

Smithhills Payment for Ecosystem Services

Defra Pilot Project

Final Report – Spring 2015



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Smithhills: Project Summary

The Woodland Trust's '**Smithhills Natural Enterprise Catalyst**' is an attempt to use social and private micro-enterprises to mobilise natural capital in a city fringe landscape, for the benefit of people living nearby. It's based at Smithhills, a 1500-acre estate on the edge of Bolton, recently acquired by the Woodland Trust. Smithhills is within the urban-rural fringe, being predominantly farmed rather than wooded. The rationale for the Woodland Trust's purchase of the site rests on its ability to demonstrate the role that trees and woods can play in providing a range of services to people, businesses and landscapes around our urban centres. The Trust also aims to show how trees can be beneficial within the farmed environment, for example through the provision of shade and shelter to livestock.

Our basic strategy was to create a new venture that sustains the natural capital at Smithhills, based on income from payments for the ecosystem services the site's natural capital provides. The project has progressed through three stages:

1. Site Evaluation and Options appraisal,
2. Development of enterprise concepts,
3. Establishment of an 'Enterprise Catalyst'.

The result has been that we have established the principles, and put in place the first practical steps, of an approach that is based on three distinctive features:

1. **The development of a cluster of small enterprises**, to mobilise the range of different functions or ecosystem services that can be derived from Smithhills' natural assets
2. **The creation of an independent catalyst mechanism**, that is outside the Woodland Trust's organisational structure, to develop those Payments for Ecosystem Services (PES)¹ enterprise opportunities
3. **The use of a social enterprise structure for the 'Enterprise Catalyst'**, run in partnership with local stakeholders, to ensure that the outcomes are: (1) aligned with our PES objectives, and (2) have local meaning, value and legitimacy.

1. **Has proof of concept been demonstrated?**

In summary, we have 'strong evidence of concept', but we think that proof will only come after we have formally established the Catalyst and the first two enterprises have started trading. (See **section 4.1** of the report for a more detailed analysis).

¹ The basic idea behind PES is that those who provide ecosystem services should, as in other parts of the economy, be paid for doing so. PES therefore provides an opportunity to put a price on – and create a market for – previously un-priced ecosystem services like climate regulation, water quality regulation and the provision of habitat for wildlife and, in doing so, brings them into the wider economy. The novelty of PES arises from its focus on the 'beneficiary pays principle', as opposed to the 'polluter pays principle'. For further information see:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/200920/pb13932-pes-bestpractice-20130522.pdf

2. What has the pilot achieved?

In practical terms the Woodland Trust has:

- Carried out a detailed, site-based options appraisal of PES opportunities
- Convened and gained interest and buy-in from a group of local stakeholders, who may go on to form and guide a Board for the catalyst
- Established the basic model for an enterprise catalyst, and scoped out the practical possibilities for the first two PES enterprises.
- Convinced the Woodland Trust's Management Team of the merits of the approach, and secured their backing to carry forward the project at Smithills. This includes, specifically, the recruitment of a project development post, and the development of an independent social enterprise to operate the catalyst at Smithills

3. What have been the main challenges?

We have, so far, met few real challenges. In particular, our local stakeholder group has been very positive, and practically supportive. And the concepts we have developed have caught people's imagination, rather than being resisted.

- **The main technical challenge** that we have faced (and worked through) is the question of how the Woodland Trust establishes and supports an independent social enterprise, without the risk that it compromises its charitable responsibilities. This is something that the Trust is actively exploring with its lawyers.
- **The main practical challenge** that the project will face as it progresses is financial viability; both in terms of the catalyst itself, and the enterprises that it 'spins off'. This will need to be addressed early on through the use of grants to support catalyst, and loan/equity arrangements to help the PES enterprises in their start-up phases.

4. What are the prospects for PES going forward?

The prospects are good. With buy-in from important local stakeholders and the backing of the Woodland Trust, we are confident that PES outcomes will go well at the site. In particular, we think that a strong foundation of cultural services will help build the Smithills' local 'brand' recognition and value. On the back of this, we can see health, recreation and CSR-related services such as carbon or biodiversity credits doing well with local and regional businesses. Other prospects, such as water catchment services also have real potential – perhaps in partnership with other PES initiatives in the region.

5. What is the legacy of the pilot?

The main legacy of the pilot is an on-going project at Smithills, to develop a cluster of PES enterprises using a local social venture – established by the Woodland Trust – as a catalyst. As this

progresses, we think there is likely to be a wider legacy as the Trust adopts the approach in other urban fringe locations. And beyond the Woodland Trust, another major UK NGO has recently commissioned a feasibility study for applying a very similar approach – based on Smithills – to an urban fringe landscape in the North of England.

6. How transferable are these findings to other places / contexts?

We see wider, scalable, applications for this sort of PES enterprise hub; especially in peri-urban contexts where complex ranges of valuable but community-scale ecosystem services could conceivably be developed through clusters of enterprises.

7. Are there any barriers that Government could help remove?

The Smithills project is, at its heart, about bringing the benefits of an urban fringe landscape to the people of a city. The main barriers we see are around limits to the scope and vision of city institutions – such as councils, health authorities, or even private businesses – who do not see the possibilities presented by these types of landscapes because they don't see them as being in their sphere of influence. We think that at Government moves to provide cities with more autonomous powers, they should consider how the city fringe – the first few miles beyond the city limit – might be brought into those new jurisdictions.

8. What other lessons learned are there?

One important insight – yet to be proven in practice – is that in the context of a landscape like Smithills, PES enterprises that are based on a suite of specific local demands for products and services may gain more traction and interest than transactions for services with more generalized social benefits – such as carbon, or biodiversity. However, careful governance and management will be required to keep these more localised mechanisms 'on target' so they continue to deliver genuine PES outcomes.

1. Introduction

1.1 The Smithills Estate, and the Woodland Trust

The Smithills Estate is a place that links two very different worlds – sitting as it does on the edge of both the open hills and a big city. It is up on the side of the Pennines, but right next to Bolton, with commanding views over Greater Manchester and beyond. This means its natural assets – its fields, woods, peat bog, animals, plants, views, and fresh air – have the potential to bring value to a lot of people.

While this sort of landscape is full of opportunity, it's also the sort of urban fringe landscape that is classically chronically under invested in in the UK, and therefore chronically under-performing.

The Woodland Trust has recently bought Smithills, and wants to find practical, enterprise-based ways to link the site's natural assets to local people and businesses². By this we mean finding ways to get income for some of the benefits, or services, that come from those natural assets, and investing this income back into protecting and improving the site. In essence, we plan to use a 'PES' approach at Smithills.

The approach to PES that we have developed and adopted at Smithills is deliberately multi-faceted. Early on in this project we identified that there are multiple functions, or services, that the natural assets at Smithills can or could deliver. And we decided that each of these might require a discrete and targeted business mechanism to mobilise it. Rather than developing these PES enterprises 'in house' the approach we developed was to act as a host, or 'curator', to a suite of independent enterprises. Depending on the enterprise, these will have different PES models, different customers, and different routes to market – as described in the following sections.

The aim is to bring nature and the city closer together, and in the process create a more resilient landscape – one that can continue to thrive in an unpredictable future. And by basing this on enterprise, rather than grants and donations, we hope the benefits of Smithills can be guaranteed well into the future.

1.2 Smithills Natural Enterprise Catalyst

1.21 Overview

The Woodland Trust's '**Smithills Natural Enterprise Catalyst**' is an attempt to use social and private micro-enterprises to mobilise natural capital in a city fringe landscape, for the benefit of people living nearby. It's based at Smithills, a 1500-acre estate, on the cusp of being acquired by the Woodland Trust on the edge of Bolton.

