

**Maintaining and extending
market access for UK
timber from small and/or
low intensity managed
(SLIM) woodlands**

Final report

April 2008

ProForest Ltd.
South Suite
Frewin Chambers
Frewin Court
Oxford
OX1 3HZ
Telephone
+44 (0)1865 243439
Email
info@proforest.net
Website
www.proforest.net

Executive Summary

The UKWAS Steering Group commissioned this independent report to identify and recommend what actions might be taken by parties *other than the UKWAS Steering Group*, in supporting access to SFM-sensitive markets for SLIM woodland owners and managers.

Specifically, the terms of reference for the project divided the work into three tasks:

Task 1: Mapping of regulatory and certification processes. Are there opportunities for improved alignment?

Task 2: Identification and assessment of other possible routes to market. Are there other ways in which SLIM woodland owners can access 'SFM-sensitive' markets?

Task 3: Blue sky thinking. Are there other ways forward?

The report (section 3) presents an analysis of the existing regulatory framework in the UK together with the certification requirements themselves, in order to identify where there may be opportunities to streamline the processes involved. This work has built on the findings from the Forestry Commission's previous certification pilot project, and aims to identify practical actions that can be taken to maximise synergies between regulatory and certification activities.

Other potential market based solutions to the problem of improving market access for owners and managers of SLIM woodlands are considered (section 4). There are two main ways in which timber from well managed SLIM woodlands could be recognised as acceptable without the woodland owner having to invest in a potentially costly certification process. These are: material from un-certified SLIM woods being recognised as 'controlled' or 'non-controversial' wood, and therefore accepted by certified timber processors as part of a certified mixed product; material from un-certified SLIM woods being recognised as compliant with 'category B' requirements under government procurement guidelines. The report aims to consider how woodland owners and managers can demonstrate compliance with these requirements, and identify approaches to maintain or extend access to relevant markets.

The findings from the analysis enable a range of potential actions to be identified (section 5), through which market access for wood from SLIM woodlands to SFM sensitive markets can be extended:

- Actions which could better integrate current regulatory and certification procedures.
- Other actions to reduce costs and encourage certification uptake.
- Actions to promote access to SFM-sensitive markets for uncertified products.

Recommendations are then summarised (section 6).

Table of contents

1.	Introduction	4
1.1.	Background to the project	4
1.2.	Introduction to the project	5
2.	Methodology	6
3.	Mapping the regulatory and certification processes	7
3.1.	Mapping the regulatory framework	7
3.2.	UK Forestry Standard 2008 Revision.....	12
3.3.	Mapping the Certification Framework.....	14
3.4.	Opportunities for Integration and Improved Alignment	17
4.	Other routes to market for UK timber	19
4.1.	FSC Controlled Wood.....	19
4.2.	PEFC non-controversial sources	21
4.3.	Access to market for uncertified material using Category B evidence.....	22
4.3.1.	Requirements for Category B evidence.....	22
4.3.2.	Meeting Category B requirements for legality.....	23
4.3.3.	Meeting category B requirements for sustainability	23
4.3.4.	Meeting UK Government procurement policy with category B evidence from 2009.....	25
5.	Identification of actions for the major actors	26
5.1.	Identifying the Challenge.....	26
5.2.	Enhancing Access to SFM Sensitive Markets	27
5.2.1.	Opportunities for regulatory and certification alignment	27
5.2.2.	Reducing costs and Encouraging SLIM Woodland Certification.....	28
5.2.3.	Access to SFM sensitive markets for uncertified products.....	33
6.	Summary of recommendations	35
	Appendix 1: Project Brief	39
	Appendix 2: FSC Controlled Wood	43
	Appendix 3: PEFC Non-controversial Sources.....	47

1. Introduction

1.1. Background to the project

The second edition of the UK Woodland Assurance Standard (UKWAS) was launched in November 2006 following an open and inclusive revision process.

Throughout its development, the UKWAS stakeholders have endeavoured to minimise the burden of certification, especially for owners and managers of smaller woodlands. However, there remains a widespread perception that the UKWAS requirements are a barrier to certification and the Forest Stewardship Council (FSC) made making further special provision for 'small and / or low intensity managed' woodlands a condition of its approval of the standard.

In order to address this concern, the UKWAS Steering Group established a Small Woods Task Group (SWTG) and its recommendations were considered and adopted by the Steering Group on 22nd November 2007.

In consequence:

- The current UKWAS 'small woodland' category is expanded to 'small and / or low intensity managed woodland' ('SLIM woodland'). The current size definition of a 'small woodland' as an individual wood of 100 hectares or under is retained and 'low intensity managed woodland' is defined by adopting the FSC's criteria. Opportunities will also be taken to better cater for 'very small' woods of up to 10 hectares.
- A Drafting Group is adapting the UKWAS text by making those alterations necessary to fulfil the FSC's requirements and a SLIM woodland version of the UKWAS standard will be prepared and released in *pdf* format. In addition, a "SLIM Woodland Toolkit" will be established on the UKWAS website to provide further advice & guidance.

The UKWAS Steering Group recognises that its remit is limited to defining a certification standard but that other parties might also be able to take actions in support of SLIM woodland owners and managers. The Steering Group therefore commissioned this independent report to identify and recommend what actions might be taken by parties *other than the UKWAS Steering Group* such as government (Forestry Commission and NI Forest Service), the certification organisations themselves and bodies representing woodland owners and managers. The recommended terms of reference have been adopted as the brief for this project (see Appendix 1).

There are two further important factors relating to the scope of the terms of reference, which require some elaboration:

- Firstly, the project is focused very clearly on SLIM woodlands. It is possible that many of the recommendations relating to market access will also be applicable to larger scale forest managers, although an assumption has been made that this

project is specifically seeking to address issues arising from the current barriers to certification for SLIM woodland owners/managers.

- Secondly, this project is concerned with the identification of options for maintaining and extending access to markets, specifically where those markets are considered as 'SFM-sensitive', that is where some form of evidence is required that the products originate from well managed forests.

The main elements that are currently applicable in SFM-sensitive UK markets are:

- Independent forest certification using the UKWAS standard.
- Interpretation of FSC Controlled Wood and PEFC non-controversial source requirements.
- UK Government timber procurement policy, and potentially the role of the UK Forest Standard (UKFS) and associated Guidelines in demonstrating compliance with this.

Crucially, all of these are in a state of flux at present, which provides a challenge and a clear opportunity for influencing outcomes.

1.2. Introduction to the project

The terms of reference for the project divided the work into three tasks, as noted here together with a brief introduction to the approach for each.

Task 1: Mapping of regulatory and certification processes. Are there opportunities for improved alignment?

This required detailed consideration of the existing regulatory framework in the UK, and the applicable certification processes. This mapping process enabled the identification of areas where equivalent or overlapping requirements are duplicated and there is scope to standardise or better align approval mechanisms used by government and certification schemes. The aim of this approach was to highlight opportunities to reduce the burden on the woodland owner/manager, in terms of time or money spent preparing documentation or applying for grants and licences, and thereby reduce the overall barrier to certification.

Task 2: Identification and assessment of other possible routes to market. Are there other ways in which SLIM woodland owners can access 'SFM-sensitive' markets?

While there may be ways in which *access to certification* may be improved by streamlining the processes with other regulatory mechanisms, certification is still likely to remain difficult for small woodland owners. Furthermore, there is a concern that efforts to promote the purchasing of sustainable timber may effectively prevent these woodland owners from accessing markets in future.

Therefore, the second task is to consider the ways in which SLIM woodland owners can gain (or maintain) access to markets for sustainable timber even if they are not able or are unwilling to pursue voluntary certification against the UKWAS standard.

This task required detailed consideration of the requirements and minimum standards for SFM that are set by the government and by certification schemes, for non-certified wood to enter certified or approved supply chains.

Task 3: Blue sky thinking. Are there other ways forward?

Certification against the UKWAS standard is only one way of demonstrating improved woodland management in the UK, and one that has proved relatively unattractive to those managing SLIM woods. SLIM woodland owners/managers may not pursue certification despite efforts to adjust the requirements of the standard and the certification process, and to make certification cheaper for these owners. Therefore, the final section of this report aims to take a broader, strategic view. It focuses on:

- What other ways are there to improve access to certification and/or to reduce the burden (to the owner/manager) of the certification process? What are the relative advantages and disadvantages of the identified options?
- What other practical approaches will achieve and demonstrate broadly equivalent levels of good management in a larger number of SLIM woods? What are the practical implications and relative advantages and disadvantages of the various additional options?

This report

This report presents an outline of the methodology followed (section 2), the outcomes of the regulatory and certification process mapping (section 3) the outcomes of the analysis of other routes to SFM-sensitive markets (section 4), and a set of recommendations (section 5) for each of the major actors, including the UKWAS Steering Group, the certification schemes, forest owners' representative bodies and relevant Government regulatory bodies.

2. Methodology

Research for the report has been in the form of documentation review, together with semi-structured interviews with stakeholders within the government forestry authorities, the certification schemes and the certification bodies. Interviews were important to bring together information about the regulatory framework, the development of the UKFS, and the application of the certification standards in practice

The report was produced through a series of internal team discussions and iterative drafts. An outline of the report was initially reviewed by the project steering group, following which two full draft versions were reviewed by the group. Comments and suggestions from each review were incorporated following internal discussions within the project team.

3. Mapping the regulatory and certification processes

The first aspect (Task 1) required an analysis of the existing regulatory framework in the UK together with the certification requirements themselves, in order to identify where there may be opportunities to streamline the processes involved.

This work has built on the findings from the Forestry Commission's previous certification pilot project, and aims to identify practical actions that can be taken to maximise synergies between regulatory and certification activities.

The main elements of this task are:

- Mapping the regulatory process (or chain) and identifying the requirements in each UK country (section 3.1 below). This involved an analysis of published documentation augmented by telephone interviews with the FC and NIFS managers responsible for regulatory work.
- Mapping the certification process, or chain (section 3.3 below). This involved a description of the FSC and PEFC certification process in the UK, with particular reference to SLIM woods. This involved identifying the bodies (owners/managers, FC/NIFS, FSC/PEFC, certification bodies, group managers, etc) responsible for each step in these processes.
- Identifying the effectiveness of the current arrangements for each step, with a specific focus on opportunities for integration and improved alignment, and the bodies which are best placed to act (section 3.4 below). An assessment is made of the potential benefits (and possibly disbenefits) associated with these opportunities.

