

GW/gw

6th May 2015

Mr D King-Smith
The Hillyfield
c/o The Linhay
Old Hazard
TQ9 7LN

Dear Mr King-Smith

**The Hillyfield and Tom's Brake – Harbournford, Devon
Farm and Woodland Regeneration Business Development**

Thank you very much for your phone call and your email asking if I would be prepared to look in detail at the justification for your proposed development for two small permanent forestry buildings at Hillyfield and to assess whether your plans for developing the markets for the woodland's produce are practical and realistic, based on our experience of the sector in the South West of England, the rest of the UK and overseas. This we agreed to do, based on information sent to us by you.

I apologise for the delay in writing, but I have been away and I have only just got back in the office.

Information Supplied

The information you subsequently sent us was the following:

1. The Woodland Management Plan for the Hillyfield and Tom's Brake which Forestry Commission England has approved for the period from 1st May 2014 for a period of 10 years.
2. An outline drawing of one of the barns that you wish to erect to enable you to fulfil the vision for the woodland that you outlined in section 2.1 of the Woodland Management Plan.
3. Estimated timber volumes that you have assessed that the woodlands could produce on a sustainable basis taking into account fellings required by Statutory Protection Health Notices issued by Forestry Commission England as a result of Phytophthora ramorum.

My Experience

In making my evaluation of your business development plans I am drawing on my experience as Managing Director of John Clegg Consulting Ltd and in particular on my experience of

undertaking over 150 consultancy assignments in the UK and overseas connected with woodland management, wood processing and rural development. I am attaching a copy of my CV in case more details are required.

Some of the most recent relevant assignments have included the following:

- **Opportunities to Add Value to South West Home Grown Timber - Analysing the business case.** Prepared for Forestry Commission England and South West Woodland Renaissance Partnership.
- **Ayrshire & Arran Woodlands. Their Present & Future Contributions to the Diversification to the Rural Economy.** Prepared for the Ayrshire & Arran Woodlands Partnership.
- **Wood Fibre Availability & Demand in Britain 2007 to 2025.** Prepared for the Confederation of Forest Industries, UK Forest Products Association and the Wood Panel Industries Federation.
- **Influences on Roundwood Prices and Availability & Demand for Roundwood for Bedmax's Existing Manufacturing Plants.** (Confidential).
- **Developing a Feedstock Supply Strategy for Iggesund's Biofuel Project.** Prepared for Iggesund Paperboard (Workington) Ltd (Confidential).

Policy Environment

The UK government's Forestry & Woodland Policy Statement issued by Defra in January 2013 clearly indicates that the UK Government is very supportive of bringing small woods into management, and in developing markets for woodland produce. Your proposals therefore seem to be entirely appropriate.

The report called 'Valuing England's National Parks by Cumulus Consultants Ltd in May 2013 states on p40 that 'NPAs have a longstanding and close working relationship with farmers and foresters in the National Parks, both as authorities and landowners (in some areas)'. NPA influences and activities specifically include the following:

- 'Woodland product initiatives, designed to support the production, processing and marketing of high quality timber, coppice and other woodland products. This includes supply chain and quality assurance/certification activities.
- Wood fuel initiatives, designed to support the development of the wood fuel sector in National Parks. This includes business and marketing support, technical advice, and grants for equipment and boilers'.

Your proposals therefore seem to be very well aligned to the practices in many of the country's National Parks.

Economics of Woodland Ownership

Price determination

Income derived from the sale of woodland produce is an important source of revenue which helps the owner to pay for the management and maintenance of a wood as well as a variety of non timber benefits. In reality the price an owner receives for his or her woodland

produce depends obviously on supply and demand, but a major influence is the price a final customer is prepared to pay at the end of the wood chain. What this means is that woodland owners are in effect price takers as they have to accept the best price they are offered by a buyer, with all the other businesses in the supply chain taking their profits and leaving the woodland owner to take what is left if they wish to sell their produce.

Adding Value for Local Benefit

If an owner fells his or her own trees then the money stays with them rather than being paid to a contractor who may not necessarily live or spend the money earned locally. Similarly if an owner can also improve or process the produce from their woodland then they can capture some of the increased value that would otherwise go to another business in the supply chain who may not be based locally.

Economies of Scale

Small woodland owners generally face higher costs than owners of larger woods because the economies of scale apply to forestry, just as they do in farming or any other form of economic activity. This means that getting contractors in for any woodland management or harvesting activity will cost more as equipment has to be brought to the site for a small volume. Forgetting the cost of downtime when any equipment is not being used, the cost of bringing equipment to a woodland site can cost several hundred pounds. If an owner has equipment on site that they can use to do the operations themselves there is an obvious saving in cost for them and less use of local roads.