1.22 Approach

The Project concept is to establish a cluster of enterprises, each of which focuses on delivering value from one of the site's natural capital opportunities. The cluster will be developed by a

² See the attached Vision Statement

core ‘enterprise catalyst’ – in the form of a joint social venture³ between the Woodland Trust and local stakeholders. The catalyst will: (1) support and invest in the enterprises, and (2) act as ‘curator’ – setting terms, and getting the right mix of enterprises to suit the site.

1.23 Enterprises

Amongst the first enterprises identified for further development are a charcoal fired social enterprise owned food truck – designed to promote and bring locals up to the site, and a ‘woodshare’ enterprise – aimed at involving locals in sustainable firewood production.

1.24 Process

The project has progressed through three stages:

1. **Site Evaluation and Options appraisal.** Evaluation of natural resources, and the functions they can deliver.
2. **Development of enterprise concepts.** In consultation with local business, community and NGO contacts.
3. **Establishment of an ‘Enterprise Catalyst’.** Bringing together a locally rooted group of ‘fixers’ to make this all happen. These will come from a range of backgrounds including local businesses, other NGOs and local Government.

1.3 The ‘theory of change’ for the project

1. *Basing PES on a functional analysis of landscape*

By carrying out a systematic functional analysis of the natural assets in our landscape (see section 2.1), we can identify a suite of functions and understand the resources they are dependent on. This provides a firm basis for scoping PES opportunities, since each function represents a product or service that might be developed into a PES enterprise.

2. *Harnessing entrepreneurship*

A core part of our approach is to ‘invite in’ innovation from independent operators to take on each of the PES opportunities we identify. We do this because: (1) it provides a mechanism for an institutional landowner to harness an entrepreneurial mode of operating, and (2) it avoids duplicating, and provides opportunities for, skills that already exist in the regional economy.

3. *Using enterprise clusters*

By developing a cluster of enterprises, we can activate a more comprehensive range of landscape functions, or ecosystem services. This is likely to drive a more multi-faced therefore resilient landscape, and is likely to lead to synergies between enterprises, and ‘bundle benefits’ in terms of ecosystem service delivery.

³ The precise legal format for this will be decided in the next, operational, phase of the Smithills project. It is likely to be a Community Interest Company (CIC) or Charitable Incorporated Organisation (CIO)

4. *The need for a Catalyst*

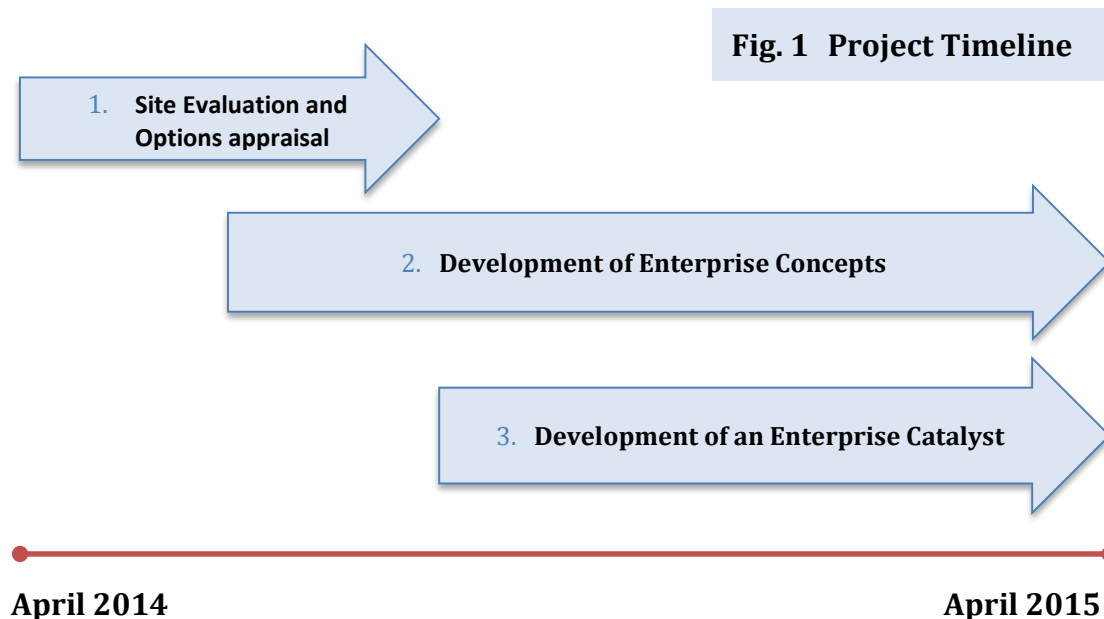
The sorts of enterprise clusters we are interested in don't 'just happen' in a landscape like Smithills. The creation of a catalyst mechanism, to identify, support, invest in, and manage enterprises is therefore a core part of our approach. The Catalyst will also provide a means of managing enterprises, to ensure they remain in the 'benefit space' in terms of PES – avoiding purely commercial activity. As part of the on-going development of the project a methodology will be developed that will enable the Catalyst to assess the suitability of proposed enterprises. This will be in the form of a set of tests or guiding principles; designed to balance the interests of the Woodland Trust and the site, with those of local people seeking to secure a livelihood from Smithills.

5. *Using a local social enterprise governance structure*

Drawing local partners into a joint venture with the Woodland Trust will help the project to retain local relevance and legitimacy. Establishing this venture as a social enterprise will help lock in PES principles – so that enterprises are selected and managed on the basis of their ability to deliver benefits both from and to the ecosystem at Smithills.

2. Process – how the project was carried out

The project was developed through three work-streams, carried out over twelve months:



2.1 Site Evaluation and Options appraisal

2.11 Objectives and rationale

Our basic strategy was to create a new venture that sustains the natural capital at Smithills, based on income from payments for the ecosystem services the site's natural capital provides. Our target services were those that are currently unsupported by functioning markets, but have the potential to be independent of grants or philanthropy, see **Figure 2**, below.