3.1. Mapping the regulatory framework

Background

Regulatory powers for forestry in Great Britain are primarily exercised by the Forestry Commission (FC) under the 1967 Forestry Act. In Northern Ireland, the Forest Service, an executive agency within the Department of Agriculture and Rural Development (DARD), performs an equivalent role under the Forestry Act (Northern Ireland) 1953. Since devolution, forestry policy in England, Scotland, Wales and Northern Ireland has been the responsibility of the respective administrations. However the UK Forestry Standard, linked to international commitments, provides a common basis for forestry policy and sustainable forestry practice. The forestry strategies published by each administration set out the priorities and programmes in each country. Details of grant support for the forestry programmes, including EU co-financing, are contained in the respective Rural Development Programmes.

Tree Felling and Replanting

Great Britain

Under the Forestry Act it is illegal to fell more than 5m³ of timber per calendar quarter in Great Britain without prior approval, with some minor exceptions, for example dead or diseased trees. Tree felling for the immediate purpose of carrying out approved development comes under the control of the local planning authority: these authorities can also place Tree Preservation Orders on trees and woodland, and designate Conservation Areas in which the approval of the authority is required for felling and pruning.

In Great Britain the FC regulates felling in private and state owned woodland through the issue of felling licences which normally allows for felling to take place over a period of up to 5 years ahead. Where felling is involved other than thinning, the licence is often conditional on restocking. Where required replanting or regeneration does not take place, or where felling takes place without a licence, the FC is empowered to take enforcement action. Felling licences are often linked to grant schemes (see below) including long term forest plans, but in all cases a felling licence is issued. As an indication, the numbers of felling licences issued in England in 06/07 were as follows:

Type of licence	Number Issued	Volume (m3)
Conditional (normally involving clear-felling and replanting)	885	1,006,172
Unconditional (normally for thinning)	1,073	1,335,248
Associated with a grant scheme	724	unrecorded

Northern Ireland

In Northern Ireland, policy is that areas felled will be replanted or naturally regenerated, except where felling is allowed for environmental improvement or to enable development authorised under planning regulations. However there is at present no requirement to notify the Department when felling is taking place in order to safeguard the area under forest, or to control the composition of regenerating woodland.

Procedures for consultation

In Great Britain, before issuing a felling licence, or approving a grant scheme that involves felling, aside from thinning, the FC enters a proposal on a Register of New Planting and Felling. This register is available on the FC website, and can also be viewed by the public in local FC offices and local authority offices. Local authorities and other statutory bodies may be sent details of proposals, as set out in agreed consultation and notification procedures. The FC take into account any comments received in reaching a decision and on very rare occasions cases may be referred to Regional Advisory Committees and Ministers. These procedures do not negate requirements for owners to consult with statutory agencies in certain circumstances,

for example cases which involve SSSIs or SAMs. There are no formal consultation procedures in Northern Ireland.

Grants for Woodland Planning and Management

Grants supporting woodland management are available in all four countries as part of the package of measures contained in the respective Rural Development Programmes. Their significance, in relation to this report, lies in the way they can support sustainable woodland management and ease the path to woodland certification. Grant packages differ between the countries and are currently in a state of transition as the new (2007-2013) Rural Development Programmes are approved and introduced: the following paragraphs briefly outline the situation in each country.

England

In England, the following FC grants are available for existing woodlands:

- Woodland Assessment Grant (WAG): for specialist survey work in woods with particularly high environmental values, underpinning the preparation of a management plan.
- Woodland Planning Grant (WPG): for the preparation of a management plan with requirements closely linked to UKWAS. Can incorporate felling approval for the work identified in the plan.
- Woodland Management Grant (WMG): an annual payment (over a 5 year period) for work to provide and sustain higher quality public benefits (access and improved biodiversity) in priority woodlands. Woodlands over 30 hectares must be certified to receive WMG.
- Woodland Improvement Grant (WIG): for work in woods to create, enhance and sustain public benefits.
- Woodland Regeneration Grant (WRG): supporting desirable change in woodland composition through natural regeneration and restocking after felling.

Grants are also available for the management of small farm woodlands under Natural England's Environmental Stewardship Scheme.

Scotland

In Scotland, forestry grants will be part of an integrated rural support system termed Rural Development Contracts. Details of the package of grants available under the Scottish RDP have still to be finalised but it is expected that they will include woodland improvement grants, which will include payments for the preparation of forest plans, and forest environment payments. The FC will continue to deal with forestry related grant applications and will continue to have regulatory responsibility, including the issuing of felling licences.

Wales

In Wales, grants are paid through the Better Woodlands for Wales (BWW) scheme. Applications have to be made by approved management planners and a forest

management plan is an essential pre-requisite for BWW grants. The following grants are currently available for existing woodlands:

- Management Plan Preparation Grant: provides help towards the cost of using a management planner to prepare a foundation report and a management plan which meets UKWAS requirements. The plan incorporates felling consent but a felling licence is still issued.
- Replanting Grants: available for the replanting of all types of woodland with higher rates for PAWS.
- Woodland Improvement Grants: to help bring the woodland back into management, enhance environmental values and provide recreational and educational facilities.

Northern Ireland

The Northern Ireland RDP has been approved and includes the following grants relating to existing woodland:

- Woodland Environment Grant (WEG): for one-off capital work to secure and improve environmental values.
- Sustainable Forestry Operations Grant: annual payment (over a 5 year period) to support sustainable woodland management. This requires the preparation of a 5 year management plan specifying the objectives and eligible activities.

Summary

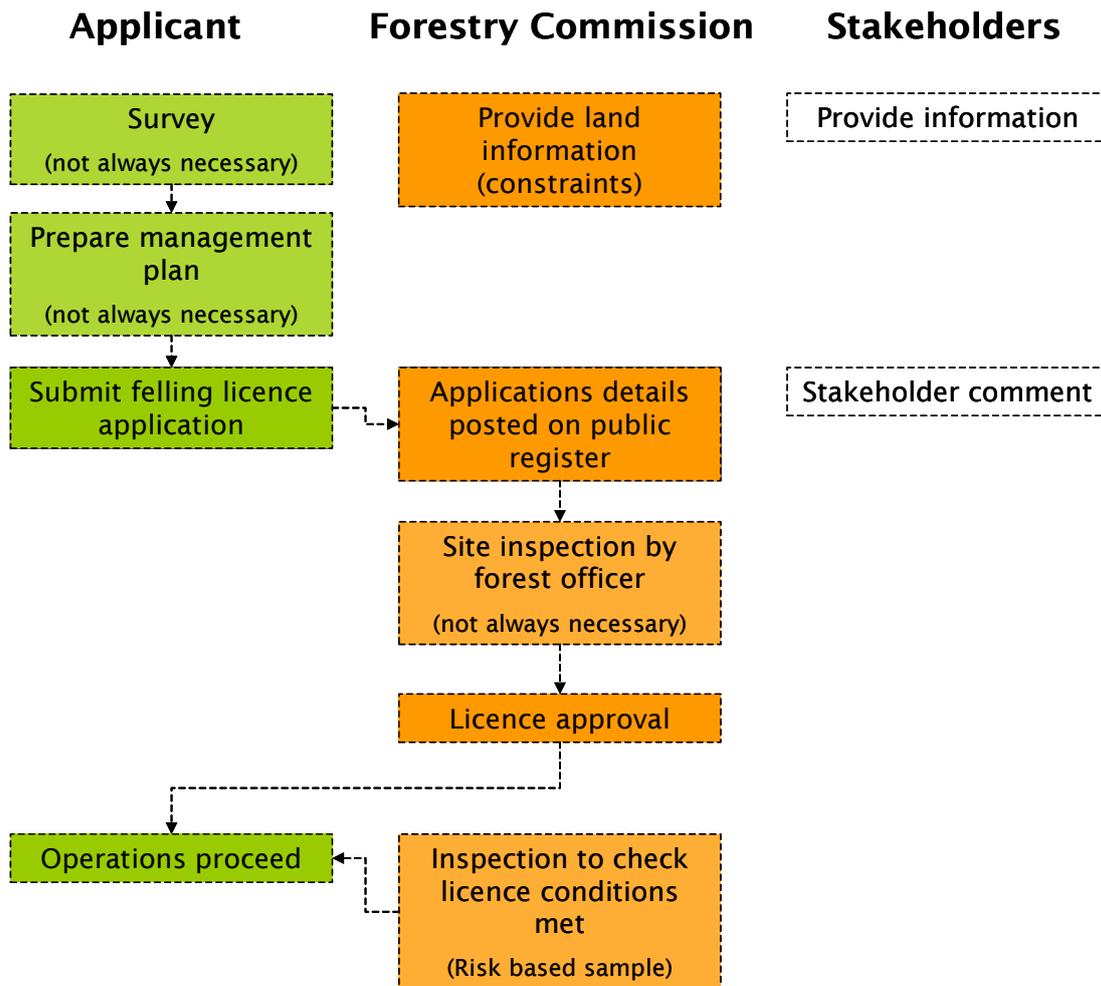
The important common feature in all four countries is the encouragement of, and grant support for, preparing a woodland management plan for at least a 5 year period. The detailed requirements for these plans will differ but all are linked to the standards set out in the UKFS, and in England and Wales there is a clear desire to help owners meet UKWAS requirements.

In England, Scotland and Wales, plan approval can incorporate felling consents but a felling licence still has to be issued.

As grant budgets are limited, there may not be enough money to fund the preparation of plans for all owners who seek them. Based on previous experience, such as the recent budget deferrals announced in England in 2008, the grant process cannot currently be regarded as a reliable support mechanism for the certification of SLIM woodlands.

Approval Procedures

The following flowchart sets out the procedures applicable in Great Britain for processing felling licence applications and grant applications which contain felling proposals:



Great Britain: Forestry Commission procedures flowchart

3.2. UK Forestry Standard 2008 Revision

The UK Forestry Standard (UKFS) was first published in 1998, with a 2nd edition produced in 2004. Its purpose is to set out standards for the sustainable management of all forests and woodlands in the UK, consistent with international commitments. It is supported by a range of best practice Guidelines relating to specific aspects of forest management. The UKFS and the associated Guidelines are currently being substantially revised, with a Preliminary Consultation Draft circulated in November 2007.

The UKFS is a key component of the regulatory and incentive mechanisms for forestry in the UK, and provides a basis against which the achievement of sustainable forestry can be monitored. Applications for felling licences or grant support are considered against the requirements for sustainable forest management as set out in the UKFS. The current version was not designed as an audit protocol, but it has been central to the development of the UK Woodland Assurance Standard (UKWAS). Therefore any substantial change to the UKFS has a significant bearing on forest management practice and forest certification in the UK.

The UKWAS standard is an audit protocol designed for use as a certification standard in which the requirements for independent certification are set out for UK woodland owners, managers and certification bodies. It has been designed to reflect both the requirements of the UKFS and to meet the Forest Stewardship Council's Principles and Criteria for sustainable forest management.