Transport Costs

The transport of round logs is expensive and can cost up to £20 / tonne depending on the size of truck used and the distance the logs are being transported. If logs are sawn, the conversion factor can vary from 30% to 80% depending on what is being produced. Transport of regular shaped material is more efficient than round logs because stacking on a truck is easier than with round logs and any material used on site for other purposes doesn't have to be transported on public roads. Approximately half the weight of a log comprises water so if any material can be dried on site the weight of material being transported on public roads is less, depending on the moisture content of the produce, which can only be a benefit.

The Situation of Woodland Owners in South West England

Woodland owners in the South West of England have long been concerned that much of the roundwood they were producing was being taken out of the South West of England for further processing and consequently the jobs and other economic benefits were being lost to the local economy. This was the reason that we were contracted to look at the situation on behalf of Forestry Commission England and the Woodland Renaissance Partnership. While much of the attention was directed at the opportunities for processing larger volumes of woodland produce, the benefits equally apply to small woodlands and local processing of their produce. We will not attempt to summarise our report here, but we would be happy to supply a copy if required.

Evaluation of Your Forestry Proposals

I have read the detailed proposal for your woodland carefully that you have provided in the Woodland Management Plan that you submitted to Forestry Commission England and which they have subsequently approved. In particular I notice that you have a clearly articulated vision for your woods and the way you want to manage them. In my experience the commitment of the owner to achieving their vision is a key factor in doing so and from the information you sent me and our phone conversation I feel that you have that commitment.

In evaluating your need for permanent forestry buildings in order to deliver your woodland regeneration forestry business proposals I have judged them against the considerations that I have identified in the previous paragraphs.

Need for Machinery

To implement your proposals you will inevitably need equipment and machinery. As you plan to use equipment and machinery you already own, and have on site, this will save contractors bringing in similar equipment on local roads every time you need to complete an operation.

I have looked at the list of equipment that you have, which you sent me, and this seems entirely appropriate for the operations you are proposing to undertake, except for perhaps two quad bikes. One might be sufficient! I understand that a significant amount of this equipment is presently stored outside under temporary tarpaulin covers. The present arrangements are certainly not the way to maintain forestry equipment in sound working condition and the present arrangements are likely to shorten the life of both equipment and machinery. I would therefore have no hesitation in supporting your application to build a store to protect all for your machinery and equipment.

While I have no idea about the security and safety of your present storage arrangements for equipment and machinery, but I would have thought there was a case for building a covered store which can be locked to prevent anything being stolen and to prevent anybody hurting themselves if they illegally start playing with, or using your equipment. To me I would have thought there was a necessity for a lock-up building or store for Health and Safety reasons alone.

Adding Value & Timber Drying

From the information you sent me I understand that one of the ways you are already adding value to your woodland produce is to cut wood up and sell it for firewood. The firewood market is certainly a rapidly growing one throughout the UK. Most purchasers of firewood expect to buy wood that has a moisture content of about 25%, not only for reasons of heat delivery efficiency, but also to reduce the smoke emitted and reduce the possibility of tar being deposited in a chimney. As the moisture of a log is approximately 50% when a tree is felled, the moisture content has to be reduced significantly. Log lengths can be left to dry on site, but it is not easy to reduce the moisture content to less than 30+% and it also takes a long time, although the time taken depends on weather conditions. Given the Dartmoor weather conditions it may take longer to get down to 30+% than some other parts of

England! If wood is stored under cover, there is no doubt that the speed of timber drying is greatly speeded up and it is only under cover that a moisture content of about 25% can be achieved, unless logs are outside during a period of exceptionally dry conditions.

Most builders and customers expect any timber they buy for whatever use to have a moisture content of about 25% because it is lighter to handle, most other timber products are sold in the UK at about that moisture content because the wood has greater dimensional stability when it is in its final end use.

For the above reasons, and especially because it is the norm to sell wood for many constructional end uses at a moisture content of about 25% and because of Dartmoor's weather conditions, I would certainly recommend the construction of a drying shed for your firewood and timber. This will then allow you to develop markets for your woodland's produce as customers expect wood at moisture contents of about 25%. A covered area or barn will therefore allow you to add value to your woodland produce.

I would be pleased to provide you with further information if required and I hope that your planning application for constructing two small permanent buildings will be successful as your plans are, in my view, entirely compatible with your vision and plans for developing your woodland regeneration business.

Yours sincerely,

Guy Watt
Managing Director