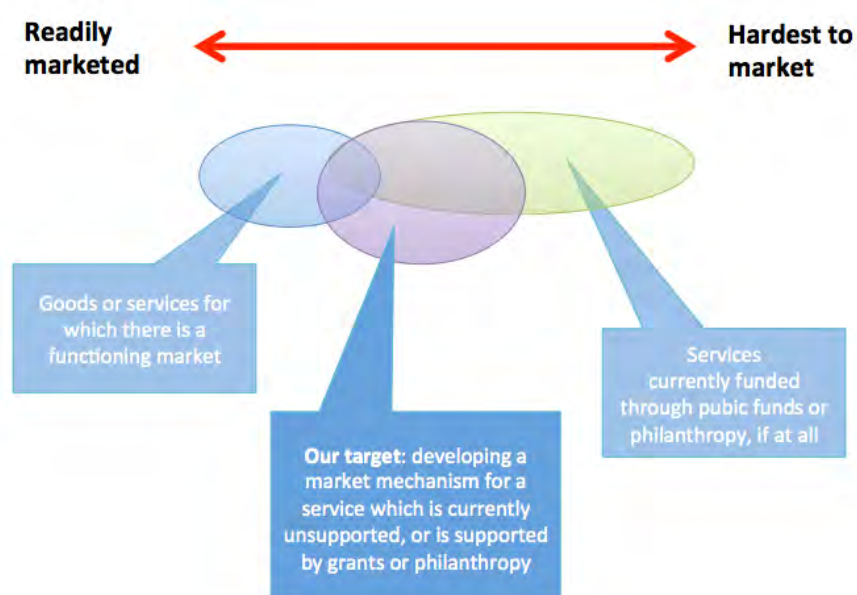


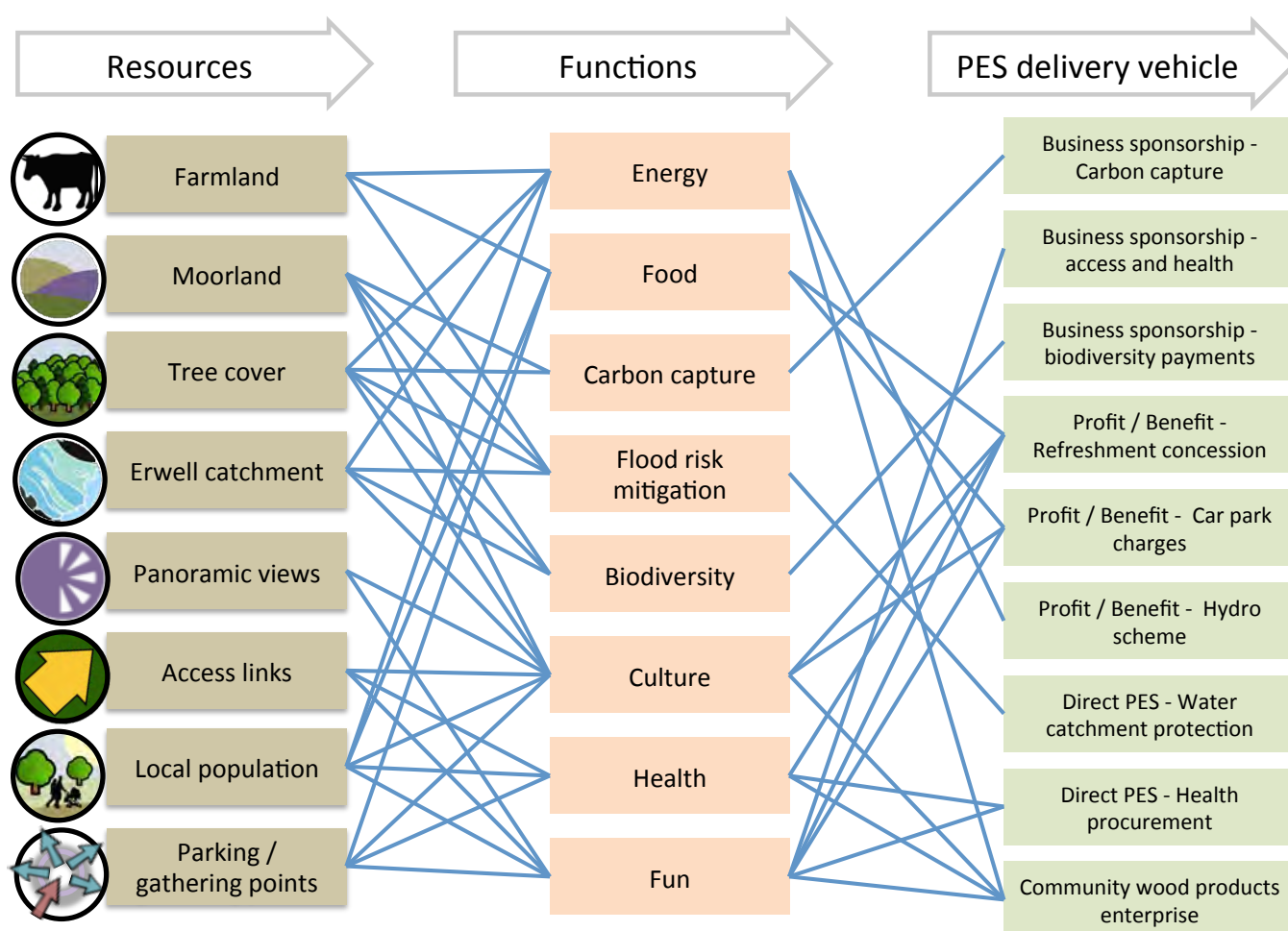
Fig. 2 Identifying the gap in the market for PES

2.12 Scoping out what might be possible

We carried out a detailed Site evaluation, in order to understand the range, scale and quality of assets that the Smithills estate has. Working with local contacts, including representation from local businesses, social enterprises, the Red Rose Forest and Bolton Metropolitan Council, we then carried out an analysis of how these might translate into a series of ‘ecosystem functions’, and then how those functions might be brought together into ‘PES delivery vehicles’; or business propositions.

This was a straightforward ‘structured thinking’ or decision support’ framework, and not an attempt at detailed ecosystem accounting. Its purpose was to identify what might be possible and appropriate at Smithills, and it generated nine potential PES delivery propositions, as illustrated in **Figure 3**.

Fig. 3
Translating landscape resources into PES propositions – a decision support framework



The propositions are described in detail in **Appendix 1**. They fall into four basic categories of delivery mechanism:

1. **Business Sponsorship**. In essence this mechanism involves a business providing financial support for an ecosystem service that is associated with the business. There may not be a direct functional link to the site, but the business is demonstrating wider responsibility to something on which it is dependent. From the perspective of the business, there might be an element of securing its “licence to operate”.
2. **Profit / benefit generator**. This approach involves the coupling on-site of a revenue generating activity with the use of profits to protect and enhance site qualities that the revenue generating activity is based upon. For example car park charges being used to fund access infrastructure. This model lends itself to being run as a discrete, locally accountable enterprise.
3. **Direct PES model**. Conceptually the most straightforward mechanism, where a direct beneficiary of an ecosystem service pays for its delivery. Though theoretically simple, this still requires clear additional benefits to be delivered to the customer, beyond those they would get without payment. Their legitimacy is also dependent on a number of criteria (listed in Section 2.25). The most promising examples, other than in conventional established markets, are currently around water catchment protection.
4. **Multiple benefits enterprise**. This model adapts the manner in which a product or service is delivered so that other – less immediately commercial - ecosystem services are delivered in parallel, providing added value. This can increase the value of transactions for the core service, and it can help create additional income streams.

2.12 Evaluating enterprise propositions

Our evaluation of each proposition looks at two main issues: **(1) Prospects** – is the PES enterprise likely to work? And **(2) Mission Alignment** – does the enterprise do what we want it to do. These two issues are assessed under the following criteria:

i. Prospects:

- **Business case**. To what extent does the site have sufficient resource to sustain a viable enterprise, and how confident are we that there will customers prepared to pay for the goods or services involved?
- **Proof of concept**. To what extent has this been done before, and to what extent will systems and processes need to be ‘invented’ or created from scratch to make the proposition work?
- **Simplicity**. To what extent is the business mechanism dependent on multiple processes aligning and working at once?
- **Network**. Are there people or organisations that could readily be lined up to deliver the various functions required to make the enterprise work?

ii. Mission Alignment:

- *Genuinely PES?* Are payments being made for the delivery of an ecosystem service, and does that income get invested in the natural capital that supports the service?
- *Scalability in city fringe.* To what extent could the enterprise proposition be applied widely across urban fringe landscapes, and to what extent is it necessarily a one-off?
- *Match to WT objectives.* How well does it match the charitable aims of the landowner?

A summary of these evaluations is illustrated in **Fig. 4**, over the page.

2.13 Outcomes – settling on an approach

In our analysis we expected much of the potential value of PES enterprises at Smithills would come as ‘bundle’ benefits from the development of a suite of different enterprises. However, experience and advice all point to the development of businesses in small, simple steps. So, the options appraisal resulted in the shortlisting of three basic ‘propositions’:

1. *The delivery of cultural services* through a food concession. The specific cultural services here relate to the development of a sense of community, in connection with the landscape. The food concession will act as a gathering point, and because of its local links and cultural resonance, it will help people form a range of cultures to form an affinity for the Smithills landscape.
2. *Local woodfuel provision*, in tandem with the delivery of cultural services through people engagement and employment; and
3. *Climate regulation*, through voluntary carbon markets that we think might form the basis of a business. There is scope for restructuring and expansion of the existing woodland resource and for the restoration of the upland peatland through rewetting: both of these activities could attract carbon financing from corporate partners.

In consultation with our **Contact Group** (see section 2.3) these propositions were further refined to develop what were considered to be the two most immediately promising business concepts: **‘The Bolton Woods Tandoori’** and **‘Smithills WoodShare’**. These were explored further in the next phase of the project.