The new UKFS Consultation Draft indicates a number of changes which are likely to have an impact on Government regulation of and support for the management of SLIM woods. The table below sets out the most important paragraphs (from the November 2007 Consultation Draft) and comments on their significance in relation to this report.

UKFS Paragraph	Comment
<p>55. For woodlands that are not certified, the UKFS provides evidence of sustainable forest management providing a forest plan that meets all the requirements of the UKFS has been approved and is being monitored. However, as with certification, the grower or supplier will need to provide evidence that the timber produced can be traced to the forest covered by the plan. Where a forest plan is not in place, felling approval only provides evidence of legality.</p>	<p>The need for an approved forest plan, in order to demonstrate sustainability, is new. Also clear statement of the need for traceability, without detailing any procedures to be adopted. Clear intention to move away from stand alone felling licences (still widely used) to approving plans which include felling proposals.</p>
<p>83. The requirements of good forest practice, bring wider aspects of sustainable forest management into consideration. To give assurance that these are being applied, a more comprehensive basis for assessment is required in the form of a forest plan. Forest plans set proposals in a broader context, both in the area covered and over time, as plans must span at least 20 years.</p>	<p>Emphasis on the need for a plan to demonstrate sustainability. Further detail on the appropriate contents of a plan, particularly in relation to SLIM woods, would be necessary to judge the impact of this requirement.</p>
<p>95. Monitoring of forest plans will be undertaken by the forestry authorities as grant payments are made and periodically as plans are amended or revised. At a maximum interval of 5 years, forest plans will be formally re-submitted for an assessment of implementation to date and onward approval.</p>	<p>Assumes that there will grant support for the preparation of forest plans. Also maximum period of approval of 5 years (consistent with current practice when felling licence is associated with an approved plan). More detail required to assess impact of monitoring by forestry authorities.</p>
<p>96. In addition, a new representative sampling survey will be introduced as a general audit on the implementation of the requirements of the UKFS. Taken together these measures will give assurance that the UKFS is being applied for both individual woods and for the forest resource as a whole.</p>	<p>Indicates that compliance will be demonstrated by a combination of forest plan approval and monitoring by the forestry authorities and wider surveys (by independent surveyors?). Implications for FC resources need to be carefully considered.</p>
<p>98. The process of government regulation and independent certification will remain distinct. However, the forestry authorities will take account of independent forestry certification in adopting a risk-based approach to monitoring that concentrates on un-certified woods.</p>	<p>Recognises that moves towards greater alignment between regulatory and certification processes are desirable.</p>
<p>99. Operational practice in forests will also be monitored by the forestry authorities on site visits and more formally when forest plans are due for renewal. Other UK regulatory authorities concerned with water quality, health and safety. Environmental standards and employment also undertake site monitoring which, taken together gives reasonable assurance of operational compliance.</p>	<p>This extends the current role of the forestry authorities, which have not routinely monitored operational practice. Important that other authorities will have a role, presumably there will have to be coordination of monitoring and reporting. Implications for FC resources need to be carefully considered.</p>

3.3. Mapping the Certification Framework

Forest Certification in the UK

Independent forest certification grew out of concerns over the unsustainable management of the world's forests. From the mid 1990's a range of schemes was developed to give assurance that timber and wood products had been produced from well managed forests. In the UK a standard for the voluntary certification of forest management – the UK Woodland Assurance Standard (UKWAS) - was developed, and is managed by, a broad partnership of economic, environmental and social organisations.

The UKWAS standard does not in itself offer a product label: labelling requires the certification of forest management practice in a specific forest against UKWAS and the existence of verified links, or a chain of custody, for the wood products through to end use. Both forest management and chain of custody audits have to be carried out by accredited certification bodies. The UKWAS standard has been adopted by both major international certification schemes, the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Certification Schemes (PEFC), for use in the UK.

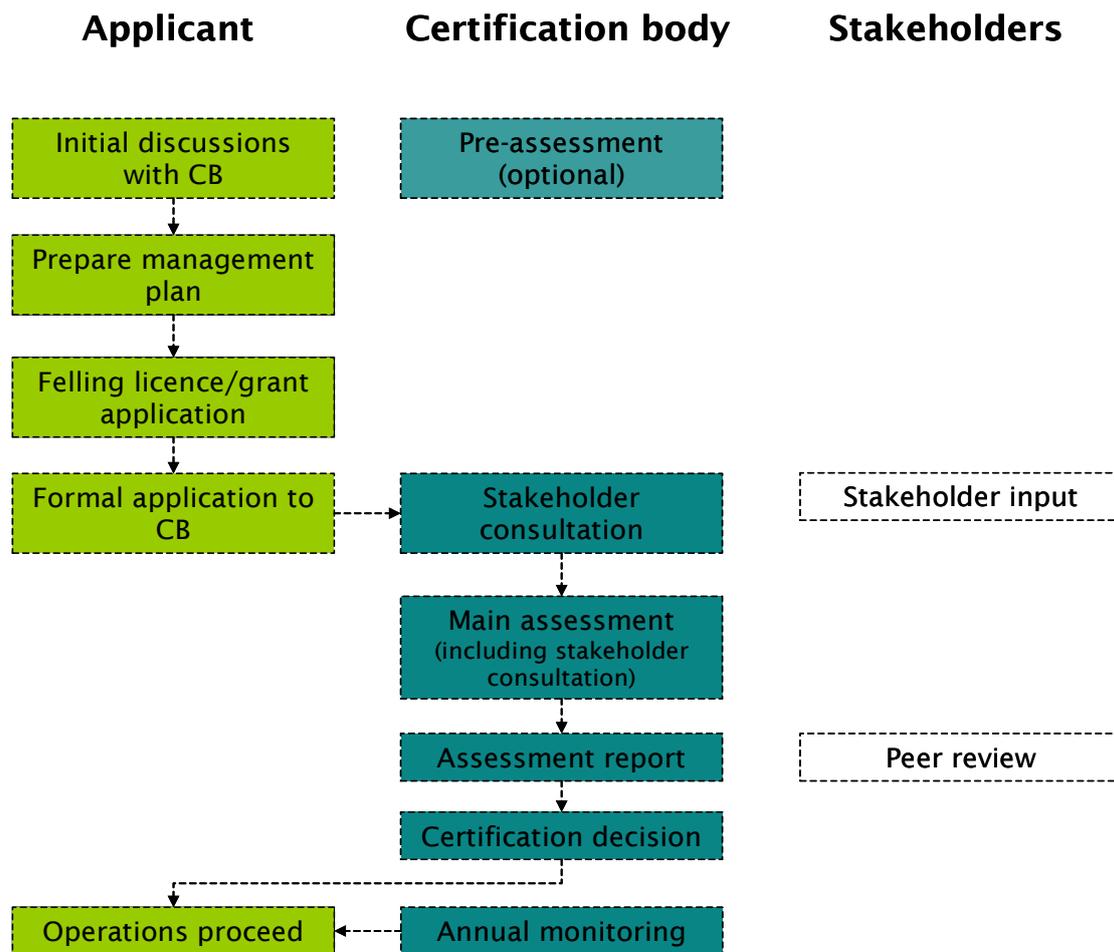
Currently around 48%¹ of the UK forest area and around 80%² of the wood produced is certified. However a large proportion of small, privately owned woodlands are not certified. Government is keen to see an increase in the area of privately owned woodland under sustainable management and recognise that certification against the UKWAS standard provides independent assurance that this is being achieved.

Certification Procedures

The following flowchart sets out the procedure for achieving forest management certification in the UK:

¹ FSC UK Reports that as of Feb 2008 there are 91 Forest Management certificates in the UK amounting to 1,368,927 ha of certified forest land. The total forested area of the UK is 2,837,000 ha according to the Forestry Commission.

² Forestry Statistics 2007 indicate that approximately two thirds of non-FC softwood removals were FSC certified. Approximately 80% of UK sawmills' round timber consumption (hardwood and softwood) was certified.

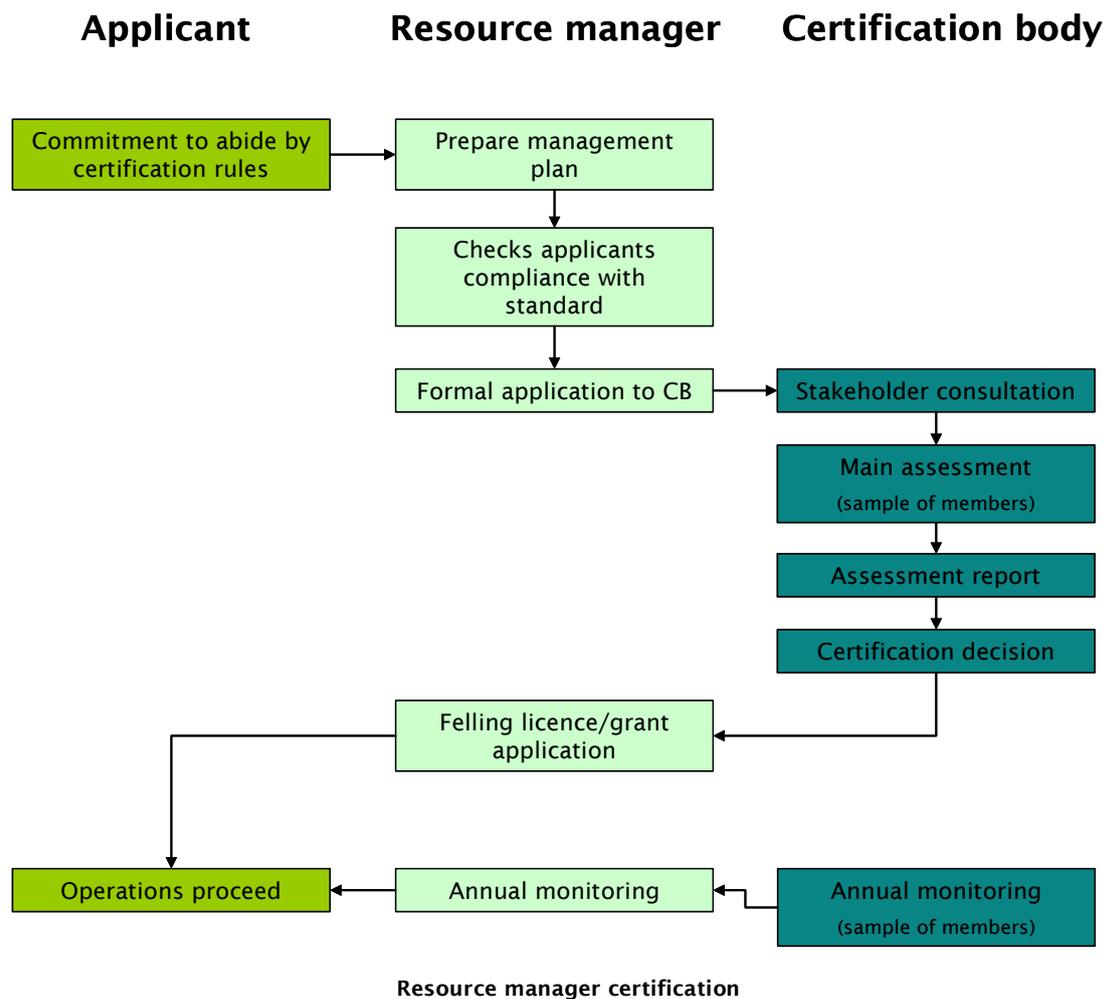


Certification procedures flowchart

Group and Resource Manager Certification

Certification costs are relatively high for SLIM woodlands, which do not benefit from economies of scale. However the costs of certification can be reduced by being a member of a “group certification scheme”. This involves a group of landowners or managers who agree to submit a joint application for certification. A “group co-ordinator” takes responsibility for ensuring that all members of a group meet the requirements of the standard and monitors compliance. The certification body can then evaluate the group of woodland properties by sampling. Resource manager certification is a particular type of group certification which applies where a single manager is responsible for the management of woods in different ownership.

