figure 6.1, where similar themes emerge. This demonstrates that a majority of beneficiaries have experienced several positive outcomes, from efficiencies to increased production and market growth. Follow-up questions were asked on each of these, with most businesses reporting that the project had led to a reduction in their costs. Those entering new markets cited selling firewood as the route of this diversification, and 13 businesses were able to provide estimates regarding the increase in the volume of their annual timber production, which was an increase of over 44,000 tonnes in total.

Figure 6.1: Outcomes reported by beneficiaries ('tick all that apply' question)



Source: Beneficiary survey (n=31)

Environmental impact

6.13 While the drivers were more economically related, and beneficiaries' responses suggest that this has also been the main impact, the environmentally related outcomes are prominent in Figure 6.1, too. Most beneficiaries had developed less intensive and environmentally damaging processes, most were able to reduce the dangerous tree population or improve woodlands conditions, whilst around half had brought new woodlands into sustainable management (mostly from farm woodlands).

6.14 Asked directly about the environmental impacts generated by the scheme, 84 per cent of beneficiaries (26/34) were able to cite benefits. Alongside the outcomes shown in the chart above, 29 per cent of beneficiaries cited the impact of thinning the woodlands, including benefits with regard to biodiversity, whilst others cited how they replaced conifers with native woodlands (three responses):

“The woodlands I own and am looking to purchase is unmanaged, but now this equipment means I can improve the amount of light getting to the forest floor and this will increase biodiversity. I am also cutting down older, dangerous trees and

replacing conifers with native trees, which will encourage more wildlife.”
(Beneficiary Survey)

- 6.15 Additionally, most beneficiaries (61 per cent) reported that their project had supported the increased supply and use of sustainable biomass.

Delivery team perspectives

- 6.16 Delivery team members expressed similar sentiments regarding the outcomes of the scheme, explaining that “Wales is full of designated areas that require sensitive, low-impact-on-ground kit (which is very expensive)” and that the sector is now much better able to access previously inaccessible or sensitive terrain. This, alongside the general process of thinning woodlands, will have led to increasing the value and reducing waste in the tree stock along with the flora and fauna benefits associated with it. Furthermore, they expressed hope that the scheme will have made business more profitable, thereby providing better rewards for the workforce. They believe that the scheme has helped the sector to be more competitive with the rest of the UK. One interviewee cited an example in which a Scottish contractor would deliver many contracts in Wales, pre-TBIS, to deal with brash, as they were one of the few businesses with the required machinery. A Welsh business was able to invest in similar machinery through the TBIS and, therefore, was able to take the market share, thereby retaining more of the supply chain value in Wales.

Business growth and economic impact

- 6.17 The beneficiary survey contained a detailed section with which to explore business growth in relation to employment and turnover, alongside other data which have been used to inform an EIA.

Impact on employment

- 6.18 Most beneficiaries (54 per cent) had increased their workforce since receiving TBIS support, with only 15 per cent reporting a reduction, whilst 31 per cent had remained the same. This is, of course, within the context of the COVID-19 pandemic and the significant other external challenges facing the sector during the period of delivery.

- 6.19 We then asked businesses about the impact of the TBIS on their employment level through two questions: a) how many people they employed in the latest financial year, and b) how many employees they estimate would be on their payroll had they not received support through the TBIS. This revealed that 52 per cent (13/25) believed that they would have fewer employees without the TBIS intervention. Others mostly reported that the TBIS had no impact on employment (40 per cent; 10/25), whilst eight per cent (two respondents) reported an adverse impact; for example, one did not receive full payment and had to let go of staff members because the business had to absorb machinery costs. However, it is important not to overstate this point, with only 2/25 reporting an adverse impact in comparison with 13/25 reporting a positive impact.
- 6.20 On average, beneficiaries estimated that they would have 1.1 fewer employees had the TBIS support not been available. By applying this average to all businesses supported, we can estimate that the TBIS has created or safeguarded 71 jobs in total, equivalent to ca. £110k in investment for each job created or safeguarded. However, we note that these estimates are based on 26 responses and are below the official KPI figures of 227 jobs safeguarded and 13 created. The KPI achievement data are equivalent to ca. £32k for every job created or safeguarded.
- 6.21 The alternative method of assessing the net impact on employment is by comparing the actual increases within the intervention group (i.e. TBIS beneficiaries) with a comparison group (i.e. non-beneficiaries). This analysis shows that whilst beneficiaries are more likely to have experienced growth in employment than are non-beneficiaries (54 per cent of the former had grown vs. only 31 per cent of non-beneficiaries), the average increase in both groups is almost identical (0.2 per business within the non-beneficiary group vs. an average of 0.21 within the beneficiary group). Accordingly, the assessment utilising this method would imply a negligible impact of the TBIS. Indeed, this calculation provides a net impact of only 0.7 jobs from the TBIS when grossed up for the 64 beneficiaries. However, the analysis is constrained by the fact that it does not control for other factors within the two samples (e.g. the size of businesses as well as growth trajectories before

accessing the support). This would require propensity score matching²⁴ analysis for a more robust and more credible assessment.

- 6.22 Other questions on beneficiaries' employment suggest that there have been impacts on the quality of employment opportunities as well as the quantity. For instance, 77 per cent of beneficiaries indicated that the support had led to increased job security (e.g. avoiding zero hours, temporary contracts, hours of operation), whilst 55 per cent reported that it had led to improvement in the skill composition of their workforce. Some of this was evident in response to an open-ended question on the impact that the scheme has had on the employment that they provide, with 30 per cent (8/27) reporting that they had increased working hours and 11 per cent (3/27) citing improvements in the salary offered.

Impact on turnover

- 6.23 The analysis of turnover data further suggests that the TBIS has generated growth for beneficiaries, although our analysis is based on a reduced sample of 20 beneficiaries who were able to supply the relevant data (i.e. accurate baseline and post-intervention figures). Our analysis reveals that 90 per cent of beneficiaries (18/20) had increased their turnover since receiving support from the TBIS.
- 6.24 Beneficiaries were then asked to estimate the proportion of this increase that was generated as a result of the grant support. Attribution levels varied, with seven of 17 respondents indicating a modest impact of up to 25 per cent, four indicating a more significant impact of 26–50 per cent, two suggesting a higher attribution level of 51–75 per cent, and four believing that it had been responsible for 76–100 per cent of their growth. By applying these percentages to the growth of each business, we can estimate that, on average, beneficiaries believed that their turnover was ca. £48k higher as a result of the support. If we apply this average to the 64 beneficiaries, we can estimate that the TBIS was responsible for a ca. £3.1m increase in turnover for beneficiaries.

²⁴ Propensity score matching (PSM) is a quasi-experimental method in which the researcher uses statistical techniques to construct an artificial control group by matching each treated unit with a non-treated unit of similar characteristics.

6.25 Comparisons with the non-beneficiary sample provide further evidence of growth generated by the scheme, revealing that far fewer of the non-beneficiary group had grown since engaging with the TBIS (53 per cent vs. 90 per cent of beneficiaries). Our analysis also reveals that the beneficiary group had grown by a much more significant margin, proportionally, at 92 per cent each on average in comparison to a 30 per cent equivalent for the non-beneficiary group.

Future potential

6.26 The estimates provided above are only based on the impact achieved to date. When considering that 19 projects (30 per cent of all projects) are still active, there is a strong possibility of latent impact beyond this evaluation and beyond the end of the scheme itself. Additionally, the external shocks from the pandemic and other events are likely to have affected any immediate impacts of the support. Indeed, when asked about this, one third of beneficiaries (8/24) indicated that COVID-19 had affected their ability to use the grant support as intended, with eight referencing a delay in the delivery of the equipment and four noting how they were forced to close their operation for a period of time.

6.27 Accordingly, we tested future potential, which revealed that the vast majority of beneficiaries (77 per cent) expected the TBIS to have an impact on their growth (turnover and employment) over the next year.

6.28 Nine out of 24 respondents (38 per cent) expected their employment to increase over the next year, all of whom attributed at least some of that growth expectation to the impact of the TBIS, with eight of the nine attributing around half of the growth or more to the scheme's impact. Based on these projections, if we were to assume that the sample is representative of the wider beneficiary group, this would imply that the TBIS will lead to the creation of a further 17 jobs over the next 12 months.

6.29 Beneficiaries were even more confident about their turnover projections, with two thirds (16/24) expecting an increase over the next year. In all but two cases, beneficiaries attributed at least some of this increase to the TBIS support. Based on the turnover projections and attribution supplied by beneficiaries, and accounting for

the predicted inflation over the next year²⁵, our estimate suggests that the TBIS has the potential to generate ca. £7.1m in increased turnover over the next year. We would caution, however, that these estimates are more speculative and more susceptible to optimism bias²⁶. Nevertheless, these data certainly suggest that the economic impact is likely to be much higher than what has been experienced to date.