Fig. 4 Summary evaluations of enterprise options for PES delivery*

Options appraisal		Business case	Proof of concept	Simplicity	Network	Prospects	Genuinely PES	Scalability in city fringe	Match to WT objectives	Mission alignment
1	Business sponsorship – Carbon	★ ★ ★	★ ★ ★	★ ★	★ ★ ★	V. good	★ ★	★ ★ ★	★ ★ ★	Good
2	Business sponsorship – Access and health	★ ★	★ ★	★	★ ★	Fair	★	★	★ ★ ★	Poor
3	Business sponsorship – Biodiversity	★ ★	★	★ ★	★ ★	Fair	★ ★	★ ★	★ ★ ★	Good
4	Profit/Benefit generator – Refreshment concession	★ ★ ★ ★	★ ★ ★	★ ★	★ ★	V. good	★ ★	★ ★	★ ★ ★	Good
5	Profit/Benefit generator – Car park	★ ★	★ ★ ★ ★	★ ★	★ ★	Good	★ ★	★ ★	★ ★	Fair
6	Profit/Benefit generator – Hydro scheme	★ ★	★ ★ ★	★	★	Fair	★ ★	★ ★	★ ★	Poor
7	Direct PES – Water catchment protection	★ ★	★ ★	★	★ ★ ★	Fair	★ ★ ★ ★	★ ★	★ ★ ★	V. good
8	Direct PES – Health procurement	★ ★	★	★	★ ★ ★	Fair	★ ★ ★	★ ★ ★	★ ★	Good
9	Multiple benefits – Community wood products	★ ★	★ ★	★ ★	★ ★ ★ ★	Good	★ ★	★ ★ ★	★ ★ ★ ★	V. good

2.2 Further Development of Enterprise Concepts

The two business propositions shortlisted in the Options Appraisal process were investigated in more detail. Our objectives in this phase of the project were to:

- Understand, in practical terms, how each enterprise might actually operate
- Get a sense of whether the enterprise would be financially viable
- Evaluate whether the outcome of each enterprise would deliver PES outcomes.

The basic ‘business vision’ that we started with for each enterprise was as follows:

The Winter Hill Tandoori Van - a community owned pop-up restaurant in a van, run by an entrepreneurial band of local chefs and woodcutters. It draws regular crowds up to picnic on the slopes of Smithills, overlooking Bolton and Manchester. There they eat spectacular tandoori cuisine, cooked on charcoal produced from the surrounding woods. And it's a regular sight around the hotspots of Greater Manchester - bringing a taste of the woods and the hills to the heart of the city. What's more, profits from the van are directed through the locally run Smithills enterprise catalyst to pay for paths, parking, picnic sites, and community events. *Good food, good woods - by the people, for the people*

Smithills WoodShare – a firewood company owned by and operated on behalf of its community of members living in and around Bolton. Smithills WoodShare uses a social enterprise structure and employs a professional forester part-time to co-ordinate harvesting, processing and delivery of firewood. Rooted in its local community, Smithills WoodShare uses any money it makes to run a regular programme of events and volunteering activities, and has a close practical involvement with a local initiative that helps young people to develop their work skills.

2.21 How we did the work

The work on each project involved three steps:

Step 1: Initial Proposition. This was the development, as part of the options appraisal, of a basic enterprise proposition. The proposition was derived from an appraisal of the assets available on-site, and the types of functions they might support. An initial – rough – assessment was made about whether they might be viable, and whether they would deliver PES outcomes.

Step 2: Testing the Business Concept. A ‘vision’ for how the business might look was developed, and presented to our ‘Contact Group’ of stakeholders to get their take on whether, given local conditions, the concept made sense.

Step 3: Technical Research. More detailed work was then carried out on how the two enterprise concepts would work in practice. This was slightly different for each:

- For the **Tandoori Food Truck** we researched the technicalities and business parameters for food trucks by making contact with people operating similar businesses, for example a wood-fired pizza oven food truck. The findings are presented in **Appendix 2**.
- For the **WoodShare** concept, we (1) surveyed all of the forest stands, to obtain sustainable timber yield information (this information is set out in **Appendix 3**), and (2) consulted with our potential partners at Manchester Tree station, to explore what might be possible at the site.

2.24 Evaluation 1: Are the enterprises likely to be viable?

We used the following enterprise appraisal criteria and questions to assess and summarise the potential viability of the two concepts – see **Fig. 5**, below.

Fig. 5 Enterprise evaluation criteria – as developed by the National Trust and Woodland trust for evaluating social enterprise viability

Availability of the resource	<ul style="list-style-type: none"> • What basic resources does the enterprise need? • Are these available? • Will this resources grow or diminish over time?
Market	<ul style="list-style-type: none"> • Is there an accessiblefor this product? • How mature is the market? Do we know it works? • What are the future prospects? Is it growing?
Enterprise partners	<ul style="list-style-type: none"> • Who is available to take on the enterprise? • What skills, qualities and capacity will they need? • To what extent can an existing team do this?
Finance	<ul style="list-style-type: none"> • How much finance is needed to take this forward? • What sources are available already? • What's the likelihood of raising enough?
Circumstances	<ul style="list-style-type: none"> • How well would this fit in with existing work in the woods? • How well does it fit with WT or external policy agendas? • Are there any other reasons why the timing is good/bad?

Results and Commentary

The results of our analysis are set out in **Fig 6**, overleaf. Our general findings are as follows:

- Our overall assessment is that both enterprises could work, and both are desirable because of the social and environmental dividends that they could pay. But both will need active external support to be able to get into a viable position; neither presents itself as an easy immediate money-spinner.
- The Tandoori Food Truck concept is considered to be a higher risk but higher return prospect. If it was to work well, then it could generate significant income, draw people to the site, and create new cultural connections between the nearby community and the

Fig. 6 Enterprise evaluation

Viability criteria:	Enterprises:	
	Tandoori Food Van	WoodShare
Resource	Reasonable , and with good prospects for improvement. The Van will need a good 'pitch' on site, and three potential locations present themselves (car park at bottom of site, Smithills Hall, or a new pull-off area that is being proposed).	Needs work. The woodland resource at Smithills is limited in terms of volume and access. An accessible sustainable yield of around 90 tonnes / year is expected, split 50:50 between hardwood and softwood. This makes a full-time woodfuel enterprise non-viable. However, the concept could still work as a part-time operation, especially if it is linked to an existing enterprise.
Market	Reasonable. There is a proven market for this sort of food concession, and lucrative markets certainly exist in similar locations. However, visitor numbers at Smithills are currently somewhat limited, and so the Van will need to (1) build a regular following, and (2) augment its income by operating off-site.	Good. Discussions with the WT's potential collaborators on this project (Manchester Wood Station) suggest that there is a strong local woodfuel (log) market.
Enterprise partners	Needs work. The plan for this enterprise is to carry out a high profile competitive tendering process. Food trucks, suitable restaurants, and social food enterprises who may engage in this opportunity do exist in the region, so there is a good change that a suitable candidate partner could be found.	Very Good. Discussions are well progressed with Manchester Tree Station to run a part-time 'satellite project' at Smithills.
Finance	Needs work. Just buying and fitting out Van will require in the order of £50k. If returns are set to be high, then this should not be prohibitive, and/or the WT may consider assisting by having an equity stake (part owning the van).	Reasonable. Although establishing low-key operation on site would require very little capital investment, some up-front expenditure would be needed to rent a stacking area. More substantial investment would be necessary to get access for timber extraction from some of the main forest stands on site.
Circumstances	Very Good. The Van would help to bring together a number of social, cultural and visitor experience objectives, so has WT support. It is also supported by the contact group. Timing-wise, launching the initiative could coincide well with publicity about the purchase and management of Smithills as a community resource.	Very good. The prospect of using wood products as a platform for engaging local people in Smithills is a great fit for the Woodland Trust. And the involvement of Manchester Tree Station at this stage makes the proposition very practically feasible, and very desirable from the point of view of local network building.

landscape. Its success is, however, dependent on finding an excellent enterprise partner, and on the Van gaining a loyal following on-site (plus off-site trade; expected to be easier).