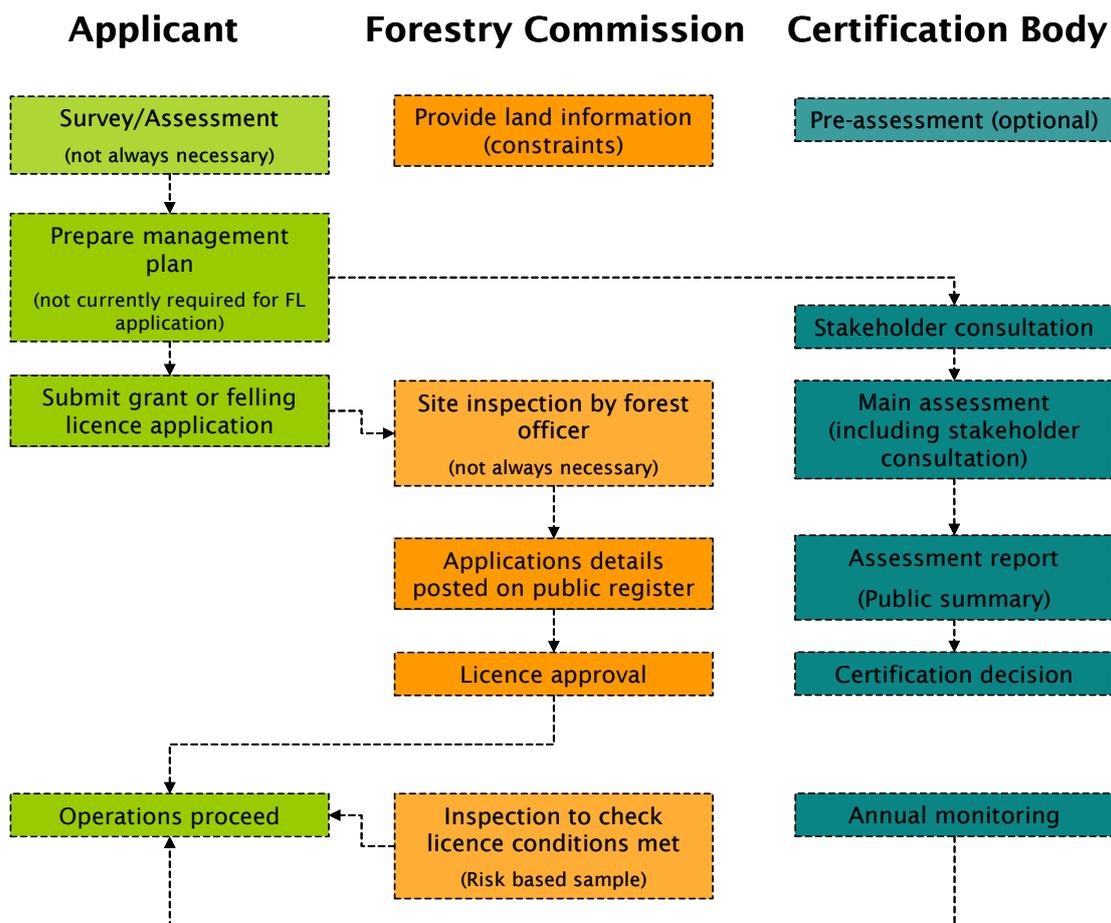
The latest available figures indicate that the certified area under group schemes in the UK is now around 106,000, comprising 13 group schemes currently operating; this represents just over 60% of the certified woodland area, excluding Forest Enterprise and its corresponding national-level bodies. The balance is made up of individual certificates to bodies such as Natural England, Woodland Trust, Severn Trent Water and the Duchy of Cornwall.



The PEFC scheme was specifically designed for certification of private, ‘family’ forest owners. Thus group certification procedures, modelled on those developed by FSC, were part of its system from the beginning. Most group certification procedures rest on the premise that the participants individually commit to abide by the rules and standards of the respective scheme. However, the PEFC system also provides the option of collectively certifying all members of e.g. a forest owners’ association, even in the absence of active individual commitment, provided that there is a majority decision in the organisation to do so. In countries where this regional group certification operates, individual owners have to take active measures to be excluded from, rather than included in, the system. In Finland, this system has proved very effective at reducing the costs of certification to the individual woodland owner. However, there remain questions as to the credibility of this approach, in light of the perceived lack of scrutiny over management decisions at the level of an individual wood. These concerns would need to be addressed if the approach were to be applied in the UK.

3.4. Opportunities for Integration and Improved Alignment

An examination of the above flowcharts showing FC regulatory and certification procedures indicates a number of overlapping areas where there may be opportunities for integration and improved alignment. These are illustrated below and then set out in the following table:



Comparison of Forestry Commission and certification procedures

Overlapping Areas	Opportunities for Closer Integration
Stakeholder Consultation	Required by UKWAS and by FC, but with slightly different focus. Could be more closely integrated, possibly by making greater use of the FC Register.
Preparation of management plan (to an agreed common format)	A management plan is essential to meet UKWAS requirements and is increasingly being required by FC/NIFS to access grants. Revision of UKFS signals move towards requiring a plan to meet SFM standards. Closely aligning, or fully integrating UKWAS and FC/NIFS requirement would reduce duplication and encourage certification.
Assessment	Assessment, including site visits, is likely to be made by both FC/NIFS and CB. With smaller/lower intensity woods in particular it may be acceptable to meet joint requirements with a single visit. The closer the UKFS and UKWAS requirements are, the greater the opportunity for this integration.
Monitoring and Inspection	Undertaken by both CB and FC/NIFS. Where FC grants are involved a risk based inspection regime will be required but otherwise may be opportunities to integrate requirements, particularly for small/lower intensity woods.

See section 5 for analysis of potential actions and recommendations.

4. Other routes to market for UK timber

This section considers other potential market based solutions to the problem of improving market access for owners and managers of SLIM woodlands (task 2). There are two main ways in which timber from well managed SLIM woodlands could be recognised as acceptable without the woodland owner having to invest in a potentially costly certification process. These are:

- Material from un-certified SLIM woods being recognised as ‘controlled’ or ‘non-controversial’ wood, and therefore accepted by certified timber processors as part of a certified mixed product (sections 4.1 and 4.2 below). Many certified manufacturers of timber products now favour a ‘credit system’ approach; producing products from both certified and non certified sources. Credit system operators require a guarantee that the non-certified portion of a ‘mixed sources’ product has originated from a ‘non-controversial’ source. The major certification schemes (FSC and PEFC) have developed similar approaches to ensuring that uncertified sources can be traced and confirmed as non-controversial.
- Material from un-certified SLIM woods being recognised as compliant with ‘category B’ requirements under government procurement guidelines (section 4.3 below).

This section aims to:

- Analyse the requirements under FSC and PEFC for uncertified, non-controversial status, and relating to category B evidence;
- Summarise discussions held with certification organisations regarding the status of the UK generally and SLIM woodland owners in particular in respect of controversial sources requirements;
- Consider how woodland owners and managers can demonstrate compliance with these requirements, and identify approaches to maintain or extend access to relevant markets.

4.1. FSC Controlled Wood

This review describes how the FSC Controlled Wood Standards are being implemented by forest managers and timber traders. It is based on discussions with FSC and four certification bodies operating chain of custody certification in the UK.

Any manufacturer or trader wishing to supply a product made from *both* certified and non certified sources must ensure that the non-certified wood meets the requirements of the controlled wood standard. They can do this in two ways:

- Buy ‘controlled wood’ from a certified supplier
- Carry out a risk assessment of their supply chain against the controlled wood requirements.

Detailed requirements and implementation issues relating to FSC Controlled Wood are presented in Appendix 2.

Meeting FSC requirements for Controlled Wood in the UK

Woodland owners or their agents wishing to sell wood that is be considered 'controlled' to a certified buyer will need to be risk assessed by the buyer. To carry out the risk assessment, the buyer will need to establish the district of origin (i.e. not just the country) of each consignment.

If the origin of all consignments is known, the buyer must then assess the risk that the area from which the timber originates could be considered high risk for any of the elements in the standard.

In practice, in Great Britain, *origin* will be demonstrated by the felling licence number. The existence of the felling licence (and the requirements for re-stocking) should also ensure that the timber has not originated from a forest area being inappropriately converted to non-forest.

There appears very little chance that any source in the UK would be considered a risk in relation to the violation of human rights. Similarly, the risk of the use of genetically modified trees in the UK can also be effectively discounted.

However, a felling licence alone *may not* always be sufficient to demonstrate that timber has not originated from a forest area where High Conservation Value Forest (HCVF) is under threat. This is a potential issue for *uncertified* woods. The granting of a felling licence is not always conditional on the protection of areas and features of particular significance; areas that may be considered to contain high Conservation Values. The FSC's definition of HCVF is incorporated into the UKWAS standard under section 6 (see below). Therefore UKWAS compliant woodland management would be compatible with the maintenance of HCVs. However, there is no certainty that all of the features included are effectively protected in un-certified woods.

Protection of HCVF in the UK
HCVF is not defined in UK, but HCV elements incorporated into UKWAS section 6. Following this 'definition' most designated areas, some semi natural woods and some PAWS would be considered equivalent to HCVF. In the terms of the UKWAS standard, that is:
6.1.1 Areas and features of particular significance for <ul style="list-style-type: none"> • Biodiversity • Natural processes in critical situations
6.1.2 Designated areas (SACs, SPAs, NNRs, SSSIs, ASSIs, RAMSAR Sites)
6.1.3 Valuable woodland and other semi natural habitats that has been colonised planted or incorporated into plantations but which have retained their ecological characteristics

Timber from uncertified SLIM woodlands in the UK is therefore highly unlikely to be considered high risk against all but one of the elements of the FSC controlled wood standard. Although current practice by FSC-accredited CBs is to treat UK woodlands as uniformly low risk, there is no certainty that this will continue as FSC reviews performance in the application of the controlled wood requirements.