Supply chain mapping

6.30 Whilst part of the ambition of the scheme was to retain more supply chain value in Wales through taking up a market share from non-Welsh suppliers, there is very little survey evidence of this taking place. Our supply chain mapping section of the survey found the following.

- Beneficiaries' sales were almost exclusively to Welsh customers (97 per cent on average, with only one business reporting that it was less than 90 per cent), and the TBIS had had next to no impact on that (only one business stated that there had been 'some' impact).
- Beneficiaries' spending on supplies was primarily accounted for by suppliers from Wales (78 per cent on average).
- Beneficiaries perceived their competitors to be almost exclusively from Wales (93 per cent on average).

6.31 This is indicative of a parochial sector in which the focus of economic activity is largely confined within Wales. The fact that competitors are predominantly perceived to be Welsh may suggest that the scheme has had a limited impact on retaining a greater proportion of the supply chain value in Wales, which perhaps further highlights a lack of strategic oversight. The rationale was partly based on the premise that businesses had little or no presence in markets outside of Wales and that the support would enable them to address that. These data would suggest that the increased capacity had not been utilised to access non-Welsh markets.

²⁵ As of December 2022, the estimated inflation from 2022 to 2023 is 3.53 per cent ([source: Quarterly National Accounts \(gov.uk\)](https://www.gov.uk/government/statistics/quarterly-national-accounts)). This has been applied as a discount rate to strengthen the future potential estimate.

²⁶ This refers to the tendency to overestimate the likelihood of experiencing positive events and underestimate the likelihood of experiencing negative events.

However, this could simply be illustrative of a lack of awareness on the beneficiaries' part regarding where their potential customers source their timber products.

Economic impact assessment

6.32 Our EIA is based on the increase in turnover reported by beneficiaries followed by applying the five additionality factors that should be considered for EIAs, as noted in UK Government guidance²⁷. These are as follows.

- **Deadweight** — the proportion of outcomes that would have occurred anyway without the support. This has already been accounted for in the previous section, where beneficiaries were asked what proportion of turnover increases they would attribute to the support, resulting in the estimate of £3,056,454.06.
- **Leakage** — the proportion of outcomes that benefit those outside of the intervention's target area or group. There is little evidence of leakage, given that the scheme only supported Welsh-based businesses; thus, no leakage-related discount has been applied to our estimate.
- **Displacement** — the proportion of outcomes accounted for by reduced outcomes elsewhere in the target area. There is strong evidence of this, given that the vast majority of beneficiaries' competitors are based in Wales, which could mean that the growth generated for beneficiaries is displacing the growth of other Welsh businesses. However, there are two caveats to note here. Firstly, we do not know how well beneficiaries understand their competition and where they are based; thus, they may have overestimated the proportion that is based in Wales. Secondly, this does not account for the growth in the overall size of the industry in Wales. Delivery team members indicated that the sector as a whole had grown in Wales, which is likely to be partially attributable to the impact of the TBIS. Accordingly, we cannot distinguish between how much of the growth experienced by beneficiaries has displaced that of competitors and how much has been uptake of the added market value. On this basis, we have applied a displacement effect of 50 per cent to our estimate, which is based on the

²⁷ UK Government, [Additionality Guide](#), Fourth Edition 2014.

‘medium’ level of displacement reported in the UK Government Additionality Guide document²⁸, resulting in a new estimate of £1,528,227.03 (with displacement accounted for).

- Substitution — where a firm substitutes one activity for a similar one to take advantage of public sector assistance. We included the following question in the survey to test this: ‘Has the TBIS grant been used to replace one economic activity with another?’ However, no evidence was obtained of a substitution effect and, thus, no substitution-related discount has been applied to the estimate.
- We also need to account for the economic multiplier effects (i.e. further economic activity (jobs, expenditure or income) associated with additional local income) of generating this turnover. The UK Government Additionality Guide provides an average of 1.51 for business development & competitiveness interventions²⁹. However, we would anticipate the multiplier effect to be more significant in this instance, given the localised focus of the sector. Accordingly, we have applied a 1.6 economic multiplier effect to our estimate, resulting in a new estimate of £2,445,163.25 (with the multiplier effect accounted for).

6.33 The final step is to convert the increase in turnover into GVA impact by applying the turnover-to-GVA ratio. This is taken from the Annual Business Survey data, which reveal that the latest (2020) turnover-to-GVA ratio for ‘Forestry and logging’ (SIC 02) in Wales was 1.02³⁰. On this basis, we estimate that the scheme has generated £2,492,372.16 in GVA net additional impact to date. If we applied the same additionality factors to the future potential estimate of ca. £7.3m, this would be equivalent to a further net additional GVA impact of £5,767,444.53 over the next 12 months, as well as collectively representing a ca. £8.05m GVA impact 12 months following completion of the scheme. This would be equivalent to a return of £1.04 on every £1 spent (assuming that all of the allocated grant funding is spent). These are, of course, very broad estimates that are heavily caveated by a reliance on

²⁸ See p.30 of the [Additionality Guide](#).

²⁹ See p.36 of the [Additionality Guide](#).

³⁰ ONS, [Annual Business Survey](#), June 2022.

forecasts, hypotheticals, and broad assumptions and likely to underestimate the total costs; thus, they should be treated with caution.

- 6.34 Alongside the value generated from increased turnover and employment, there is also economic value associated with the environmental impacts generated by the scheme. For instance, bringing new areas of woodlands into sustainable management is a key outcome for the scheme, with 48 per cent of beneficiaries reporting that they had done so (see Figure 6.1). This activity is key in growing the value of the sector in Wales, with the economy being able to benefit from areas of woodlands that were previously left idle. The Woodlands Trust produced a paper on ‘The economic benefits of woodland’ in 2017, which contained several estimates regarding the economic value generated through different uses of woodlands³¹. It found that using woodlands for business use (i.e. producing goods and services with a market value, such as timber) would typically see the output of forestry goods increase by over £200 per year with each additional hectare of woodlands. The value of that increase in forestry production is approximately £6,500 on a perpetual basis at a discount rate of 3.5 per cent.
- 6.35 Additionally, the Woodlands Trust report estimated that safeguarding woods and their associated biodiversity for future generations also generated a value which varied according to the type of woodlands (e.g. £1,848 per hectare per year for lowland, broad-leaved, native forest). This can be linked to 74 per cent of the sample citing a reduced dangerous tree population/improved woodlands conditions (see Figure 6.1). Furthermore, value is generated from climate change mitigation, too, with the 2017 report finding that the value of the carbon dioxide locked up in UK woodlands was around £16,000 per hectare based on the official carbon price at the time — this links with the 16 per cent of businesses citing that they had developed new tree nursery operations as a result of the support.

³¹ [‘The economic benefits of woodland: A report for the Woodlands Trust prepared by Europe Economics’ \(woodlandtrust.org.uk\)](http://woodlandtrust.org.uk), January 2017.

6.36 Unfortunately, we only have data pertaining to the total amount of woodlands managed by beneficiaries, not the new area of woodlands managed or created, and thus cannot quantify the economic impact of this activity. However, this does demonstrate that the economic return of the TBIS will be much higher than the turnover-based estimate when all of the environmental impacts are also considered.

Strategic fit

6.37 External stakeholders and the delivery team both felt that there is a strong need for the scheme to invest in infrastructure and innovation and retain the supply chain value in Wales (although it is not clear that the latter has been achieved). One of the delivery team members remarked how they had attempted to encourage a “step change” within the industry by encouraging a greater number of medium-sized businesses, and felt that they had achieved that to some extent:

“The industry had splintered off into clear fell people and small-scale businesses. They had to go big or just stay small. We’ve tried to spread it out — have more in between, to allow more competition within industry to drive efficiency, and bring more discarded areas of wood into production.” (Interview with Delivery Team Member)

6.38 However, the interviewee proceeded to state that “nothing stands still” and, with the WG pushing for more trees, the nursery sector will need to significantly upscale, representing a key priority going forward. Indeed, the main policy objectives for the WG centred on woodlands creation, and yet very few nurseries have engaged with the TBIS, suggesting a misalignment between the aims of the scheme and the policy objectives.

6.39 External stakeholders, meanwhile, cited skills shortages and a lack of long-term investment as the main challenges facing the sector. Whilst they indicated that the TBIS will have contributed to addressing those challenges, this perhaps calls for a more targeted intervention to support upskilling. Whilst they supported the continuation of the scheme, some wanted greater clarity with regard to its strategic purpose.