- The WoodShare concept, in contrast presents a relatively low risk, because it is likely that it can be run, initially at least, in a low-key, low input manner. And because there is a good prospect of engaging a very well-aligned and competent Enterprise Partner. However, because of the relatively small timber resource on site (notwithstanding the prospect of new planting), it is likely that the venture will remain a relatively small operation; limited as it will be by revenue.
- Risk of failure exists for both concepts, and indeed all of the ventures that the Woodland Trust is interested in starting and hosting at Smithills. The strength of the proposed approach- to create a cluster of enterprises, and to allow these to develop as independent businesses – is that any one of these enterprises can fail without the scheme as a whole and its general aims being compromised. Indeed, because the aim is explore new ways of working, the view may be taken that if none of the enterprises ever fails, then we are not taking enough risks.

2.25 Evaluation 2: Do the enterprises deliver our PES objectives?

Defra's [Best Practice Guide](#) lists seven defining principles:

1. *Voluntary: stakeholders enter into PES agreements on a voluntary basis;*
2. *Beneficiary pays: payments are made by the beneficiaries of ecosystem services (individuals, communities and businesses or governments acting on behalf of various parties);*
3. *Direct payment: payments are made directly to ecosystem service providers (in practice, often via an intermediary or broker);*
4. *Additionality: payments are made for actions over-and-above those which land or resource managers would generally be expected to undertake (note that precisely what constitutes additionality will vary from case-to-case but the actions paid for must at the very least go beyond regulatory compliance);*
5. *Conditionality: payments are dependent on the delivery of ecosystem service benefits. In practice, payments are more often based on the implementation of management practices which the contracting parties agree are likely to give rise to these benefits;*
6. *Ensuring permanence: management interventions paid for by beneficiaries should not be readily reversible, thus providing continued service provision; and*
7. *Avoiding leakage: PES schemes should be set up to avoid leakage, whereby securing an ecosystem service in one location leads to the loss or degradation of ecosystem services elsewhere.*

Figure 7, overleaf tests the extent to which our projects follow these principles.

Fig. 7 PES delivery evaluation

PES Principle	Enterprise	
	Tandoori Food Van	WoodShare
Voluntary	Yes. Partners, customers, and beneficiaries are all voluntary	Yes. Partners, customers, and beneficiaries are all voluntary
Beneficiary pays	In part. The PES beneficiary community will make up a portion of the market for food served	Yes. The fuelwood PES beneficiary community will pay. Wider cultural beneficiaries may be part of this market, but may also be subsidised by it
Direct payment	In part. In a strict sense, payment is not direct – profits from the food transaction are used to fund cultural engagement. Although consuming food on site, cooked using charcoal produced on-site, is in some respects part of the cultural experience	In part. Payment is direct in part; since fuelwood is a direct PES transaction, but the added cultural benefits are linked ‘value addition’ – but not necessarily a direct part of the transaction
Additionality	Yes. Cultural engagement activity will be contingent on the enterprise. Access improvement work is likely – but not guaranteed - to go beyond the level the WT would deliver ordinarily	Yes. Both woodfuel and cultural outcomes from the enterprise will only be delivered as a result of the enterprise
Conditionality	No. Payment is in most senses indirect, so not conditional. However, sales are likely to benefit from the Smithills brand, and from visitor numbers	Yes. Payment will be on delivery, in a literal sense
Ensuring permanence	No. Aside from practical access works, most of the benefit is impermanent – it requires on-going operation of the enterprise	No. The benefit is impermanent – it requires on-going operation of the enterprise
Avoiding leakage	Yes. While landscapes nearby are used for recreation, the Tandoori enterprise is focused on developing a particular and new cultural association with the peri-urban landscape.	Yes. Indications are that woodfuel market demand outstrips supply. And similar cultural engagement services are not being met elsewhere in the community

Commentary

We would make the following observations on alignment with PES principles:

- Neither enterprise meets all PES principles. The main divergences are a result of the indirect nature of payments – we are relying on creating a link between a commodity transaction (food or fuel wood) and cultural benefits.
- Our main challenge is to ensure that these links are resilient. While it could be argued that the nature of the products creates a natural linkage, we are clear that the linkage will need other more tangible measures to be maintained. Three specific mechanisms are relevant:
 1. *Hypothecation of profits to benefits*. These will be secured by means of a rent, or licence fee, from the enterprise partner to the not-for-profit manager of Smithills to use on-site (either the WT, or a Development Partnership).
 2. *A closely defined mode of operating*, which ensures local communities and businesses are engaged in the enterprises, and influences outcomes by controlling the manner in which they work. This will be established in the tendering process, and managed as part of the resulting partnership/licence agreement.
 3. *Partnership working*. Close engagement and co-development of each enterprise through common interest will be the most powerful means of securing the right results. This underlines the importance of the role of the Development Partnership at Smithills.
- Both of the ventures planned here are designed to deliver a suite of ‘ecosystem services’ (food, fuel, cultural outcomes, health benefits), and the mechanisms described above will help make sure this happens – largely through the application of judgement and good management against a set of principles. However, neither enterprise trades those services directly or explicitly. So while the aim is to establish local markets that depend upon, trade on, and support ecosystem services, there is no functional purpose in enumerating or creating an accounting system for them. It should also be noted that neither enterprise is intended as a ‘PES mechanism’ in itself. Rather, the mechanism is the combination, of enterprises and the ‘bundle’ of services delivered at Smithills, and the way that they are brought together by a single catalyst mechanism.

2.3 Development of an enterprise catalyst

The concept here is to create a new, locally rooted social enterprise that will act as a catalyst - to develop, invest in, let, and manage a cluster of enterprises that collectively sustain the natural capital at Smithills, whilst at the same time being based on income from payments for the ecosystem services the site's natural capital provides.

2.31 *Rationale – why are we creating a new local social enterprise to do this?*

1. *Practicalities of running multiple small enterprises*

From early on, an important part of the Smithills Project's 'theory of change' was to develop a cluster of enterprises, in order to mobilise the site's various PES opportunities. For very practical reasons it was understood that the Woodland Trust would not wish to attempt to run these enterprises in-house. This is mainly a matter of organisational focus – running locally rooted micro-enterprises would not fit with the organisation's structures, or modes of operating.

2. *The need to 'activate' the opportunities*

However, it was also recognised that enterprises are unlikely to just 'happen' at Smithills. This led to the concept of operating a support mechanism – or catalyst - to actively identify, invest in, let, and manage the 'operating space' for enterprises run by others, which deliver and develop the benefits of Smithills' natural assets.

3. *Local control*

When we spoke to local stakeholders, they were very supportive of this approach – because they saw it as a way to engage and develop local initiatives – and to ensure the Smithills project has local roots, resonance and legitimacy. They went further than this, and suggested that rather than the Woodland Trust operating as the catalyst, the catalyst itself should have an independent and locally rooted mode of operating.

4. *Staying in the 'benefit space'*

From the Woodland Trust's perspective, the opportunities presented by relinquishing control have to be balanced against risk. Some of these risks are straightforward 'business risks' to the Woodland Trust; specifically the creation of legal, financial or reputational liabilities. Other risks relate to the possibility that the activities and businesses that are 'catalysed' won't deliver social and environmental benefits.

This is especially moot for Payments for Ecosystem Services, since many of the enterprise options we have identified could feasibly be run in ways that don't deliver PES outcomes. For example, the Tandoori Van could theoretically just sell kebabs, and not take active steps to engage local communities, work in partnership with the WoodShare enterprise, or hypothecate profits for improving site access. Or the catalyst itself might be tempted to select and back enterprises that will pay a good rent, rather than creating a more specifically PES-oriented cluster.