The key question is, for un-certified woods, whether HCVF is adequately addressed by other legislative measures, and statutory protected areas such as SSSIs and NNRs? Given that a large percentage of ancient semi natural woodland (likely to contain HCVs) is not under statutory protection, a felling licence alone may not necessarily guarantee that the HCVs were being protected. The absence of felling licences in Northern Ireland may mean that the low risk assumption is less likely to be continued for timber from uncertified SLIM woodlands there.

However, a management plan following UKFS best practice guidelines (especially if this is based on UKWAS) should be sufficient to ensure HCVs are maintained. Therefore if an appropriate management plan is in place, timber from the woodland is likely to be considered 'controlled'. The indication that the revised UKFS will require a suitable management plan to be in place if a felling licence is sought, suggests that this problem could be solved.

See section 5 for analysis of potential actions and recommendations.

4.2. PEFC non-controversial sources

Forest producers wishing to supply non-certified timber to PEFC-certified producers of mixed products will need to ensure the source materials are considered to be *non-controversial*. The requirements for this are contained within the PEFC Requirements for chain of custody for forest based products, PEFC Technical Document Annex 4.

Detailed requirements and implementation issues relating to PEFC non-controversial sources are presented in Appendix 3.

Meeting PEFC requirements for non-controversial sources in the UK

To meet PEFC requirements for demonstration of non controversial status, woodland owners should be required to do no more than provide proof of legality through the submission of a felling licence for each woodland source. However, the fact that legality is effectively ensured by the minimum requirements of the UK forest law means the UK is highly unlikely to be regarded as controversial source, and even this level of documentary evidence may not be required.

Two factors appear to make the PEFC requirements less onerous for UK timber growers.

- The requirements consider *only* the risk of illegality (inc harvesting within protected areas)
- The PEFC standard requires consideration of risk only at the *regional or national level*.

Therefore, a timber buyer seeking to confirm that timber meets the requirements should only need to confirm that the country of origin was the UK. Timber from UK SLIM woodlands is highly unlikely to be considered 'controversial' under the PEFC requirements for uncertified wood. However, it should be noted that *in practice*, the most robust way of proving country of origin, within Great Britain, is to obtain copies of the relevant felling licences.

4.3. Access to market for uncertified material using Category B evidence

The UK Government's current procurement policy on timber and timber products was announced in July 2000³. This policy is a binding commitment on all the UK Government's central departments, agencies and sponsored bodies and requires them to actively seek to buy timber products from legal and sustainable sources. Procurement policies consistent with this have also been adopted by the devolved administrations in Scotland, Wales and Northern Ireland.

The UK Government's timber procurement policy has a very important impact on access to markets for uncertified timber from SLIM woodlands for two reasons. Firstly, the scale of public procurement has been variously estimated at 15 – 20 % of total market volume, which will be increased further as, if expected, local authorities gradually adopt the policy requirements. Secondly, the influence of the policy extends well beyond this direct market proportion, as it is affecting policy-making and buying practices across the private sector and timber trade through such organisations as the Timber Trade Federation (TTF) and related bodies.

The UK Government requires suppliers to be in a position to be able to demonstrate that the wood or wood-based product supplied for a contract comes from a legal or sustainable forest source. To comply with the government's policy, products may be either certified under a recognised certification scheme (*category A*), or un-certified but supported by sufficient documentary evidence to ensure that they have originated from a legal or sustainable source (*category B*). This section explains issues relating to access to markets for products from SLIM woodlands using category B evidence of legality and/or sustainability.

4.3.1. Requirements for Category B evidence

Category B evidence can vary greatly and needs to be judged on a case-by-case basis. There are two main elements to any specific set of category B evidence, namely:

- The information and evidence to demonstrate supply chain management which provides traceability from the forest source to the point of supply.
- The information and evidence to demonstrate that management of the forest source meets UK government requirements for legality and/or sustainability.

Practical guides have been developed by Defra's Central Point of Expertise on Timber Procurement (CPET) to provide background information to help both suppliers and procurement officers in the use of category B evidence. Two practical guides are available, corresponding to the two main elements to category B evidence:

- CPET Practical Guides: Category B evidence, supply chain information

³ http://www.press.dtlr.gov.uk/pns/DisplayPN.cgi?pn_id=2000_0516

- CPET Practical Guides: Category B evidence, forest source information

Detailed guidance on the interpretation and evaluation of category B evidence is provided in these guides.

4.3.2. Meeting Category B requirements for legality

A definition of what 'legal' forest sources are for the purpose of UK Government procurement of timber and wood products is set out in *UK Government Timber Procurement Policy: Definition of Legal and Sustainable*.

The key to determining the appropriate type of evidence that needs to be provided is through appropriate risk assessment. Robust forest governance, meaning that levels of illegality are low, is necessary for a forest source or supply chain to be categorised as low risk for illegality. As a general rule, if the supplier can demonstrate that all timber products have derived from areas where forest governance is robust, then no further evidence of the legality of the forest source may be required. This is dependent on the availability of sufficient supply chain documentation to support this conclusion (see *Meeting UK Government Requirements for Supply Chain Information: A Practical Guide*). Adequate supply chain information will always be required.

The use of a risk based methodology for the assessment of 'category B' evidence, therefore currently results in a low burden of proof that timber from woodlands in the UK, and particularly SLIM woodlands, originate from legal sources. For claims of legality, where there is sufficient supply chain evidence to demonstrate that forest products are originating from the UK, there has been an assumption of a low risk of illegality. Supply chain evidence to demonstrate forest origin in the UK has therefore been considered sufficient as category B evidence of legality. In terms of current access to markets, category B evidence has been used to demonstrate compliance with the government's timber procurement policy.

4.3.3. Meeting category B requirements for sustainability

A definition of what 'sustainable' forest sources are for the purpose of UK Government procurement of timber and wood products is also set out in *UK Government Timber Procurement Policy: Definition of Legal and Sustainable*.

The UK Government's definition of 'sustainable' includes two main elements:

- Development process. The definition itself must have been developed with representation and input from economic, environmental and social interest categories and the decision making process must have ensured that no single interest was able to dominate the process and that no decision could be made without majority agreement of an interest category. This recognises that defining sustainability will always depend on finding a balance between interests. The

most appropriate way to do this is to balance representative input to the process of defining sustainability, as a proxy.

- Content of standard. Under the UK Government's policy, the definition of sustainable must be based on a widely accepted set of international principles and criteria, but a locally applicable definition is required. This may be a standard, a set of criteria, a code of practice or some other similar document which sets out in detail the requirements for forest management. The definition used must include requirements, in summary, that the management of the forest must ensure that harm to ecosystems is minimised, that forest productivity is maintained, that forest ecosystem health and vitality is maintained and that biodiversity is maintained.

The current CPET category B guidance concludes that the demonstration of a sustainable forest source through the use of category B evidence would be extremely challenging, and states the following: "For claims of sustainability, you should assume that third party verification of the forest source's compliance is necessary because of its complex and demanding requirements." As a summary remark, the guidance concludes that: "While it is possible that Category B evidence could be used to demonstrate sustainability, in practice it is unlikely and thus suppliers should not agree to supply a UK Government Authority with sustainable timber unless they are sure of their source and have complete evidence of verification."

Practical experience has supported this assertion and shown that, while category B evidence has been successfully used to provide assurance of legal forest sources, it has not been similarly used to demonstrate sustainability.

This is an important observation because while the current timber procurement policy allows central departments to procure wood and wood derived products from legal sources, this policy will change from 1 April 2009. The new policy will require that only timber and timber products originating from legal and sustainable sources (or from a licensed Forest Law Enforcement, Governance and Trade partner) will be demanded for use on the Government estate. Therefore, this policy change has potentially important implications for continuing access to government markets for uncertified timber from SLIM woodlands.

There are two main options for addressing the potential implications of the policy change, which are not mutually exclusive:

1. Endeavour to increase uptake of UKWAS certification by owners/managers of SLIM woodlands (see section 3 of this report).
2. In liaison with Defra and CPET, to develop an acceptable form of category B evidence that will be acceptable to government buyers under certain circumstances (section 4.3.4 below).

4.3.4. Meeting UK Government procurement policy with category B evidence from 2009

It is important to understand how the government's new timber procurement policy will be applied to category B evidence from 2009, and any implications for UK SLIM woodlands.

The practical difficulties of using category B evidence to demonstrate compliance with the requirements for sustainability have been noted above in section 4.3.3. In recent months, the Forestry Commission and DEFRA have agreed that the UK Forestry Standard (UKFS) could act as a potential mechanism for maintaining access to government markets, as category B evidence of compliance with the requirements for sustainability.

The possibility of utilising this mechanism as a basis for acceptable category B evidence has been allowed for by Defra. The basis for this would be that the outputs in terms of forest management delivered by compliance with a government standard such as the UKFS could be demonstrated as broadly equivalent to those delivered by the applicable certification scheme standard (in the UK this would involve demonstrating that the UKFS is broadly equivalent to the UK Woodland Assurance Standard, and therefore meets the definition). In such a case, the alternative evidence may not have to satisfy the standard development process requirements defined in *UK Government Timber Procurement Policy: Definition of Legal and Sustainable* to be accepted as category B evidence of legality and sustainability.

It is important to note that there are a number of uncertainties at this stage, such that the revised UKFS is only in draft form, and no comparison with category A evidence (in the form of the UKWAS certification standard) has been undertaken.

See section 5 for analysis of potential actions and recommendations.

5. Identification of actions for the major actors

5.1. Identifying the Challenge

The challenge we have been set is to identify actions which will maintain and extend access to SFM-sensitive markets for timber and wood products from SLIM woodlands in the UK. The background is a lack of management in many SLIM woods. The stumbling block has always been the higher costs associated with the management of SLIM woods. SLIM woods tend to suffer from:

- Low quantities of wood products, and therefore higher harvesting and transport costs
- Poor access, and therefore higher extraction costs
- Lack of owner familiarity with woodland management and markets
- Lack of contractors willing to work in SLIM woods.

All of these factors, combined with low wood product prices, mean that it is hard to generate enough income to justify sustained management. When it does work, SLIM woodland management tends to be based on the supply of higher value products to local markets. At present, there is little or no requirement for these wood products or the woodland management to be certified and if this were the case it would be disproportionately costly for SLIM woods and a considerable disincentive to bringing the woods into active management.