Cross-Cutting Themes

- 6.40 The regulations governing the European programmes stipulate that all projects funded through the 'Common Strategic Framework' must integrate the Cross-Cutting Themes (CCT) of Equal Opportunities & Gender Mainstreaming and Sustainable Development, whilst Tackling Poverty and Social Exclusion is also a mandatory CCT for the WG programmes.
- 6.41 In addition to the CCTs, the Rural Development Regulation (1303-2013) stipulates that programmes and, therefore, schemes under the RDP should contribute to the cross-cutting objectives of innovation, environment, and climate change mitigation and adaptation.
- 6.42 Delivery against the sustainable development, environment & climate change mitigation, and innovation themes and objectives is a fundamental part of delivering the scheme itself. The vast majority of beneficiaries reported environmental outcomes, as highlighted previously in the report, whilst all equipment and machinery purchased had to be novel to those firms. Indeed, we understand that there are many items purchased which are the first to be used in Wales and potentially the first in the UK in some cases. We highlight an example of a project that delivered against these environmental and innovation themes in the case study below. We have not named the business because we have not obtained their consent to do so. However, this business was highlighted by the delivery team as a good example of delivery against those CCTs.

Case study 1: Company X

Company X had received several hundred thousand pounds in grant funding from the TBIS to purchase a timber harvester with new technology that significantly reduces the impact of operations by using eight wheels and a synchronised winch so that the vehicle can move on steep or fragile surfaces without the wheels creating deep ruts while trying to gain traction on the surface. With the total project costs being more than £800k, the forwarder is believed to be the first such harvester in Wales and could climb extremely steep hills, thereby accessing woodlands that were previously inaccessible. Moreover, the harvester has enhanced capabilities for thinning work and has high accuracy in cutting timber to length for sawmills. The ability to harvest timber in conditions which otherwise would require the use of skyline equipment or manual felling reduces costs and increases the areas of forest that can be utilised for management and harvesting.

Operating these additional specialist machines within the business' operations has led to less ground damage (ruts and surface damage) and, therefore, less impact on canopy as well as less of a likelihood of wind-blow and long-term damage to standing woodlands. It has also led to the extraction of low-value timber for the emerging and expanding biomass market and enabled the business to access more woodlands parcels.

The new capabilities have enabled the business to restore, preserve and enhance the ecosystems in an economical manner. Additionally, the new equipment is said to have significantly lowered emissions, noise levels, and fuel usage in comparison to what had previously been used.

- 6.43 Additionally, delivery team members highlighted how the projects were delivering against the first CCT (Equal Opportunities, Gender Mainstreaming, and the Welsh Language) and the Tackling Poverty and Social Exclusion objective because many of the businesses operate in rural areas with a lack of opportunities, often high poverty, and in many cases a high proportion of Welsh speakers. These projects have helped to increase and safeguard employment in those areas, thereby helping to tackle poverty and providing opportunities for Welsh speakers to remain in the area. Case study 2 provides one example of this.

Case study 2: Hormann's Firewood

Hormann's Firewood are a family-run business based near Llandovery that have been supplying firewood to Carmarthenshire, Powys, and beyond for over 20 years. The owner was seeking to expand the business and needed to scale up their capacity and production to do so. They had identified that the following equipment and machinery were needed to deliver their growth ambitions: forest specification tractor, forwarding trailer, excavator, tree shear, log grab, portable sawmill, and seasoning boxes. These were needed to increase their productivity and allow them to expand beyond merely supplying the local domestic market by supplying wood to retail and commercial users.

The upfront cost of buying the equipment was too high for the business and, having queried as to a loan from their bank, they were wary of the high interest rates.

The business became aware of the TBIS following a telephone call with the Forestry Commission and decided to submit an application for funding, with £73,708 being awarded for a £184,270 project.

The business had a positive experience of the TBIS and were able to achieve their objectives:

"The new equipment has allowed us to grow the business [...]. We are able to produce much more firewood; for example, before TBIS we were producing 500 tonnes and now we are producing 1,500 tonnes. This has allowed us to expand outside of the domestic heating market and move into selling in retail outlets and to commercial users who use biomass boilers. We have replaced conifers with native woodlands, which has increased biodiversity."

Prior to the TBIS the business employed one person on a full-time basis and one part-time. Following the support, they doubled their employment to two full-time and two part-time positions, whilst their turnover increased almost six-fold (from £55,000 to £307,000).

- 6.44 We note, however, that whilst the scheme naturally lends itself towards addressing the themes and objectives discussed above, we did not receive any evidence of explicit actions undertaken with regard to the Gender Mainstreaming and Equal Opportunities themes.

Value for money assessment

6.45 We conclude this chapter by considering the VfM generated by the scheme, which is one of the eight key evaluation questions. Generating strong VfM relates back to delivering the vision and impacts within the theory of change established during the first evaluation stage. The key impact areas within the model were as follows.

- To provide opportunities for timber businesses to grow — the evidence demonstrates that the vast majority of beneficiaries have grown and at a higher rate than the non-beneficiaries. They also attribute much of this to the intervention. Accordingly, the scheme can be said to have generated that value.
- To improve the condition of woodlands in Wales — most projects included an element of this through thinning, replacing conifers with native woodlands, using less intensive machinery, etc. Thus, we can say with some confidence that the scheme has generated strong value in that regard.
- To bring inaccessible woodlands into management — this was a prominent theme in the scoping consultation when discussing the rationale behind the scheme. The evidence suggests that a large proportion of projects have generated this outcome, as reported by 45 per cent of beneficiaries, thereby representing another area of positive value.
- To increase the production of timber in Wales — the evidence again shows that many businesses had done this, although it is difficult to quantify the scale of that increase. Nevertheless, the scheme has generated at least some value in that regard.
- To retain more of the supply chain value within Wales — there is less evidence of this. Whilst delivery team members felt that there had been some impact with regard to enabling Welsh businesses to displace some of the contracts won by businesses elsewhere in the UK, this could not be confirmed in the beneficiary survey.
- To provide a positive ROI — in hard economic terms and purely based on a turnover estimate, the evidence suggests that the scheme has not yet generated a positive return on the grant funding allocated; however, it is well positioned to

do so if the future potential perceived by beneficiaries over the next 12 months can be realised. Additionally, there is an 'unknown' element of economic impact associated with the environmental benefits which is likely to be significant, where most beneficiaries had improved the woodlands conditions, around half had brought new woodlands into management, and 16 per cent had developed new tree nursery operations. Taken together, we can confidently say that the TBIS will have generated a positive ROI once all of the benefits materialise.

- To provide environmental benefits from a greater supply of raw material for bio-based industries and flora and fauna — there is evidence with which to show that these environmental outcomes have been achieved alongside the economic outcomes.
- There is some question as to the equitable nature of the scheme, given that many felt that there was a lack of awareness, that there was a bias towards larger businesses within the application process, and that many applicants felt the need to pay for private consultancy support. Balanced against this is the fact that the scheme has been able to engage a wide variety of different businesses which have gone beyond the 'usual suspects' (according to the delivery team).
- In summary, if we were to judge the VfM purely based on the turnover-related economic returns generated to date (with 19 projects still to complete), there would be some doubt as to whether the scheme could be described as a success. However, alongside the economic value already generated for beneficiaries, the survey evidence suggests that the scheme will continue to generate economic returns over the next year, which will potentially outstrip what has been spent through grant funding. Additionally, the scheme has leveraged £6.4m in investment from businesses and, undoubtedly, developed the capability within the sector. There is also strong evidence that it has generated the impacts listed above, including important environmental impacts, which have significant economic value attached to them. Put together, the evidence indicates that the scheme has demonstrated VfM.

7. Conclusions and recommendations

- 7.1 This evaluation has demonstrated that, whilst there have been several challenges and issues within the delivery of the TBIS, it has largely been able to deliver its remit, with there being an expectation of around 77 per cent of the £9m grant budget being invested in the timber sector by the end of the delivery period. It has leveraged £6.4m in investment from businesses that would not have occurred without the support, and on a broader level a high level of additionality has been evident. Accordingly, the scheme has, undoubtedly, raised the capabilities within the sector far beyond what would have occurred without the support.
- 7.2 What is more, the scheme has led to business growth, diversification, new market access, and a range of environmental outcomes, with beneficiaries, for the large part, reporting that they had been able to achieve what they set out to achieve. The scheme did exceed most of the formal EC and WG KPI targets, although these do appear to have been very modest.
- 7.3 With regard to the design and implementation of the scheme, several aspects of the core design aspects have worked well with broad satisfaction with the grant size and parameters. Equally, however, there have been some significant challenges in the delivery of the scheme caused by a combination of internal and external factors. These are primarily concerned with a lack of resources within the delivery team alongside a lack of flexibility, with the latter being partly dictated by RDP regulations. External factors such as Brexit, the COVID-19 pandemic, and the war in Ukraine have exacerbated those issues.
- 7.4 These issues primarily manifested in the application process, with the lack of flexibility as well as time delays (caused by under-resourcing) leading to the underspend observed in the budget. It also led to a significant degree of frustration and problems for applicants, who were typically left waiting for more than one year for approval, which, combined with increasing inflation, had a significant impact on the budgeting for projects. The main reason for the shortfall in funding can be explained by the inability to reallocate shortfalls from one window to the next.
- 7.5 Many applicants also found the application process to be too lengthy, complex, and overly bureaucratic, making it particularly difficult for smaller businesses to access.