A locally rooted social enterprise should be able to manage these risks in three ways:

- a) **Governance** – recruiting an effective Board, including strong representation of the Woodland Trust, and maintaining in parallel a ‘stakeholder group’ should help balance vision and pragmatism. It will also help to phase over time the ‘devolution’ of control from the Woodland Trust to an increasingly locally controlled Board – as confidence grows.
- b) **Legal format** – using a social enterprise model, such as a Community Interest Company, will help lock the catalyst into operating for the benefit of the community⁴.
- c) **Dependence on the Woodland Trust for a licence to operate** – ultimately the Woodland Trust retains control of the freehold and any lease or licence through which the catalyst operates. In essence this gives the Trust a veto on the operation of the catalyst.

2.33 What it will look like

The enterprise catalyst is ‘in development’ (see **Section 2.33** for what we have done so far), but we have a fairly clear picture of some key aspects of how it will operate. These are summarised in Figure 8, below, and in the following notes.

Whilst the precise model, in this sort of context, is novel, there are examples of how this sort of deliberate building of a cluster of enterprises has been achieved elsewhere. Conventional ‘Enterprise Zones’ – where businesses are encouraged to an area through tax breaks and other incentives, are in some ways similar – in that they often aim to encourage a particular type of industrial activity to develop in one place. In the farming sector, the ‘Land Partnerships’⁵ approach encourages the development of groups of interdependent land enterprises on a single land holding. The Low Carbon Hub⁶, in Oxford, is an example of a social enterprise acting as a catalyst mechanism for the development of a socially and environmentally beneficial cluster of investable renewable energy businesses.

1. Purpose

The Catalyst will be charged with developing, investing in, letting, and managing a cluster of enterprises that collectively sustain the natural capital at Smithills, whilst at the same time being based on income from payments for the ecosystem services the site’s natural capital provides.

2. Format and governance

- The Catalyst will be incorporated as a social enterprise, likely to be in the form of a Community Interest Company (see **Appendix 3** for notes on legal format options)
- It will have a board of directors, drawn from local businesses and NGOs. The Board will take strategic business decisions and use its contacts and influence to help

⁴ Appendix 4 sets out the main legal format options under consideration. A final decision will be made in consultation with the Woodland Trust’s legal advisors, and with those local stakeholders who are likely candidates to be on the organisation’s board.

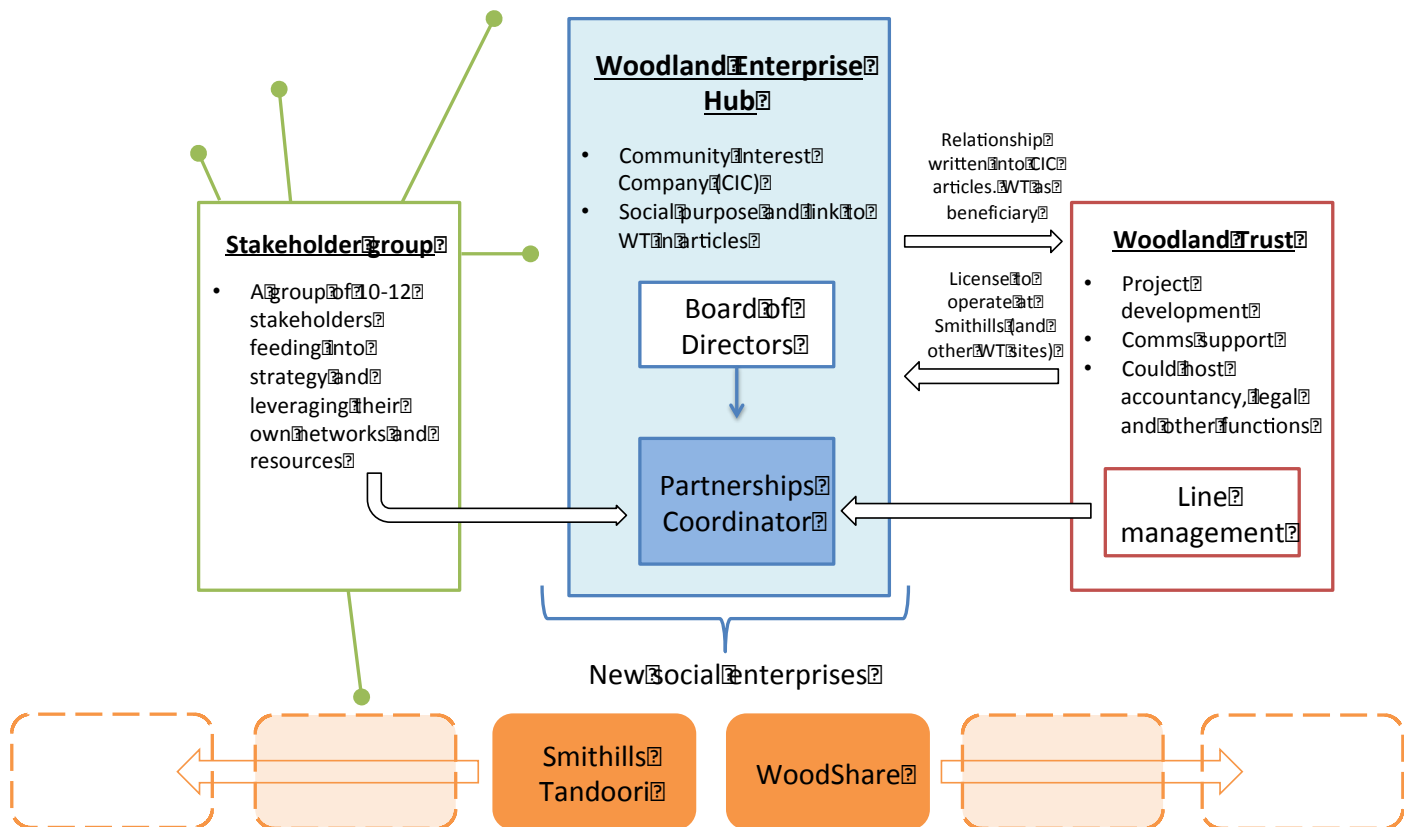
⁵ See: www.freshstartlandenterprise.org.uk

⁶ See: www.lowcarbonhub.org

develop PES opportunities.

- A stakeholder group will also be convened periodically for consultation, to ensure that local interests (such as those of tenant, local residents, environmental interests) are represented.

Fig. 8 Schematic of how the Enterprise Catalyst may work



3. Instruments

The Catalyst will have two main practical instruments through which it will be able to operate:

- It will have the role of broker between the Woodland Trust and new businesses; providing the means to access to Smithills' assets and to potential sources of capital for business development.
- It will have a project officer, provided through some form of secondment arrangement, by the Woodland Trust. The project officer will develop PES opportunities, help co-ordinate infrastructure development, and support and manage enterprises as they come on stream.
- Ultimately the Catalyst will be able to derive income from some or all of the businesses in the PES cluster.

4. *Relationship with the Woodland Trust*

- The Woodland Trust owns the assets at Smithills, and will develop the ‘operating environment’. So it will invest in infrastructure, employ a project officer, etc.
- The Catalyst will be licensed by the WT to develop a suite of businesses based on the WT’s assets, to deliver the WT’s aims. The Woodland Trust will provide the Catalyst with practical and financial support - but this can be in the form of ‘equity’ rather than grants. And an ‘asset lock’ (used in all CICs) will mean that any capital built up in the CIC could only ever be returned to the WT (as nominated charity) should the Catalyst ever be wound up.
- The businesses themselves will be given leases, Farm Business Tenancies, concessions, etc., as appropriate. These will be brokered by the Catalyst, but may in many cases be drawn up directly with the Woodland Trust. The businesses are unlikely to receive any grants as such from the Woodland Trust or the Catalyst. But they may have ‘soft terms’ and the CIC may provide loan arrangements for (or retain equity/ownership of) capital investments, such as food trucks or charcoal retorts.