Options for action to look more closely at this issue include:

- Research to investigate the scale of the problem, to look at the extent to which SLIM woodlands are being successfully managed, and the level of exclusion of SLIM woodlands from certified supply chains.
- Establishment of a SLIM woods entrepreneurial task force to investigate common features of successfully managed SLIM woodlands, and to evaluate existing measures (such as FC grants to contractors in Kent) and potential future measures (such as the promotion of community supported woodland management companies).
- The identification of unmanaged SLIM woods that have potential to supply markets (fuel wood, biomass, garden products) on a database.

But there is evidence of improving markets for wood, and a real opportunity and desire to see more small woods come into sustainable management. The Woodfuel Strategy for England sets a target of increasing annual woodfuel production from under-managed woods by 2 million tonnes by 2020. This represents 50% of the estimated unharvested annual increment in English woodlands. Increased woodfuel production is also being encouraged in Scotland, Wales and Northern Ireland.

Will these new markets, and in particular the woodfuel market, demand certified wood, or wood from sustainably managed woodland? It seems likely that SLIM woodland owners will continue to supply local markets which do not insist on this. But much of the increased demand is likely to come from Government or local authority backed projects, or supplying woodfuel installations in public sector buildings. Government policy on timber procurement will therefore be likely to apply. In order to maintain and extend market access, a substantial proportion of SLIM woodlands will have to be certified or meet Category B evidence requirements. If the cost, to the woodland owner, of meeting these requirements is too high the shared objective of bringing more woodland into sustainable management will not be achieved.

5.2. Enhancing Access to SFM Sensitive Markets

There are two main ways in which market access for wood from SLIM woodlands to SFM sensitive markets can be extended:

- Increasing the area of SLIM woodland that is certified
- For products from uncertified SLIM woodlands, meeting the requirements for controlled wood/non controversial sources (as the non-certified component of a certified “mixed sources product”), or the Category B evidence requirements relating to the government’s procurement policy.

Potential actions are identified in the following sections:

- Actions which could better integrate current regulatory and certification procedures are detailed in section 5.2.1.
- Other actions to reduce costs and encourage certification uptake are detailed in section 5.2.2.
- Actions to promote access to SFM-sensitive markets for uncertified products are detailed in section 5.2.3.

Specific actions are identified relating to SLIM woodlands, together with an indication of the stakeholders who would need to be involved in taking them forward. It is not possible to evaluate the costs and benefits without more detailed information on the costs of different elements of the current procedures. However an indication of the relative potential benefit – high, medium, or low – is given.

5.2.1. Opportunities for regulatory and certification alignment

There are clearly opportunities for integrating and improving the alignment of regulatory and certification processes, with potential benefits for woodland owners and the regulatory authorities. Fully evaluating these benefits is not possible without more detailed data on current costs. Any assessment would in any case be complicated by the proposed changes to the UKFS, in particular the requirements relating to management plans and felling licences. With opportunities, through rising timber prices and developing markets such as woodfuel, for more small

woodlands to come into productive management, the pressure to reduce the bureaucratic burden is likely to increase. The actions outlined below would make a difference but are unlikely in themselves to result in a substantial increase in the proportion of small woodlands which are certified. A further issue of concern must be the ability of FC currently to undertake any enhanced monitoring role as staff and resources are already stretched.

The table below summarises the potential actions that have been identified and their relative benefits.

Specific Action	Who needs to be involved	Assessment of Benefits	Impact of action on SLIM forest owners
Stakeholder Consultation: <ul style="list-style-type: none"> Extend use of FC register to cover certification stakeholders, combining consultation exercises. 	FC CBs	Unlikely to make a significant difference for SLIM woods.	Low. Avoids effort involved in 2 separate consultation exercises.
Management Plans: <ul style="list-style-type: none"> Align UKFS and UKWAS requirements. Produce templates for a variety of woodland types. Provide grant support for plan preparation but avoid past mistakes. 	FC/NIFS CBs FC/NIFS (already available but may need to extend and adjust requirement)	May be necessary to get support for changes to UKFS requirements, without undermining certification. Possibility that a small woods management planning template could be made consistent with UKWAS requirements.	Medium. Increased cost of preparing a management plan (but this is likely to become a UKFS requirement if a felling licence is sought). Avoids duplication.
Assessment: <ul style="list-style-type: none"> Explore potential for FC to recognise CB assessment: no FC inspection if woodland certified. 	FC/NIFS CBs FSC UK/PEFC UK Additional stakeholders	Needs careful thought and agreement from a range of stakeholders. May need special arrangements if dispute. Potentially significant benefit to FC.	Low. Reduced need to accompany inspectors on site visits.
Monitoring/Inspection: <ul style="list-style-type: none"> Explore sharing inspection data and mutual recognition 	FC/NIFS CBs	FC inspections will still probably be required where grant payments made.	Low. Reduced need to accompany inspectors on site visits.

5.2.2.Reducing costs and Encouraging SLIM Woodland Certification

The scope for alignment of regulatory approval and certification procedures to deliver cost savings to the woodland owner is limited. This is largely because the

major cost of certification is bound up in site visits and operational monitoring. The certification schemes may not be willing to compromise on the level of oversight they currently maintain, as this would be seen as undermining the credibility of the schemes themselves.

The opportunities for alignment identified in Section 5.2.1 indicate that more benefits might accrue to the regulatory authorities (through savings on administrative costs) than to the SLIM woodland owner through savings in cash. There remains the possibility that administrative savings within the FC/NIFS could be translated into increased financial support for SLIM woodland owners. However, this possibility has been suggested before⁴, and given the general downward trend in the availability of grant finance, a significant increase from these measures seems unlikely. However there are a number of other ways in which the area of certified SLIM woodland could be increased by reducing the costs or otherwise encouraging woodland certification. These are set out below, along with recommended actions.

Options for action to encourage SLIM woodland certification are identified below.

Simplifying certification requirements

The UKWAS Small Woods Task Group made a number of helpful recommendations which will to some extent reduce the costs of certification for small woods and encourage uptake of certification. The Task Group also identified the need to better cater for “very small” (less than 10 ha) woods when next revising the UKWAS text. There would be merit in opening discussions with FSC and PEFC, as well as other stakeholders, to consider the possibilities, including the potential use of a revised UKFS to act as the basis for a certification standard for SLIM woodlands. This would then in turn also accentuate the possibility of greater integration between regulatory and certification processes.

Simplifying certification processes

A considerable part of the costs (to the owner) of certification are tied up in the current processes required by the certification schemes (FSC and PEFC). While both bodies are concerned with improving access for SLIM woodland owners to certification, there may be scope for more radical approaches. If the proposals currently drafted in the UKFS can be developed to meet Category B evidence requirements (and can more broadly be recognised as demonstrating sustainable woodland management) it will substantially reduce the need for SLIM woodland owners to become certified (see section 5.2.3). This may in itself put pressure on FSC and PEFC to look again at SLIM wood certification. A critical factor in determining the cost of certification processes is the sampling intensity for field visits by both group managers and CBs. There is scope for reviewing current practices and determining an optimal approach to balance cost reduction against the need for credible levels of scrutiny. Although the current approach to group certification, including resource manager certification, appears to offer the best fit to UK practices, a review exercise

⁴ ProForest (2005) FC Certification Pilot Project – Final report

could also consider whether an alternative approach based on the certification of contractors offers any merit⁵. Regional certification, as currently defined by PEFC, does not appear to offer any advantages in terms of reduced levels of sampling intensity. However the fact that it has been effective in reducing costs in Finland suggests that it is worth looking more closely at whether and how it might work in the UK.

Reduced regulation for certified SLIM woodland

Section 3 indicates opportunities to avoid duplication in the regulatory and certification processes, but this could go further. The FC (and in due course the NIFS) could remove the requirement for a felling licence (particularly for thinning) where woodlands are certified. The disadvantage here is that it would require an amendment to the Forestry Act and is therefore problematic. An alternative would be for the FC to issue a felling licence permitting the felling indicated in the (UKWAS compliant) management plan, without undertaking a site inspection or monitoring compliance. There would be benefits to the owner (reduced bureaucracy) and the regulatory authorities (ditto).

Forestry Commission as a Group Manager

In essence this is the reverse of the idea of regulatory exemption for certified woodland – FC involvement would be maintained and expanded. FC (or FC regional offices) would take on responsibility for ensuring that SLIM woodland management planning and operations meet certification requirements, and is then subject to monitoring by independent CBs. An FC officer would in effect act as the group manager for a collection of participating SLIM woodlands. This is consistent with current intentions to establish an FC monitoring programme to verify compliance with the UKFS. Grant agreements could include commitments by the woodland owner/manager to comply with UKFS requirements and cooperate with certification arrangements. This would facilitate optimal integration with grant schemes. However, the ability of FC currently to undertake any enhanced monitoring role is doubtful, as staff and resources are already stretched.

Grants for certified woodland

At present there are FC and NIFS grants, supporting the preparation of management plans. If the requirement (specification) for these plans explicitly matches the UKWAS requirement, the grants are in effect supporting certification. This could be extended to direct grant support for certified woodland but this is unlikely to meet Treasury and EU requirements and could not be regarded as sustainable. Nevertheless it is important to recognise the role that grants can play in supporting woodland certification. However, based on previous experience, the grant process can not currently be seen as a reliable support mechanism for the certification of small woodlands. There may be opportunities for fiscal support for certified woodland

⁵ Initial consideration of contractor certification indicates that it may simply pass certification costs and bureaucracy on to the contractor, who in the current UK context may be less able than the woodland owner or manager to accept it.

other than grants, for example through tax related benefits. We recommend that an open mind is maintained here, rather than the need for any pro-active measures.

The table below summarises the potential actions that have been identified and their relative benefits.