The support provided to applicants during the application process and thereafter was very limited, despite being needed, with many resorting to paying for private support, thus raising questions as to the equitable nature of the scheme. Moreover, on the point of equity, there is some perception of a lack of awareness within the sector and a bias within the appraisal process towards larger businesses.

- 7.6 Whilst there is evidence of growth and economic impact, there is an important question surrounding how beneficiaries have generated that growth. Data obtained on their supply chain suggest that their competition is almost exclusively Welsh-based, with a risk of their growth simply displacing that of other Welsh businesses. This is despite the scheme's objective of retaining more of the supply chain value in Wales and addressing the issue that Welsh timber businesses had little or no presence in markets outside of Wales.
- 7.7 This links to a broader point regarding a potential lack of clarity as to what the scheme was seeking to achieve, a point that was raised by external stakeholders. Part of the rationale was to retain more of the supply chain value in Wales, but there is little evidence of any specific mechanism with which to target the funding in that way. For instance, there was no incentive or push to encourage beneficiaries to develop markets outside of Wales; thus, they appear to have kept to the markets that they know and with which they are comfortable. Another part of the rationale and policy fit is to help support woodlands creation, and yet the grant was biased against smaller businesses, including nurseries, until the final funding window (when a change was made).
- 7.8 The scheme had a very broad remit, covering most of the supply chain, and was seeking to deliver against a host of different economic and environmental objectives. This perhaps made it difficult to establish strategic priorities and carve out a clear role for the intervention.
- 7.9 Overall, the scheme can point towards several achievements, including the increase in sustainable management of woodlands in Wales, growth within the businesses supported, and environmental impacts. Stakeholders felt that there is a need for this type of support going forward, although future interventions should have a clearer identity and remit.

Recommendations

7.10 Based on these findings, the following recommendations are made.

- **Recommendation 1:** Any future intervention should establish a clear role and remit from the outset in alignment with the policy objectives for the sector.
- **Recommendation 2:** Future schemes should incorporate mechanisms to better compel businesses to explore markets outside of Wales to maximise the GVA impacts if that is the intention.
- **Recommendation 3:** There should be a clearer understanding of the target audience for future interventions (e.g. large/small businesses), with the processes designed accordingly.
- **Recommendation 4:** Future schemes should be better resourced to avoid time delays and disruption, either through establishing a larger delivery team or reducing the size of the programme.
- **Recommendation 5:** Linked to the above, future schemes should either provide more support to help applicants through the process (e.g. a named individual with a direct line) or become less risk-averse internally to streamline the process so that applications can be processed more quickly.
- **Recommendation 6:** A tiered system could also be considered to make the process more proportionate to the smaller grant applications.
- **Recommendation 7:** There should be a single body responsible for overseeing applications through the entire process to provide a smoother transition.
- **Recommendation 8:** Future schemes should incorporate some flexibility in the system to allow for inflationary changes in costs where processing time is lengthy.

Annexe A: Delivery Team Interview Questions

Delivery performance

1. To what extent has the implementation and delivery of the scheme reflected the original plan?
 - a. What changes were made, if any?
 - b. Why were changes made?
2. Overall, how satisfied are you with the way the scheme has been delivered?
 - a. What have been the main strengths and weaknesses?
 - b. What, if anything, do you think could have been done differently?
3. How effective was the delivery model in your view?
 - a. Do you think the correct design decisions were made with regards to the size of grants, eligible costs and activities, and the intervention rate?
 - b. Do you believe the initial promotional activity was effective in reaching the target audience and generating sufficient applications?
 - i. To what extent has the scheme supported an appropriate set of organisations, i.e. those who most needed the grant support and most aligned with the objectives of the scheme?
 - ii. What level of awareness do you think there was among eligible organisations, including any hard-to-reach groups?
 - iii. Is there anything you would do differently in future to promote the scheme?
 - c. How effectively were the application and appraisal processes delivered?
 - i. Were applicants given enough support in your view (e.g. FAQs, workshops through the Wales Rural Network, other communications to manage queries)?
 - ii. Do you think there should have been a more comprehensive advisory component to support applicants?
 - iii. How significant were issues such as short notice periods for the application windows and the online systems used to apply?
 - What impact did these issues have on the delivery of the scheme?
 - iv. Do you believe the most appropriate projects were selected, i.e. those that were most aligned with the objectives of the scheme?
 - d. How effectively have businesses, including first-time applicants, been engaged throughout?
 - i. Do you think this could have been improved at all?
4. How effectively has the scheme been managed and coordinated?
 - a. Were any issues encountered?
 - b. In what ways could this be improved?
 - c. Do you think the monitoring of activity has been sufficient?
 - d. How effective was the claims process?

5. Did external factors have any impact on delivery, including COVID-19 and Brexit?

Impacts

6. What, in your view, have been the main impacts for the businesses supported?
7. What impact has the scheme had on Wales' timber industry?
 - a. Has it increased production?
 - b. Has it helped support the sustainable management of woodlands?
 - c. Has it led to retaining more of the supply chain value within Wales?
 - d. Has it helped deal with trees infected with chalara (ash dieback)?
8. To what extent will these impacts be sustained after the scheme comes to an end?
9. To what extent has TBIS delivered against the relevant priorities and focus areas set out in the RDP?
 - a. Priority 5C: To what extent has the scheme contributed to the supply and use of renewable energy sources of energy, of by-products, wastes, residues and other non-food raw material for purposes of the bio-economy?
 - b. Priority 6A: To what extent has the scheme supported the diversification, creation and development of small enterprises and job creation?
10. How has the scheme contributed towards the following cross-cutting themes and cross-cutting objectives? Can you think of any examples or evidence we could refer to in our reporting?
 - a. Equal Opportunities, Gender Mainstreaming, and the Welsh Language
 - b. Sustainable Development
 - c. Environment and Climate Change Mitigation and Adaptation
 - d. Tackling Poverty and Social Exclusion
 - e. Innovation
11. How has the scheme added value to the support provided by other interventions such as TWIG or FIRS?

Close

12. What lessons, if any, can be learned from the delivery of the scheme with regards to future interventions?
 - a. Do you think this type of support is needed for the timber industry going forward?
 - b. Would you make any changes in future schemes? (If so, what would they be?)
 - c. What are the most important aspects to retain in any future scheme?
13. Finally, is there anything not covered within this interview you would like to add or anything important to mention with regards to this evaluation?

Annexe B: External Stakeholder Interview Questions

Background

1. Could you start by describing your role in relation to the timber industry in Wales?
2. Are you aware of the Timber Business Investment Scheme?
 - a. How did you first become aware of the scheme?
 - b. How have you been involved with the scheme, if at all?
3. What is your understanding of the rationale for the scheme?
 - a. How does it add value to the support available from other funders including other grant provision schemes (e.g. TWIG or FIRS) and commercial lenders?
4. What do you see as the main challenges facing the timber industry in Wales currently?
5. How do you think the scheme contributes to addressing these challenges?
 - a. Is this support needed going forward?
 - b. Is this the best use of investment to support the timber industry and achieve the aims set out for the scheme?

Impact and delivery performance

6. To what extent has the scheme achieved its aims and objectives (i.e. to bring new woodlands into management, increase timber production in Wales, retain more of the supply chain value in Wales, etc.)?
 - a. What, in your view, have been the main impacts for the businesses supported?
 - b. What impact has the scheme had on Wales' timber industry?
 - c. Has the scheme had an impact on your work?
7. Overall, how effectively has the scheme been delivered?
8. How effective was the delivery model in your view?
 - a. Were the design decisions with regards to size of grant and intervention rate appropriate?
 - b. Do you believe the initial promotional activity was effective in reaching the target audience and generating sufficient applications?
 - i. To what extent has the scheme managed to support an appropriate set of businesses, i.e. those who most needed the grant support and most aligned with the objectives of the scheme?
 - ii. What level of awareness do you think there was among eligible organisations?
 - iii. Is there anything you would do differently in future to promote the scheme?
 - c. Do you have any comments on any other aspects of the delivery performance?

Lessons learnt

9. What lessons can be learned from the delivery of the scheme with regards to future interventions?
 - a. Are there any aspects of the scheme that you feel represent particularly good practice that other interventions could learn from?
 - b. With hindsight, what key changes would you have made to the scheme to improve overall delivery and the impacts it has had?
10. Finally, is there anything not covered within this interview you would like to add or anything important to mention with regards to this evaluation?