2.32 *Process so far*

Developing the enterprise catalyst has so far involved the following practical steps:

1. *Establishing a ‘Contact Group’ of local stakeholders and ‘fixers’, as a ‘proto board’.*

- Using local knowledge and contacts, we convened a group made up of representatives of local NGO’s and businesses with an interest in – and ability to influence and inform – the sort of outcomes we want to see at Smithills.
- So far this contact group has met twice, with individual consultations in the interim periods.
- The current members are as follows:

Name	Affiliation
Matthew Schofield	Irwell Rivers Trust
Mike Savage	Red Rose Forest
Simon Godley	Bolton City Council
Dave Sanderson	Manchester TreeStation
Steve Connor	Creative Concern
Ian Hart	Local resident and people engagement expert
Faith Bulleyment	Creative Concern
Phil Benn	Manchester TreeStation
Iain Taylor	Peel Group

2. Getting organisational buy-in at the Woodland Trust

- The development of a semi-independent social enterprise to act as an operating company on one of the Woodland Trust's biggest site acquisitions is a bold move, and takes the organisation out of its 'comfort zone'.
- The Trust has therefore had detailed internal discussions, backed up with technical legal consultations, to satisfy itself of the best way to proceed.
- Whilst the precise technical nature of the enterprise catalyst is still in development, the principle of setting up a separate 'entity' to operate at Smithills has been established and incorporated into the plan for the site.

3 Taking stock – where have we got to, and what next

The acquisition of Smithills, which is only being formally finalised in Spring 2015, represents new ground for the Woodland Trust. It is an urban fringe estate, predominantly farmed – not wooded; and the rationale for buying the site rests on its role in making trees and woods relevant to the people, businesses, and landscapes around cities. This project – the development of a PES enterprise catalyst - has been timed to shape the Smithills project as a whole. In essence we have been developing new way of operating for a new type of site.

The result has been that we have established the principles, and put in place the first practical steps, of an approach that is based on three distinctive features:

1. The development of a cluster of small enterprises, to mobilise the range different functions or ecosystem services that can be derived from Smithills' natural assets
2. The creation of an independent catalyst mechanism, that is outside the Woodland Trust's organisational structure, to develop those PES enterprise opportunities
3. The use of a social enterprise structure, run in partnership with local stakeholders, to ensure that the outcomes are: (1) aligned with our PES objectives, and (2) have local meaning, value and legitimacy.

3.1 Specific outcomes

A long list of practical actions has been taken over the course of the year. But the following three outcomes mean that the project is in a strong position to carry on moving forward:

1. Commitment from the Woodland Trust

The Woodland Trust has been supportive of the PES approach from the start of the project. However, the project has moved the decision-makers at the Trust from a position of theoretical interest, through to positive commitment to using the approach that has been developed for Smithills. And potentially to consider its use elsewhere.

The following evidence shows this:

- The PES enterprise catalyst has been incorporated into the operational plan for Smithills
- The PES enterprise catalyst is a core part of important funding bids that the Woodland Trust is pursuing for the site – including a successful bid to the Heritage lottery Fund.
- There is a commitment to recruit a project officer to develop the Catalyst
- The Woodland Trust has an internal team, plus an outside consultant, tasked with taking the project forward

- During the course of the project there has been additional investment in legal and technical advice on using a social enterprise to deliver the Woodland Trust's objectives in this way

2. Technical roadmap

The project has produced a technical roadmap that will guide the early development of the PES catalyst at Smithills. Specifically, we now have a clear picture of:

- The legal form and governance structure for the Catalyst
- The 'pipeline' of enterprises that the catalyst is likely to be able to develop

And we have:

- Specific technical details of how a Tandoori Food Truck – or similar – is likely to operate
- Practical plans for the development of a WoodShare enterprise

3. A network, including potential partners

The establishment of a contact group, which has so far met twice, has provided us with three important outcomes:

- It provides the project with links to a set of influential and effective organisations from the region
- The group includes most of the people we would like to see on the Board of the Enterprise Catalyst
- It has given us leads to potential partners (and in the case of WoodShare, an actual partner) for the various PES enterprises

3.2 Project plan

The Defra funded part of the project has provided us with the space to define what we will do, and to put in place the crucial first components of the project. The project continues now into an increasingly operational mode.

The expected project timeline is outlined in the timeline chart overleaf (**Figure 9**). Key outcomes will be:

1. Formal establishment of the PES Catalyst, including appointment of the Board, and recruitment of a project development post
2. Initiation of first two PES enterprises: (1) WoodShare, and (2) Tandoori Food Truck
3. Initiation of rolling programme, to put together an enterprise cluster

Fig. 9 Future work schedule for Smithills PES Project

Actions:	Year									
	2015	2016	2017	2018	2019					
Development of Enterprise Catalyst										
Convene Contact Group to agree plan of action										
Incorporation										
Appoint Board with WT directors plus local members										
Recruit Project Development Post										
Create Stakeholder Consultation Group										
Convert board members into directors										
Operate catalyst										
PES Enterprise Pipeline										
1. WoodShare										
Establish operational plans with enterprise partner										
Agree heads of terms										
Engage community partners										
Formalise arrangements and start operations										
2. Food Truck										
Draw up detailed project budget and proposition										
Get soundings from potential enterprise partners										
Run call for tenders, in the form of a publicity campaign										
Select enterprise partner										
Formalise arrangements and start operations										
3. Follow-on enterprises										
Decide on order of pipeline with Board										
Carry out detailed development of next enterprise concepts										
Select partners, formalise agreements and start operations										
Carry on as a rolling programme										

4 Summary Analysis

The project has successfully reached an ‘early operational phase’, in that important preparatory work has been carried out, and we now have a plan, team, and partners to take the PES work forward at Smithills. This puts us in a position to form tentative but important analyses of the effectiveness of the approach we have developed, and insights into future challenges and opportunities.

4.1 Proof of Concept: *Evaluation of the project against our ‘theory of change’*

In the introduction we set out our theory of change (**section 1.3**). It is useful to review the extent to which we now have proof of concept for this. In summary, we have ‘strong evidence of concept’, but we think that proof will only come after we have established the Catalyst and have initiated the first two enterprises: WoodShare and the Tandoori Food Truck. Below is our analysis in more detail, against each element of our theory of change:

1. *Basing PES on a functional analysis of landscape*

By carrying out a systematic functional analysis of the natural assets in our landscape, we can identify a suite of functions and understand the resources they are dependent on. This provides a firm basis for scoping PES opportunities, since each function represents a product or service that might be developed into a PES enterprise.

FINDING: Proven concept. The functional analysis of landscape did provide a very useful basis for systematically scoping PES opportunities

2. *Harnessing entrepreneurship*

A core part of our approach is to ‘invite in’ innovation from independent operators to take on each of the PES opportunities we identify. We do this because: (1) it provides a mechanism for an institutional landowner to harness an entrepreneurial mode of operating, and (2) it avoids duplicating, and provides opportunities for, skills that already exist in the regional economy.

FINDING: Strong evidence of concept. The concept of harnessing local entrepreneurship went down extremely well with stakeholders, and yielded a very strong candidate for operating the WoodShare enterprise. However, the concept cannot be said to be proven until we have started to build an enterprise cluster.

3. *Using enterprise clusters*

By developing a cluster of enterprises, we can activate a more comprehensive range of landscape functions, or ecosystem services. This is likely to drive a more multi-faced therefore resilient landscape, and is likely to lead to synergies between enterprises, and ‘bundle benefits’ in terms of ecosystem service delivery.

FINDING: Good supporting evidence for the concept. The ‘thought experiment’ of matching individual site functions to individual enterprise opportunities, and then assessing their viability, suggests that this will be a successful approach.