Specific Actions	Who Needs to be involved	Assessment of Benefits	Impact of Actions on SLIM woodland owners
<p>Simplifying certification requirements:</p> <ul style="list-style-type: none"> Discuss possibilities, such as adopting the revised UKFS and associated processes as meeting certification requirements for SLIM woods. 	<p>FC/NIFS UKWAS Steering Group ConFor CBs FSC UK and PEFC UK</p>	<p>Substantial increase in area of certified SLIM woodland, if tied in with UKFS implementation. Additional cost for regulatory authorities but these will occur if revised UKFS requirements are introduced. Avoids potential problem of UKFS undermining certification.</p>	<p>Potentially high Additional costs, but these are likely to be a consequence of the revised UKFS requirements (e.g. need for a management plan). Improved access to markets requiring certified wood.</p>
<p>Simplifying certification processes:</p> <ul style="list-style-type: none"> Discuss opportunities for simplifying certification processes, in particular reducing sampling levels for SLIM woodlands. 	<p>CBs FSC UK and PEFC UK</p>	<p>Increase in certified woodland area if costs can be brought down.</p>	<p>Potentially high Improved access to markets requiring certified wood.</p>
<p>Reduced regulation for certified SLIM woods:</p> <ul style="list-style-type: none"> Examine options for reduced regulatory requirements for certified woods. 	<p>FC/NIFS (would need to discuss options with other stakeholders including ConFor, CBs and FSC UK/PEFC UK)</p>	<p>Potential for significant reduction in regulatory bureaucracy in the long term if there is a substantial increase in area of certified SLIM woodland. May be increased risk of inappropriate management.</p>	<p>Low Reduction in paperwork if felling licence no longer required, or if regulatory requirements are simplified.</p>
<p>FC as Group Manager</p> <ul style="list-style-type: none"> Explore willingness of FC to take on this role for SLIM woodlands. 	<p>FC (NIFS in due course) ConFor CBs FSC UK and PEFC UK Other group managers</p>	<p>Potentially significant benefits, increase in certified woodland. However FC may view this as an inappropriate role for them, incurring increased costs</p>	<p>Potentially high Potential to bring certification and access to markets without significant cost increase.</p>
<p>Grants for certified woodland:</p> <ul style="list-style-type: none"> Encourage FC/NIFS to maintain support for management plans which are UKWAS compliant. 	<p>FC/NIFS ConFor</p>	<p>Benefits of aligning UKFS and UKWAS management plan requirements.</p>	<p>Medium Would cover increased cost of preparing a management plan (this is likely to become a UKFS requirement if a felling licence is sought).</p>

5.2.3. Access to SFM sensitive markets for uncertified products

For uncertified SLIM woodland owners to access SFM-sensitive markets, they will need to meet PEFC requirements for non-controversial sources, FSC controlled wood requirements or Government Category B requirements. Opportunities for improving access to SFM-sensitive markets are detailed below.

As discussed in section 4, the PEFC requirements for non-controversial sources represent no significant barrier to SLIM woodland owners in Great Britain in possession of a felling licence.

However, the FSC requirements for controlled wood may effectively prevent owners of ASNW or PAWS selling timber into a certified supply chain in the future unless they are in possession of an UKWAS-compliant management plan. This can be addressed through the FC ensuring that the proposed UKFS management planning is consistent with UKWAS standard requirements.

There remains the potential that the UK government will endorse the UKFS as meeting its Category B evidence requirements. However, before this takes place, the draft UKFS will need to be revised to include adequate requirements for forest management practices including management planning, and a description of how operational monitoring will be undertaken by the FC. It will also need to outline how woodland owners can ensure their timber is kept separate from non-compliant timber when selling into government contracts. These changes are likely to lead to increased costs (in time input and cash) from woodland owners unless the costs are borne directly by the FC, and/or unless these proposals become integrated within a certification framework; a possibility that is discussed in section 5.2.2 above.

The relative objectives of promoting UKWAS compliance and developing the UKFS option will need careful consideration and thorough consultation with stakeholders to ensure an outcome that is acceptable to all parties. Other factors that would have to be considered in an evaluation of the UKFS approach would include:

- Arrangements for implementation –the programme for rolling out compliance with UKFS requirements.
- Verification of compliance with UKFS – acceptability of mechanisms for this.
- Adequacy of supply chain evidence to demonstrate traceability to UKFS-compliant sources.

The table below summarises the potential actions that have been identified and their relative benefits.

Specific Actions	Who Needs to be involved	Assessment of Benefits	Impact of Actions on SLIM woodland owners
Ensure compliance of SLIM woodlands with requirements for FSC Controlled Wood, through implementation of UKWAS-compliant management plans.	FSC UK CBs FC	Potential benefits of maintained access to certified supply chains.	Low Unlikely to be major element of market access. Additional costs, but these are likely to be a consequence of the revised UKFS requirements.
<p>Category B evidence requirements:</p> <ul style="list-style-type: none"> Implement measures to enable UKFS-compliant SLIM woodlands to meet Govt Category B requirements. Convene meeting of relevant stakeholders to clarify relative roles of UKFS and UKWAS in market access. 	FC/NIFS Defra/CPET Other relevant stakeholders as appropriate	Potential benefits of maintained access to approved supply chains for government procurement.	Potentially high Rendering UKFS directly comparable with UKWAS certification likely to make meeting the requirements more challenging for small woodlands and may undermine the market drive for independent UKWAS certification.

6. Summary of recommendations

Our recommendations for action are included in Section 5. They are summarised here together with a concluding recommendation on how best to take forward the findings of this report.

A. Recommendations for regulatory and certification alignment (section 5.2.1)

Specific Action	Who needs to be involved	Assessment of Benefits	Impact of action on SLIM forest owners
Stakeholder Consultation: <ul style="list-style-type: none"> Extend use of FC register to cover certification stakeholders, combining consultation exercises. 	FC CBs	Unlikely to make a significant difference for SLIM woods.	Low. Avoids effort involved in 2 separate consultation exercises.
Management Plans: <ul style="list-style-type: none"> Align UKFS and UKWAS requirements. Produce templates for a variety of woodland types. Provide grant support for plan preparation but avoid past mistakes. 	FC/NIFS CBs FC/NIFS (already available but may need to extend and adjust requirement)	May be necessary to get support for changes to UKFS requirements, without undermining certification. Possibility that a small woods management planning template could be made consistent with UKWAS requirements.	Medium. Increased cost of preparing a management plan (but this is likely to become a UKFS requirement if a felling licence is sought). Avoids duplication.
Assessment: <ul style="list-style-type: none"> Explore potential for FC to recognise CB assessment: no FC inspection if woodland certified. 	FC/NIFS CBs FSC UK/PEFC UK Additional stakeholders	Needs careful thought and agreement from a range of stakeholders. May need special arrangements if dispute. Potentially significant benefit to FC.	Low. Reduced need to accompany inspectors on site visits.
Monitoring/Inspection: <ul style="list-style-type: none"> Explore sharing inspection data and mutual recognition 	FC/NIFS CBs	FC inspections will still probably be required where grant payments made.	Low. Reduced need to accompany inspectors on site visits.

B. Recommendations for encouraging SLIM woodland certification (section 5.2.2)

Specific Actions	Who Needs to be involved	Assessment of Benefits	Impact of Actions on SLIM woodland owners
<p>Simplifying certification requirements:</p> <ul style="list-style-type: none"> Discuss possibilities, such as adopting the revised UKFS and associated processes as meeting certification requirements for SLIM woods. 	<p>FC/NIFS UKWAS Steering Group ConFor CBs FSC UK and PEFC UK</p>	<p>Substantial increase in area of certified SLIM woodland, if tied in with UKFS implementation. Additional cost for regulatory authorities but these will occur if revised UKFS requirements are introduced. Avoids potential problem of UKFS undermining certification.</p>	<p>Potentially high Additional costs, but these are likely to be a consequence of the revised UKFS requirements (e.g. need for a management plan). Improved access to markets requiring certified wood.</p>
<p>Simplifying certification processes:</p> <ul style="list-style-type: none"> Discuss opportunities for simplifying certification processes, in particular reducing sampling levels for SLIM woodlands. 	<p>CBs FSC UK and PEFC UK</p>	<p>Increase in certified woodland area if costs can be brought down.</p>	<p>Potentially high Improved access to markets requiring certified wood.</p>
<p>Reduced regulation for certified SLIM woods:</p> <ul style="list-style-type: none"> Examine options for reduced regulatory requirements for certified woods. 	<p>FC/NIFS (would need to discuss options with other stakeholders including ConFor, CBs and FSC UK/PEFC UK)</p>	<p>Potential for significant reduction in regulatory bureaucracy in the long term if there is a substantial increase in area of certified SLIM woodland. May be increased risk of inappropriate management.</p>	<p>Low Reduction in paperwork if felling licence no longer required, or if regulatory requirements are simplified.</p>
<p>FC as Group Manager</p> <ul style="list-style-type: none"> Explore willingness of FC to take on this role for SLIM woodlands. 	<p>FC (NIFS in due course) ConFor CBs FSC UK and PEFC UK Other group managers</p>	<p>Potentially significant benefits, increase in certified woodland. However FC may view this as an inappropriate role for them, incurring increased costs</p>	<p>Potentially high Potential to bring certification and access to markets without significant cost increase.</p>

Specific Actions	Who Needs to be involved	Assessment of Benefits	Impact of Actions on SLIM woodland owners
Grants for certified woodland: <ul style="list-style-type: none"> Encourage FC/NIFS to maintain support for management plans which are UKWAS compliant. 	FC/NIFS ConFor	Benefits of aligning UKFS and UKWAS management plan requirements.	Medium Would cover increased cost of preparing a management plan (this is likely to become a UKFS requirement if a felling licence is sought).

C. Recommendations for encouraging access to SFM sensitive markets for uncertified products (section 5.2.3)

Specific Actions	Who Needs to be involved	Assessment of Benefits	Impact of Actions on SLIM woodland owners
Ensure compliance of SLIM woodlands with requirements for FSC Controlled Wood, through implementation of UKWAS-compliant management plans.	FSC UK CBs FC	Potential benefits of maintained access to certified supply chains.	Low Unlikely to be major element of market access. Additional costs, but these are likely to be a consequence of the revised UKFS requirements.
Category B evidence requirements: <ul style="list-style-type: none"> Implement measures to enable UKFS-compliant SLIM woodlands to meet Govt Category B requirements. Convene meeting of relevant stakeholders to clarify relative roles of UKFS and UKWAS in market access. 	FC/NIFS Defra/CPET Other relevant stakeholders as appropriate	Potential benefits of maintained access to approved supply chains for government procurement.	Potentially high Rendering UKFS directly comparable with UKWAS certification likely to make meeting the requirements more challenging for small woodlands and may undermine the market drive for independent UKWAS certification.

D. Taking this report forward

Many of the recommendations summarised above are complimentary and inter-connected, and involve many of the same stakeholders. We therefore recommend that the best way to take the findings of this report forward in an integrated and coherent fashion would be to hold a workshop to which all of the relevant stakeholders are invited. The purpose of the workshop would be:

- To consider the full range of identified potential actions and recommendations in this report
- To agree on actions to be taken, by whom and within what timescale
- To establish (if necessary) working groups to tackle specific actions
- To agree how the planning and implementation of actions is to be managed and communicated within the stakeholder group, and whether any funding is required

As nearly all the key stakeholder organisations are represented on the UKWAS Steering Group, we recommend that UKWAS convene and chair the workshop. However we recognise that UKWAS have limited funding and are primarily a standard setting body: it may therefore be necessary for another organisation to lead in taking the recommendations in this report forward.