Annexe C: Beneficiary Survey Questions

Section 1: Background information

1. Can you please provide the following details?
 - a. Your name
 - b. Your position within the company (RT to confirm that they are the most appropriate person to answer the questions, i.e. have knowledge about the project, its impact, and the company's financial details)
 - c. Name of your business
 - d. Your business postcode
2. What type of business do you operate?
 - a. Farm business
 - b. Tree nursery
 - c. Timber-harvesting company
 - d. Timber-processing company
 - e. Private forest owner
 - f. Local authority
 - g. Other public sector forest owner
 - h. Other (please specify)

Can you please tell us a little more about your business operations before accessing the TBIS grant support?

3. First, if you are a woodlands owner, can you please tell us about the amount of woodlands you owned/had in sustainable management? (Researcher to enter N/A if not a woodlands owner)
 - a. Area of woodlands owned (ha)
 - b. Area of woodlands in sustainable management (ha)
4. How did you find out about the grant support through the Timber Business Investment Scheme?
 - a. Welsh Government website
 - b. Social media
 - c. Rural Payments Wales
 - d. Newsletter
 - e. Word of mouth
 - f. Other (please specify)
5. How well known do you feel the scheme is amongst timber businesses in Wales (1 = 'Not known at all' and 5 = 'Very well known')?
6. What were your main reasons for applying for the grant from TBIS? (Open question, coded using the following framework)
 - a. Bringing accessible woodlands into management
 - b. Increasing capacity and output to meet demand
 - c. Diversification / accessing new markets
 - d. Improving woodland/conditions

- e. Efficiencies/innovation to reduce costs
 - f. Switching to lower-carbon technologies
 - g. Protecting the woodland, e.g. less intensive equipment
 - h. Growing the business
 - i. Increasing/safeguarding employment
 - j. Increasing safety
 - k. Growing more trees
 - l. Dealing with ash trees affected by chalara
 - m. Other
7. Were there financial constraints that prevented you from making the investment without grant assistance? (Yes/No)
- a. (If Yes) What were these?
 - b. (If No) Please explain why you could not have made the investment without grant assistance from TBIS.
 - c. (If Yes) Did you seek other potential sources of finance, e.g. loans/other grant funding?
 - i. (If Yes) Please specify what other sources of finance you had considered (loans or grant funding).
 - ii. (If Yes) What led you to apply for the TBIS grant over these other sources of finance? (Closed question: Ease of process, Less risk, No repayment, Other (please specify))
8. As far as you can remember, when did you (Month and Year) ...
- a. First look into accessing support from TBIS?
 - b. Submit an expression of interest?
 - c. Receive the grant support?
 - d. Make the (first) investment?
9. (Do not display if public sector body, i.e. option f or g in question 2) On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you agree with the following statements prior to making the TBIS-supported investment?
- a. I/We had a sustainable business model
 - b. I/We had aspirations to grow the business
10. (Do not display if public sector body, i.e. option f or g in question 2) Can you please describe the ambitions for your business prior to applying for support?
- a. Was your business experiencing and/or planning for growth at the time?
 - b. What role did the TBIS investment have in any growth plan?
11. In the past, have you accessed capital support from other providers? (Yes/No)
- a. Grant assistance from other support schemes
 - b. Repayable finance from other support schemes or commercial lenders
12. (If Yes) Please explain what you used the capital support to invest in.
- a. In what year did you receive this capital support?

13. (Do not display if public sector body, i.e. option f or g in question 2) In the last financial year prior to receiving the grant from TBIS, what were your turnover and profit/loss?
- Turnover
 - Profit/loss
14. (Do not display if public sector body, i.e. option f or g in question 2) In the last financial year prior to receiving the grant from TBIS, how many people did you typically employ (i.e. total headcount) on average?
- FT
 - PT
15. (Do not display if public sector body, i.e. option f or g in question 2) In the last financial year prior to receiving the grant from TBIS, what percentage of your sales was to customers based in the following areas?
- In Wales
 - In the wider UK
 - Outside the UK but within the EU
 - Outside the EU
16. Before you received the grant from TBIS, what percentage of the timber you used was sourced from Wales?

Section 2: Application process

17. How satisfied were you with the application process?
- Very satisfied
 - Satisfied
 - Neither satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied
18. What were the challenges, if any?
19. Do you feel you had sufficient time to prepare the application?
- Yes
 - No
20. Please explain.
21. Did you receive support from Welsh Government to navigate the application process (e.g. FAQs, workshops through the Wales Rural Network, other communications to manage your queries, etc.)?
- Yes
 - No
 - Not sure
22. (If Yes) How useful was the support?

23. Would you have valued receiving any other support to help you navigate the application process?
- Yes
 - No
 - Not sure
24. (If Yes) What type of support would have been useful?
25. Did you receive the full amount of grant funds that you applied for?
- Yes
 - No
26. (If No) What were the reasons for not receiving the full amount you applied for?
- How did you respond to this? (Closed question: Get finance from elsewhere, Scale back the project, Delay part of it, Other (please specify))
27. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe the size of the grant was appropriate for your needs?
28. How satisfied were you with the following aspects of the grant support? (Scale: Very satisfied, Satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Very dissatisfied)
- Intervention rate – 40% (60% match funding)
 - Eligible costs and activities
 - Timescales of grant approval

Section 3: Support

29. Did you receive any ongoing support from Welsh Government following the grant award?
- Yes
 - No
 - Don't know
30. (If Yes) How useful was that support?
- Very useful
 - Useful
 - Fairly useful
 - Not very useful
 - Not at all useful
31. How did this ongoing support help you to make the changes/improvements you sought, if at all?
32. How satisfied have you been with the claims and monitoring process?
- Very satisfied
 - Satisfied
 - Neither satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied
33. What were the challenges, if any?

34. Which of the following areas did you use the grant funding for?
- a. Capital expenditure on buildings, comfort units, machinery and equipment, alongside associated installation costs
 - b. Working operations prior to the industrial sawing of wood
 - c. Costs related to the mobilising of wood
 - d. Small-scale industrial processing
 - e. Small-scale production of wood chips or pellets
 - f. Forest tree nursery technologies and mechanisms for production of nursing forest trees
 - g. Other

Section 4: Outcomes

35. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe you have achieved what you set out to achieve?
36. Can you please describe what additional activities the TBIS grant support has allowed you to do?
- a. To what extent have your business operations changed as a result of this support? Has the TBIS grant been used to replace one economic activity with another?
37. Has the TBIS investment led to any of the following changes in your business/organisation? (Yes, Not yet – but expecting impact, No)
- a. Bringing new woodlands into management
 - i. Follow-up – by how much?
 - ii. What type of woodlands was this, e.g. farm woodland?
 - b. Change in annual volume (tonnes) of timber produced
 - i. Follow-up – by how much?
 - c. More efficient/cost-effective processes
 - i. Follow-up – has it led to a reduction in cost?
 - ii. Is it possible to define the level of cost reduction (baseline and percentage change or actual value)?
 - d. Processes are less intensive/damaging to the environment
 - e. (Do not display if public sector body, i.e. option f or g in question 2) Entering new markets
 - i. Follow-up – which new markets have you accessed?
 - f. (Do not display if public sector body, i.e. option f or g in question 2) Growing existing markets
 - g. Developing new tree nursery operation
 - h. Reducing dangerous tree population/improving woodlands conditions

38. Can you please tell us about any environmental impacts from the investment made, if at all?
- Has it supported the increased supply and use of sustainable biomass?
 - Has it helped your businesses develop more environmentally sustainable practices?
39. Other than taking on new employees, has the scheme (and any growth / new activity generated from it) had any impact on the employment you provide at your business with regards to ... (Yes, Not yet – but expecting impact, No) (If Yes, please explain)
- Increasing salary?
 - Job security (e.g. avoiding zero hours, temporary contracts, hours of operation)?
 - The skills composition of your workers?
 - Other
40. Thinking about the investment made, what would have happened if you had not received the grant?
- I would not have made the capital investment at all
 - I would have made the investment but at a later date
 - I would have made a different/smaller-scale investment
 - I would have made a different/smaller-scale investment at a later date
 - I would have made the investment in exactly the same way
 - Other (please specify)
41. (If selected c or d) How much did you invest in new equipment facilities with the TBIS grant?
- How much do you think you would have invested without the support from TBIS?

(Do not display if public sector body, i.e. option f or g in question 2) GVA and economic impact section

42. On average, how many people did you employ (headcount) in the last financial year since receiving the TBIS support?
- FT
 - PT
43. What are your organisation's turnover and profit/loss for the latest financial year since receiving support from TBIS? If you have not yet completed a financial year, please estimate your business turnover in the current year.
- Turnover
 - Profit/loss
44. (If increased) To what extent (percentage) would you attribute that most recent change in turnover to the investment you made through TBIS?