Appendix 1: Project Brief

Consultancy brief for work to maintain and extend market access for UK timber growers by an examination of:

- **How to make independent voluntary certification more accessible to woodland owners managing woodlands that can be described as small and / or managed in a low intensity manner**
- **How to use risk based approaches to defining sustainable timber with respect to certification and timber procurement requirements.**

The UKWAS Steering Group is seeking consultants with a detailed and expert global knowledge of certification. The consultants' expertise should include knowledge of:

- The UK's regulatory and support framework for forestry as practised in each of the constituent nations
- The UK Woodland Assurance Standard (UKWAS) and its relationship with the FSC and PEFC certification schemes
- The FSC and PEFC certification processes as they are applied worldwide and in the UK
- The UK Government's CPET process.

It is anticipated that the consultants will be able to draw on their substantial knowledge of the subject area and will need to undertake minimal original research.

The Steering Group is seeking an authoritative, comprehensive and concise report with clear recommendations to assist its discussions. The work is divided into three separate tasks.

Task 1

An holistic mapping of the regulatory and certification processes to identify opportunities for regulatory alignment and other points for intervention

This shall include:

- Mapping the regulatory process (or 'chain') and identifying the requirements in each UK country
- Mapping the certification process (or 'chain')
- Identifying the bodies (owners/managers, FC/NIFS, FSC/PEFC, certification bodies, group managers, etc) responsible for each step in these processes
- Identifying the effectiveness of the current arrangements for each step (strong, medium, and weak) overlaps, conflicts, etc
- Identifying opportunities for simplification and alignment and the bodies which are best placed to act
- Evaluating the potential benefits of these actions for SLIM woodland owners and managers.

Clear conclusions should be drawn with recommended actions identified, described and prioritised.

Task 2

The identification and assessment of applicability of other possible routes to market for timber from SLIM woodlands

These shall include:

- The FSC's Controlled Wood Standard process which allows timber from FSC approved Low Risk Zones to be supplied to FSC certified processors and manufacturers
- The PEFC Council's measures for use of wood from non-controversial sources
- The requirements of the UK Government timber procurement policy (especially in relation to CPET requirements relating to 'Category B' evidence) and those of the devolved administrations and of regional and local government across the UK
- Any other available mechanisms or likely future options.

These options could result in a dramatic reduction in the costs and bureaucracy necessary for SLIM woodland managers to gain market access but there is concern that it could result in several parallel systems so adding to confusion.

Clear conclusions shall be drawn by identifying those mechanisms which could provide a benefit to SLIM woodland owners in the UK and by describing and evaluating the potential benefit.

Task 3

Blue sky thinking

There is some frustration that the UKWAS Steering Group's scope for action is limited by certification scheme requirements which may prevent UKWAS doing something genuinely useful in support of SLIM woodland owners and managers. Therefore, at the end of the SWTG's work, it is planned to make comment to FSC International and the PEFC Council on how their SLIM woodland measures might be adapted and improved.

Clear advice shall be given on how the UKWAS Steering Group or others could make certification more accessible for SLIM woodland owners / managers if they were unconstrained by FSC or PEFC requirements e.g. through the use of 'certified contractors'.

Appendix 2: FSC Controlled Wood

FSC requirements for Controlled Wood certification

There is one controlled wood standard for forest management enterprises, and a separate standard for trading/processing companies supplying controlled wood products. Implicit in these standards is an assumption that Controlled Wood certification will be applied together with regular Chain of Custody certification. In order to sell FSC controlled wood to an FSC certificate holder, the company must also be in possession of a valid Chain of Custody certificate.

The explicit intention of controlled wood certification is to allow timber producers and traders to supply controlled wood to companies producing FSC mixed products under an FSC CoC system. The newest version of the standard for trading companies states...

“Compliance with this standard allows companies to supply FSC Controlled Wood to FSC certified chain of custody companies for the purpose of mixing with FSC certified material.”

Therefore the intention is that companies audited against the standard should supply their material to a producer of products to be labelled as FSC Mixed. The standard was not, and is not intended to allow companies to market controlled wood products to the trade in general.

Controlled Wood for forest management companies: (FSC-STD-30-010)

Forest management companies will be expected to demonstrate that the timber they produce will have met the requirements of FSC-STD-30-010. In practice this means:

Legal timber: The company must demonstrate that it is harvesting timber legally. Timber harvested and sold must have been produced under the relevant permits and according to the relevant controls. The standard contains a list of evidence that will be acceptable.

Traditional and civil rights: The company must have an effective consultation process to identify any potential conflicts. There must be no outstanding disputes regarding tenure and use rights for which a resolution process has not been agreed by the main parties. If a resolution process is being used, there must be evidence that the process itself is effective. There must be no evidence of violation of the ILO Fundamental Principles of Rights at Work, or of ILO Convention 169 on Indigenous and Tribal Peoples.

High Conservation Values: The company must be able to demonstrate that they have assessed the forest area to identify any high conservation values that may be present. The company must also be able to demonstrate that their operations do not threaten these high conservation values.

Forests undergoing conversion: The company must be able to demonstrate that the forest area is not undergoing conversion to plantations or non forest land uses.

Genetically Modified Trees: The company must ensure that no Genetically Modified Trees are planted in the forest area.

Risk assessment of the supply chain

Certified companies wishing to demonstrate that their sources of *non-certified* timber are 'controlled' will need to ensure that the material meets the requirements of the controlled wood standard (Controlled wood for trading companies FSC-STD-40-005). This can be done through a risk assessment process, determining the origin of the material and evaluating the likelihood that it meets the requirements. In practice this means the company will do the following:

District of origin: The company must identify the *district* within the country from which the timber has been sourced. This means the company must collect evidence to show where the timber was harvested.

Risk assessment: The company must carry out a risk assessment based on the information it has collected about the source(s) of the timber. The risk assessment must judge the forest source(s) according to the risk that they are non-compliant with the controlled wood requirements (see above). Using this risk assessment, the company must then assign each supplier or source as:

- Low risk, or
- High/Unspecified risk

The results of this risk assessment must be made available to the FSC, who may choose to publish them on the FSC controlled wood website.

Verification: The company must verify the findings of its risk assessment. For low risk suppliers, a programme of random audits will be considered sufficient. That is, as long as the suppliers are included in an audit programme, the company can consider the sources as controlled.

For high risk suppliers, the company must verify compliance with the controlled wood requirements in the field (i.e. at the actual forest of origin) before the source can be accepted as controlled.

Controlled Wood claims

FSC requirements state that, in order to sell FSC Controlled Wood, the company must be in possession of a valid Chain of Custody Certificate. Invoices and transport documents issued for the sale of FSC Controlled Wood products will carry the statement 'FSC Controlled Wood' against the relevant products.

Issues with compliance by companies

Identification of origin

The origin of the wood products must be established to the district level. This means that simply knowing the *country* of origin is not sufficient. The buying company must supply evidence showing the geographical area from which the timber was harvested.

Note that the requirement for the identification of origin is the first and most important element of the controlled wood standard. The assessment of risk is based on this identification of origin.

Note also that the identification of origin is required regardless of any other certificates that may accompany the consignment of timber. Therefore a PEFC certificate is not sufficient to meet this requirement unless it is accompanied by evidence of the origin of the timber.

Practical approaches:

Most companies will request information from their suppliers using some form of questionnaire. This kind of approach is recommended in the standard. But the success of this approach depends on

- a) the quality of the questions
- b) the detail of the responses

For example, in enquiries investigating forest sources, 'yes/no' questions should be avoided. Questions should ask 'what evidence can you provide that...' Responses from suppliers, where inadequate, should be followed up. The auditor will look for evidence that follow up actions have been taken.

Reluctance on the part of the supplier to provide information will generally be taken as an indication of risk. The auditor will look for evidence that recalcitrant suppliers have been rated as high risk and/or excluded from the supply chain altogether.

Risk assessment

A risk assessment must be made of the origins of the timber products. This risk assessment must be consistent with the process set out in Annex 2 of the Controlled Wood Standard (FSC-STD-40-005). Companies may already have a process for supplier evaluation. Such processes may be included as part of the risk assessment but will be judged non-compliant unless they include the details set out in Annex 2.

The risk assessment and its results should be periodically re-visited by the company. The risk assessment should be updated at least annually.

All documents on which a risk assessment decision is taken should be kept on file by the company. The auditor will need to see and evaluate the adequacy of the documentary evidence.

Verification

If the company wishes to include timber from what it has classified as a high risk supplier, the company will need to verify that the forest source of the wood meets the controlled wood requirements. This must be done before the timber can be considered 'controlled'.

The verification must be carried out by a suitably qualified and experienced body. This may be the buying company itself, but the company will have to demonstrate to the certification body that the people who carried out the verification were checking the right things in the right way.

In practice, companies are advised to exclude all sources that they deem to be unspecified/high risk, rather than try to audit these sources for compliance with the standard.

Appendix 3: PEFC Non-controversial Sources

The requirements for avoiding controversial sources are contained in sections 3.6.2 and 3.6.3 of the PEFC CoC standard.

Requirements of the PEFC CoC standard for assurance of non controversial sources
3.6.2 The organisation shall require from all suppliers of the forest based raw material, which is not classified as certified raw material, at least a signed self declaration that supplied raw material does not originate from a controversial source. The organisation, which has signed contracts with its suppliers, shall include such a declaration in the contracts.
3.6.3 The organisation shall evaluate the potential risk of procuring raw material from controversial sources and establish a sampling based programme of second or third party verification of the suppliers self declarations if a high risk exists that raw material originates from controversial sources
Note: the potential risk evaluation carried out by the organisation should be based on the regional/country level

Controversial source is defined as *Illegal or unauthorised harvesting*. Note that this includes “Examples of the illegal and unauthorised harvesting include harvesting in forest areas protected by law as well as in forest areas officially published by government authorities (or body with the legal authority to do so) as planned to become strictly protected by law, without the government authorities (or the body with the legal authority to do so) giving permission to harvest.”

CoC applicants are required to take an approach that is similar to the approach recommended by the FSC controlled wood standard as follows;

- **Self declaration:** a commitment from the supplier to provide non-controversial wood
- **Risk assessment of self declarations:** based on the country of origin and what is known of general law enforcement and resource control in that country
- **Verification by 2nd/3rd party:** required for those suppliers classified as high risk of the company wishes to include this material as ‘non-controversial’

CoC applicants carrying out a risk assessment of suppliers’ self declarations must establish the degree to which *the supplier* has been able to determine the supply chain. That is, the standard effectively asks the applicant to assess the complexity of the supply chain (e.g. the number of processing stages the material has passed through) and factor this in to the level of risk it attaches to the material itself. If the ultimate source of the material cannot be reliably demonstrated, the material should be treated as high risk.