45. On average, how many employees do you estimate would be on your payroll (i.e. total headcount) in the last financial year had you not received support through TBIS?
- The same
 - A higher number
 - A lower number
 - Don't know/not applicable
46. (If a higher or lower number selected) Approximately how many employees would you have had instead?
47. (If lower) In which of the following occupation categories are the staff that you now employ who would not be employed without support from TBIS?
- Elementary (e.g. general, warehouse and agricultural workers)
 - Process, plant and machine (e.g. machine operatives, assemblers, and forklift truck, train, and coach drivers)
 - Sales and customer service
 - Skilled trades (e.g. skilled agricultural, construction, metal and electrical trades)
 - Administrative and secretarial occupations (e.g. bookkeepers and office workers)
 - Technical and associate professional occupations (e.g. engineering technicians and IT support)
 - Professional occupations (e.g. scientists, architects, and IT specialists)
 - Chief executives and senior officials (e.g. division directors and production managers)
48. In the last financial year, what percentage of your sales was to customers based in the following areas?
- In Wales
 - In the wider UK
 - Outside the UK but within the EU
 - Outside the EU
49. To what extent (if at all) has the support through TBIS influenced the geographical markets that you are currently trading in?
- Not at all
 - To some extent
 - To a great extent
 - Don't know
50. For your last financial year, what was the approximate value of your purchasing of direct materials/components?

51. In the last financial year, approximately what proportion of your purchasing/expenditure was accounted for by suppliers from the following areas?
- Wales
 - The wider UK
 - Outside the UK but within the EU
 - Outside the EU
52. Approximately what percentage of your primary competitors are based in the following areas?
- In Wales
 - In the wider UK
 - Outside the UK but within the EU
 - Outside the EU

All respondents

53. Currently, what percentage of the timber you use is sourced from Wales?
54. (If received support after the COVID-19 outbreak in March 2020) On a scale of 1 to 5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent did COVID-19 affect your ability to use the grant support as intended?
- Please explain
55. Have any other issues, such as Brexit or rising costs, had an impact on your ability to use the grant support as intended?

Future potential

56. Do you expect the investment made as a result of the grant support to have an impact on your turnover and employment over the next year? (Yes/No)

If No, proceed to Section 5. If Yes:

57. In the next 12 months, do you expect your number of employees to ...
- Increase?
 - Decrease?
 - Stay the same?
 - Don't know
58. (If Increase) How many new employees do you expect to take on in the next 12 months?

59. Approximately what proportion of this change would you attribute to the support received from TBIS?
- a. None at all
 - b. 0–20%
 - c. 21–40%
 - d. 41–60%
 - e. 61–80%
 - f. 81–100%
 - g. All
60. In the next 12 months, do you expect your turnover to increase, decrease or stay the same?
- a. Increase
 - b. Decrease
 - c. Stay the same
 - d. Don't know
61. Roughly what level of turnover are you expecting or aiming towards in the next financial year?
62. What proportion of this annual increase in turnover, if any, would you attribute to the changes brought about as a result of the TBIS intervention?

Section 5: Close

63. Do you have anything to add on the support received through the grant?
64. As part of our Evaluation Report, we are looking to include some case studies to showcase the impact the TBIS grants have had on beneficiaries. Would you be happy for us to potentially include your business as one of those case studies?
- a. Yes
 - b. No
65. (If Yes) Would you be happy for us to give you a brief call to go through some further questions to inform our case studies? The call should take no more than 10 to 15 minutes of your time.
- a. Yes
 - b. No

Annexe D: Non-beneficiary Survey Questions (Telephone)

Section 1: Background information

1. Can you please provide the following details?
 - a. Your name
 - b. Your position within the company (RT to confirm that they are the most appropriate person to answer the questions, i.e. have knowledge about the project, its impact, and the company's financial details)
 - c. Name of your business
 - d. Your business postcode
2. What type of business do you operate?
 - a. Farm business
 - b. Tree nursery
 - c. Timber-harvesting company
 - d. Timber-processing company
 - e. Private forest owner
 - f. Local authority
 - g. Other public sector forest owner
 - h. Other (please specify)

Can you please tell us a little more about your business operations before accessing the TBIS grant support?

3. First, if you are a woodlands owner, can you please tell us about the amount of woodlands you owned/had in sustainable management? (Researcher to enter N/A if not a woodlands owner)
 - a. Area of woodlands owned (ha)
 - b. Area of woodlands in sustainable management (ha)
4. How did you find out about the grant support through the Timber Business Investment Scheme?
 - a. Welsh Government website
 - b. Social media
 - c. Rural Payments Wales
 - d. Newsletter
 - e. Word of mouth
 - f. Other (please specify)
5. How well known do you feel the scheme is amongst timber businesses in Wales (1 = 'Not known at all' and 5 = 'Very well known')?
6. What were your main reasons for applying for the grant from TBIS? (Open question, coded using the following framework)
 - a. Bringing accessible woodlands into management
 - b. Increasing capacity and output to meet demand
 - c. Diversification / accessing new markets
 - d. Improving woodland/conditions

- e. Efficiencies/innovation to reduce costs
 - f. Switching to lower-carbon technologies
 - g. Protecting the woodland, e.g. less intensive equipment
 - h. Growing the business
 - i. Increasing/safeguarding employment
 - j. Increasing safety
 - k. Growing more trees
 - l. Dealing with ash trees affected by chalara
 - m. Other
7. Were there financial constraints that prevented you from making the investment without grant assistance? (Yes/No)
- a. (If Yes) What were these?
 - b. (If No) Please explain why you could not have made the investment without grant assistance from TBIS.
 - c. (If Yes) Did you seek other potential sources of finance, e.g. loans/other grant funding?
 - i. (If Yes) Please specify what other sources of finance you had considered (loans or grant funding).
 - ii. (If Yes) What led you to apply for the TBIS grant over these other sources of finance? (Closed question: Ease of process, Less risk, No repayment, Other (please specify))
8. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you agree with the following statements prior to expressing an interest/applying for TBIS support?
- a. I/We had a sustainable business model
 - b. I/We had aspirations to grow the business
9. In the past, have you accessed capital support from other providers? (Yes/No)
- a. Grant assistance from other support schemes
 - b. Repayable finance from other support schemes or commercial lenders
10. (If Yes) Please explain what you used the capital support to invest in.
- a. In what year did you receive this capital support?
11. How many people did you typically employ (total headcount) and what was your estimated turnover in the last financial year before you expressed an interest/applied for TBIS support?
- a. No. of staff (FT/PT)
 - b. Turnover

Section 2: Experience of engaging with TBIS

12. Do you remember roughly when you applied/expressed an interest in receiving TBIS support? (Month/Year)

13. Why did you not receive grant support from TBIS?
- The application was unsuccessful
 - We no longer needed to purchase the capital items
 - We identified a more suitable source of funding
 - We were able to make the investment on our own
 - The application process was too difficult/time-consuming
 - Other
14. Please explain.
15. How satisfied were you with the application process?
- Very satisfied
 - Satisfied
 - Neither satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied
16. What were the challenges, if any?
17. Do you feel you had sufficient time to prepare the application?
- Yes
 - No
18. Please explain.
19. Did you receive support from Welsh Government to navigate the application process (e.g. FAQs, workshops through the Wales Rural Network, other communications to manage your queries, etc.)?
- Yes
 - No
 - Not sure
20. (If Yes) How useful was the support?
21. Would you have valued receiving any other support to help you navigate the application process?
- Yes
 - No
 - Not sure
22. (If Yes) What type of support would have been useful?
23. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe the size of the grant was appropriate for your needs?
24. How satisfied were you with the following aspects of the grant support? (Scale: Very satisfied, Satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Very dissatisfied)
- Intervention rate – 40% (60% match funding)
 - Eligible costs and activities
 - Timescales of grant approval

Section 3: Impact on investment decisions

25. Have you invested in capital items since withdrawing/being unsuccessful with your TBIS application?
 - a. Yes
 - b. No
26. (If Yes) Have you purchased the same capital items that you planned on using the TBIS funding for?
 - a. Yes
 - b. No
27. (If No) Were the capital items you purchased more or less expensive than what you had planned with the TBIS support?
 - a. More expensive
 - b. Less expensive
 - c. About the same
28. (If More/Less Expensive) How much did you **plan** on investing in capital items **with** support from TBIS?
29. (If More/Less Expensive) How much did you **actually** invest in capital items **without** the TBIS support?
30. (If No to question 26) Were the capital items you purchased more or less useful and effective?
 - a. More useful/effective
 - b. Less useful/effective
 - c. About the same
31. (If selected More or Less Effective) Can you please explain?
32. (If Yes to question 25) Did it take more or less time for you to make the investment without TBIS support?
 - a. More time
 - b. Less time
 - c. About the same
33. (If selected More or Less Time) When did you make the investment? (Month/Year)
34. Thinking about the reasons you wanted TBIS funding to invest in capital items, to what extent have you been able to achieve those objectives without TBIS support? (Scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent')
35. Please explain what difference, if any, the lack of TBIS support has made to your business.
 - a. What difference has it made with regards to any plans for growth / accessing new markets?
 - b. What difference has it made with regards to developing more efficient and/or environmentally friendly processes?

Section 4: Close

36. How many people do you now employ (headcount) and what is your organisation's turnover for the latest financial year since applying for support from TBIS? If you have not yet completed a financial year, please estimate your business turnover in the current year.
- a. No. of staff (FT/PT)
 - b. Turnover
37. What type of support would best address your needs going forward?
38. Do you have any further comments?

Annexe E: Non-beneficiary Survey Questions (Online)

Section 1: Background information

1. Can you please provide the following details?
 - a. Your name
 - b. Your position within the company
 - c. Name of your business
 - d. Your business postcode
2. What type of business do you operate?
 - a. Farm business
 - b. Tree nursery
 - c. Timber-harvesting company
 - d. Timber-processing company
 - e. Private forest owner
 - f. Local authority
 - g. Other public sector forest owner
 - h. Other (please specify)
3. How did you find out about the grant support through the Timber Business Investment Scheme?
 - a. Welsh Government website
 - b. Social media
 - c. Rural Payments Wales
 - d. Newsletter
 - e. Word of mouth
 - f. Other (please specify)
4. How well known do you feel the scheme is amongst timber businesses in Wales (1 = 'Not known at all' and 5 = 'Very well known')?
5. What were your main reasons for applying for the grant from TBIS?
 - a. Bringing accessible woodlands into management
 - b. Increasing capacity and output to meet demand
 - c. Diversification / accessing new markets
 - d. Improving woodland/conditions
 - e. Efficiencies/innovation to reduce costs
 - f. Switching to lower-carbon technologies
 - g. Protecting the woodland, e.g. less intensive equipment
 - h. Growing the business
 - i. Increasing/safeguarding employment
 - j. Increasing safety
 - k. Growing more trees
 - l. Dealing with ash trees affected by chalara
 - m. Other

6. Were there financial constraints that prevented you from making the investment without grant assistance? (Yes/No)
 - a. (If Yes) What were these?
 - b. (If No) Please explain why you could not have made the investment without grant assistance from TBIS.
 - c. (If Yes) Did you seek other potential sources of finance, e.g. loans/other grant funding?
 - i. (If Yes) Please specify what other sources of finance you had considered (loans or grant funding).
 - ii. (If Yes) What led you to apply for the TBIS grant over these other sources of finance? (Closed question: Ease of process, Less risk, No repayment, Other (please specify))
7. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you agree with the following statements prior to expressing an interest/applying for TBIS support?
 - a. I/We had a sustainable business model
 - b. I/We had aspirations to grow the business
8. In the past, have you accessed capital support from other providers? (Yes/No)
 - a. Grant assistance from other support schemes
 - b. Repayable finance from other support schemes or commercial lenders
9. How many people did you typically employ (total headcount) and what was your estimated turnover in the last financial year before you expressed an interest/applied for TBIS support?
 - a. No. of staff (FT/PT)
 - b. Turnover

Section 2: Experience of engaging with TBIS

10. Do you remember roughly when you applied/expressed an interest in receiving TBIS support? (Month/Year)
11. Why did you not receive grant support from TBIS?
 - a. The application was unsuccessful
 - b. We no longer needed to purchase the capital items
 - c. We identified a more suitable source of funding
 - d. We were able to make the investment on our own
 - e. The application process was too difficult/time-consuming
 - f. Other
12. Please explain.

13. How satisfied were you with the application process?
- Very satisfied
 - Satisfied
 - Neither satisfied nor dissatisfied
 - Dissatisfied
 - Very dissatisfied
14. What were the challenges, if any?
15. Do you feel you had sufficient time to prepare the application?
- Yes
 - No
16. Please explain.
17. Did you receive support from Welsh Government to navigate the application process (e.g. FAQs, workshops through the Wales Rural Network, other communications to manage your queries, etc.)?
- Yes
 - No
 - Not sure
18. Would you have valued receiving any other support to help you navigate the application process?
- Yes
 - No
 - Not sure
19. On a scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent', to what extent do you believe the size of the grant was appropriate for your needs?
20. How satisfied were you with the following aspects of the grant support? (Scale: Very satisfied, Satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Very dissatisfied)
- Intervention rate – 40% (60% match funding)
 - Eligible costs and activities
 - Timescales of grant approval

Section 3: Impact on investment decisions

21. Have you invested in capital items since withdrawing/being unsuccessful with your TBIS application?
- Yes
 - No
22. (If Yes) Have you purchased the same capital items that you planned on using the TBIS funding for?
- Yes
 - No

23. (If No) Were the capital items you purchased more or less expensive than what you had planned with the TBIS support?
- More expensive
 - Less expensive
 - About the same
24. (If More/Less Expensive) How much did you **plan** on investing in capital items **with** support from TBIS?
25. (If More/Less Expensive) How much did you **actually** invest in capital items **without** the TBIS support?
26. (If No to question 26) Were the capital items you purchased more or less useful and effective?
- More useful/effective
 - Less useful/effective
 - About the same
27. (If selected More or Less Effective) Can you please explain?
28. (If Yes to question 25) Did it take more or less time for you to make the investment without TBIS support?
- More time
 - Less time
 - About the same
29. (If selected More or Less Time) When did you make the investment? (Month/Year)
Thinking about the reasons you wanted TBIS funding to invest in capital items, to what extent have you been able to achieve those objectives without TBIS support?
(Scale of 1–5, where 1 is 'Not at all' and 5 is 'To a great extent')

Section 4: Close

30. How many people do you now employ (headcount) and what is your organisation's turnover for the latest financial year since applying for support from TBIS? If you have not yet completed a financial year, please estimate your business turnover in the current year.
- No. of staff (FT/PT)
 - Turnover
31. Do you have any further comments?

Annexe F: Theory of Change for TBIS

Rationale: The rationale behind the scheme is to use targeted investment to provide opportunities for timber businesses to grow, to improve the condition of woodlands in Wales, and to bring inaccessible woodlands into management. A significant proportion of woodlands in Wales is unmanaged or undermanaged, often due to its inaccessibility, and thus requires different types of machinery for sustainable production. There is strong synergy with key WG policy objectives with regard to growing more trees and the types of environmental benefits that growing the timber industry can provide.

Inputs →	Activities →	Outputs →	Outcomes →	Impacts
<ul style="list-style-type: none"> £7,015,663.00 invested Knowledge, contacts and experience of scheme staff Knowledge and experience of participants 	<ul style="list-style-type: none"> Promotion of the scheme Application windows and appraisal Capital investment support for businesses Ongoing scheme administration (including monitoring, reporting, ongoing support, etc.) 	<ul style="list-style-type: none"> Increased awareness of the support available No. of operations supported Area of woodlands supported Businesses access support for the first time Businesses take time to consider and plan efficiency improvements Businesses acquire more efficient equipment No. of projects focused on addressing trees infected with chalara No. of projects focused on previously inaccessible woodlands Jobs created/safeguarded? Increased contribution to the Cross-Cutting Themes/objectives? No. of projects focused on adding value/diversification 	<ul style="list-style-type: none"> Change in volume (tonnes) of timber produced year on year Increase in hectares of woodlands supported (including farm woodlands) Processors source more of their material from Welsh businesses Increase in turnover No. of businesses entering new markets More efficient practices introduced No. of businesses that report efficiencies and/or cost savings No. of businesses that report that their processes have become less intensive No. of new nurseries established / new entrants to the timber industry Reduction in dangerous tree population Increase in carbon stocks and carbon abatement Farmers/landowners diversify their revenue streams to incorporate timber Increase in the range of businesses supported Jobs created and safeguarded Businesses provide better jobs Increased carbon capture More businesses use Welsh timber 	<ul style="list-style-type: none"> Increased production in Wales Undermanaged woodlands either are brought under management or have their management processes improved Retaining more of the supply chain value within Wales The scheme provides a positive return on investment Higher-value timber industry with higher-value jobs, making a greater contribution to the Welsh economy Increased understanding of the value of timber Environmental benefits from a greater supply of raw material for bio-based industries Flora and fauna benefits from improving habitats for animals and plants

Assumptions

- The intervention will achieve the desired outcome
- Capital support is needed for woodlands to be better managed and to bring new woodlands into management
- Woodlands currently on farmland will not produce high-quality material
- Businesses would not have been able to undertake this activity without grant support
- Businesses will use the fund to innovate, rather than replacing existing capabilities
- The data provided in applications are accurate
- Measurement of outcomes is reliable and accurate (particularly self-reported data)
- Support on small-scale projects will lead to wider macro-level growth
- Timescales and funding are appropriate to have the desired effect
- Existing support is insufficient to address the needs within the sector
- Businesses have the capacity to effectively engage with the schemes

Barriers (and risks)

- Lack of awareness/poor understanding of the support available
- Lack of support to help businesses to develop applications (particularly businesses that lack experience of the process)
- Grants are dominated by larger, more experienced organisations, thus limiting the opportunity of accessing new, small woodlands
- Match-funding requirements are too demanding
- Businesses may apply for support that do not necessarily need it
- Inflation can impact the prices of equipment after funding has been agreed
- The time lag between applications and receiving funds leads to lost opportunities
- Better machinery and equipment may reduce the need for labour, thus adversely affecting the workforce
- COVID-19 social-distancing measures and lockdowns affecting delivery
- External challenges, e.g. Brexit, COVID-19, and inflation, mean that businesses have to focus on survival, and affect the ability to assess growth
- Environmental interventions can take time to see benefits

Enablers

- High demand from eligible businesses
- Application process ensures innovation and appropriateness
- Growing financial pressures have forced some businesses to consider how they can innovate and grow
- Effective marketing and promotional activity to engage businesses in support
- Support with writing applications
- New innovative technology available to improve efficiency
- Effective administration to ensure that the process of approving grants is as quick and seamless as possible
- Flexibility to acknowledge the impact of external factors such as COVID-19, Brexit, and inflation

Annexe G: Evaluation Framework for TBIS

Evaluation Questions	Judgement Criteria	Indicators	
		Quantitative (Outputs and Results)	Qualitative Sources
<p>1. How effectively was the EOI, application and appraisal process implemented?</p> <p>a. Were there any barriers/challenges faced during the application and appraisal process?</p>	<ul style="list-style-type: none"> • Analysis of MI data on claims, appraisal, and budget allocation • Feedback from applicants and the delivery team • Assessment of the appropriateness of projects selected 	<ul style="list-style-type: none"> • % of budget that was allocated • No. of applications that were ineligible • Applicants' satisfaction with the process 	<ul style="list-style-type: none"> • Comments from applicants and the delivery team on the process and challenges, e.g. short notice period, delays, and complexity
<p>2. What is the level of engagement with beneficiaries and potential applicants? How effective were these processes?</p> <p>a. What is the sectoral composition of businesses that have engaged with TBIS?</p> <p>b. What are the routes in that beneficiaries have used to engage with the scheme?</p> <p>c. Have the successful applicants/beneficiaries been involved in any other RDP schemes?</p>	<ul style="list-style-type: none"> • MI on participant profile • MI on projects supported • Feedback from applicants on how they became aware and the drivers to participate • Beneficiary feedback on involvement in other schemes • Delivery team feedback 	<ul style="list-style-type: none"> • % of participants becoming aware through different engagement routes • % of participants who have been involved in other RDP schemes • Types of projects supported (e.g. focus areas, activity) 	<ul style="list-style-type: none"> • Delivery team feedback on the appropriateness of beneficiaries recruited and the effectiveness of engagement • Feedback on motivations to participate

		Indicators	
Evaluation Questions	Judgement Criteria	Quantitative (Outputs and Results)	Qualitative Sources
<p>3. How effectively has the scheme been designed, administered and coordinated, including the claims process, monitoring systems, communications, and the availability of support post-award?</p> <p>a. Are the size of the grant and other design aspects appropriate?</p> <p>b. Are existing monitoring arrangements fit for purpose?</p> <p>c. How easy was the claims process?</p> <p>d. How effective is the system of communication between WG officials, TBIS stakeholders, and scheme applicants/beneficiaries? Does this facilitate timely and accessible information exchange?</p> <p>e. What support is available post-award?</p> <p>f. How suitable were the targets set for the scheme? Do they remain appropriate, taking into account the current economic conditions?</p>	<ul style="list-style-type: none"> • Feedback from beneficiaries and the delivery team • Assessment of achievement against the delivery profile 	<ul style="list-style-type: none"> • % of beneficiaries satisfied with the claims and monitoring processes • % of beneficiaries satisfied with the communications and support post-award • % of beneficiaries satisfied with the size of the grant • % of beneficiaries satisfied with the intervention rate • % of KPI targets achieved 	<ul style="list-style-type: none"> • Comments from beneficiaries on the nature of any support received post-award • Comments from beneficiaries on any challenges that they faced post-award • Comments from the delivery team and stakeholders on design aspects • Comments from the delivery team on the effectiveness of the delivery processes

Evaluation Questions	Judgement Criteria	Indicators	
		Quantitative (Outputs and Results)	Qualitative Sources
<p>4. To what extent has TBIS met the targets set for the scheme?</p> <p>a. To what extent has TBIS contributed to the supply and use of renewable energy sources of energy, of by-products, wastes, residues, and other non-food raw material for purposes of the bio-economy?</p> <p>b. To what extent has TBIS supported the diversification, creation and development of small enterprises and job creation?</p>	<ul style="list-style-type: none"> • Analysis of MI data on achievement against the delivery profile • Feedback from beneficiaries and the delivery team • The supply of renewable energy has increased and the use of renewable energy has increased • Small enterprises have been created • Small enterprises have diversified their economic activity • Jobs have been created 	<ul style="list-style-type: none"> • No. of operations supported • Area of woodlands supported • Increase in biomass produced as a result of the project • Jobs created and safeguarded • No. of projects focused on addressing trees infected with chalara • No. of projects focused on accessing previously inaccessible woodlands • No. of projects focused on adding value/diversification • % of KPI targets achieved 	<ul style="list-style-type: none"> • Comments from the delivery team on reasons for meeting/failing to meet delivery targets

Evaluation Questions	Judgement Criteria	Indicators	
		Quantitative (Outputs and Results)	Qualitative Sources
<p>5. What has been the overall impact of the TBIS (with particular consideration for any economic and environmental impacts of the scheme)?</p> <p>a. To what extent has the scheme supported rural economic development?</p> <p>b. What has been the impact on the economic performance of participating businesses?</p> <p>c. To what extent has the scheme supported the increased supply and use of sustainable biomass?</p> <p>d. To what extent has the scheme supported increased sustainable management of forest and woodlands?</p> <p>e. To what extent has there been a shift in participating business practices that are more environmentally sustainable?</p> <p>f. To assess the overall impact of support against non-support (e.g. a counterfactual assessment of non-successful applicants).</p>	<ul style="list-style-type: none"> • Feedback from beneficiaries, processors, stakeholders, and the delivery team • Compare changes (e.g. production, practices and growth) between beneficiary and comparison groups • Increased awareness of the support available • Assess secondary data held by local authorities on tree surveys (if possible) 	<ul style="list-style-type: none"> • No. of businesses accessing support for the first time • Change in volume (tonnes) of timber and biomass produced year on year • Increase in hectares of woodlands supported • Processors source more of their material from Welsh businesses • Increase in turnover • No. of beneficiaries that have entered new markets • No. of new nurseries established / new entrants to the timber industry • More efficient practices introduced • No. of beneficiaries that report efficiencies and/or cost savings • No. of beneficiaries that report that their processes have become less intensive • Reduction in dangerous tree population 	<ul style="list-style-type: none"> • Information from beneficiaries about the quality of jobs created or improvements to existing workforce pay and conditions as a result of the support • Comments from stakeholders and the delivery team on the overall impact

Evaluation Questions	Judgement Criteria	Indicators	
		Quantitative (Outputs and Results)	Qualitative Sources
6. What has been the overall value for money (VfM) of the scheme?	<ul style="list-style-type: none"> Comparison of economic impact (increase in sales and cost reductions) against scheme expenditure to calculate the return on investment 	<ul style="list-style-type: none"> Sales attributed to the TBIS grant Cost savings from efficiencies 	<ul style="list-style-type: none"> Comments from beneficiaries on why they attribute any economic impacts to the scheme
7. To what extent does the scheme align with other support services and WG/EU strategic objectives? <ol style="list-style-type: none"> To what extent has TBIS successfully addressed the three CCTs and the strategic objectives within Cymraeg 2050? To what extent has TBIS addressed the European Commission's cross-cutting objectives? Is the TBIS consistent with the aims of the WBFGA and other relevant WG strategic policy objectives? 	<ul style="list-style-type: none"> Review of scheme impacts against policy objectives Assess gender distribution of jobs created/safeguarded and any Welsh-speaking roles Assessment of environmental benefits and workforce conditions 	<ul style="list-style-type: none"> % of roles supported that are female % of roles supported that are Welsh-speaking No. of beneficiaries that report that their processes have become less intensive Reduction in dangerous tree population Increase in biomass produced as a result of the project 	<ul style="list-style-type: none"> Information from beneficiaries about the quality of jobs created or improvements to existing workforce pay and conditions as a result of the support
8. What lessons learnt and recommendations for the current scheme can be provided from the assessment and evaluation of TBIS?	<ul style="list-style-type: none"> Assessment of impacts and delivery performance alongside suggested changes 	<ul style="list-style-type: none"> Analysis of impacts and satisfaction data to identify areas for improvement 	<ul style="list-style-type: none"> Feedback from the delivery team and beneficiaries on strengths and areas for improvement regarding design and delivery