4. *The need for a Catalyst*

The sorts of enterprise clusters we are interested in don't 'just happen' in a landscape like Smithills. The creation of a catalyst mechanism, to identify, support, invest in, and manage enterprises is therefore a core part of our approach. The Catalyst will also provide a means of managing enterprises, to ensure they remain in the 'benefit space' in terms of PES – avoiding purely commercial activity.

FINDING: Some supporting evidence for the concept. This makes theoretical sense, and has been shown to work elsewhere in different contexts – for example 'enterprise zones'

5. *Using a local social enterprise governance structure*

Drawing local partners into a joint venture with the Woodland Trust will help the project to retain local relevance and legitimacy. Establishing this venture as a social enterprise will help lock in PES principles – so that enterprises are selected and managed on the basis of their ability to delivery benefits both from and to the ecosystem at Smithills.

FINDING: Some supporting evidence for the concept. Again, this makes theoretical sense, and was supported in consultations. However, it will not be proven until we try it out.

4.2 *Summary analysis – will it work?*

There is more detailed analysis of different elements of the project in section 2 of this report. However, our summary observations are as follows:

1. *Viability – will the project work financially?*

Our view is that the project will need support and investment for the first few years, at least, but could realistically become independently financially viable once a cluster of enterprises has been established. This is based on the following specific points:

- The Catalyst will ultimately need to derive income from the enterprises it lets to.
- The first enterprises in development are both a long way from generating significant revenues. The WoodShare enterprise will only ever generate modest income, if any. The Food Truck has the potential to be a valuable concession, but this is a relatively high-risk proposition.
- Over time, however, as a cluster of PES businesses develop on site, some will turn to profit. And collectively, they may create the sorts of synergies and 'buzz' that will – at least in sum, make the project financially viable.

2. *Is it PES?*

Our basic answer is **Yes**, and we think this is a very appropriate mechanism for mobilizing ecosystem services in a complex urban fringe, regionally focused project. It has several strengths:

- The cluster of PES mechanisms will help drive multiple landscape functions

- The trading focus on relatively simple local markets, made of practical demands and services means that the project is not dependent on external marketplaces – such as biodiversity offset or carbon markets.
- The way in which the mechanism draws in local stakeholders should help add to the value of ecosystem service provision, especially in terms of cultural services. It should also help win support for new activities on site.

But the effective performance of the project will require a careful approach to keep it in the ‘benefit space’ in terms of PES. We think this involves three key ingredients being ‘hardwired’ into the project:

- The close management of individual enterprise outcomes; including criteria for defining opportunities and selecting partners, careful framing of business terms, and close and on-going management/monitoring – ideally in the context of a partnership approach – rather than a classic ‘tenant-landlord’ relationship.
- Strategic development of the enterprise cluster. Ensuring complementarity of PES income and benefits, and developing a suite of functions and services that are appropriate to the Smithills landscape, will require careful and strategic project selection.
- Appropriate governance. As described above in response to the final element of our theory of change, drawing local partners into a joint venture with the Woodland Trust will help the project to retain local relevance and legitimacy. Establishing this venture as a social enterprise will help lock in PES principles – so that enterprises are selected and managed on the basis of their ability to delivery benefits both from and to the ecosystem at Smithills.

4.3 Applicability elsewhere

We see wider, scalable, applications for this sort of PES enterprise hub; especially in peri-urban contexts where complex ranges of valuable, but community-scale, ecosystem services could conceivably be developed through clusters of enterprises.

We think this is of particular relevance to PES and natural capital agendas, because: (1) these sorts of landscapes have huge potential to provide ecosystem benefits – being so close to large populations of beneficiaries, and (2) the current economic model for urban fringe landscapes – or lack of model – is leading in many cases to their underinvestment, underperformance, and in some cases to their fragmentation and loss to development.

Smithills is a powerful case study for this – partly because of its location and natural capital, and indeed because of its provenance as a local authority land disposal.

May 2015

APPENDIX 1: Initial Long List of Enterprise Propositions

1 Business sponsorship - Carbon

Basic proposition. Local or regional businesses with a ‘thematic link’ to Smithills (e.g. they supply outdoor kit) pay to be able to associate a product or products with an ecosystem service, in this case carbon. For example, ‘carbon neutral walking boots’. The revenues would be used to fund a suite of carbon related site management activities, including peat management, other soils management, and tree establishment. The transactions could be direct with the Woodland Trust, or could be run through an operating company / partnership / social venture.

Summary evaluation

- *Prospects.* **Very good.** There is a proven, if limited, model for selling voluntary carbon credits, and it is reasonable to assume that the mechanism could support woodland creation activity on site, in particular. This would probably be carried out through existing WT processes. The scale of the enterprise in terms of value would initially be modest (a few thousand per year). Carbon credits will often work best as an add-on to other enterprise propositions. For example as a income stream for a tree planting initiative, where the main focus is community engagement.
- *Mission Alignment.* **Good.** In theory carbon markets could help transform upland landscapes, protecting peatland and creating woods in valley and gills. To date the market has failed to deliver at scale, but there is significant political interest in upland restoration and woodland expansion both domestically and at the EU level. Involving local communities is key to success and this is one area in which many schemes to date have struggled.

2. Business sponsorship - Access

Basic proposition. As with carbon, this mechanism involves local or regional businesses sponsoring access infrastructure on site, and / or sponsor an outreach programme to help people to come and use Smithills.

Initial evaluation

- *Prospects.* **Fair.** There is a reasonable expectation that regional businesses would sponsor access works at Smithills. The mechanism is likely to be limited, and it is hard to see how on-going commitments could be created for what would be essentially a CSR mechanism
- *Mission alignment.* **Poor.** The outcomes and themes are worthwhile ecosystem services. However, it is questionable whether the mechanism goes much beyond a regular charitable fundraising / CSR mode of operating. As a result, it is beneficial, but arguably limited in its ability to operate at a large scale.

3 Business sponsorship - Biodiversity

Basic proposition. As with carbon and access, this mechanism involves local or regional businesses sponsoring biodiversity works on site.

Initial evaluation

- *Prospects. Fair.* As with access, it seems reasonable to assume that there would be sponsorship money for biodiversity works on site, in exchange for product and brand association. There are also longer term potential prospects for biodiversity offset markets, though there are big questions about whether these will be successful, and if even if they are whether they will be desirable.
- *Mission alignment. Good.* Although the case for supporting biodiversity through this mechanism is only tangentially PES, the outcomes are strongly aligned with Woodland Trust strategic objectives.

4. Profit/Benefit generator – Refreshment concession

Basic proposition. A small operating company is established and constituted to operate a refreshment concession on site and to use the profits to develop and improve access infrastructure (including aesthetic development, such as tree planting). Refreshments could include ice cream or something along the lines of a food truck, and could be delivered through an enterprise partnership with an existing or new business. It is proposed that the operating company uses a social enterprise structure, to lock in the access benefit objectives and to help build local community roots and accountability. A food van promoting healthy food and access to Smithills could also have stops off-site, for example in Bolton.

Fig. 2 Logo of a 'Food Truck' operating in the US. The food truck concept is catching on the UK and involves usually good quality, van – prepared fast food. The style tends to be more 'hip' than traditional fast food vans, but retains the advantage of being a mobile (pop-up) sales platform.



Initial evaluation

- *Prospects. Very good.* Refreshment concessions are a well-proven mode of generating revenues. Wrapping up the enterprise in a profit-benefit business 'wrapper' will require some new thinking. As will building a profitable but also strategically desirable refreshment offering.
- *Mission alignment. Good (fair to very good).* The extent to which the model delivers the right objectives depends very much on how it is delivered. At its best the model could create a new

cultural connection to the landscape, through food; drawing new people to Smithills and in the process paying for access infrastructure to help them enjoy the site more.

4. Profit/Benefit generator – Car park

Basic proposition. The model is very similar to the refreshment van, in that an operating company takes revenues from car parking charges, and these are used to develop and maintain access infrastructure on site. Up-front investment for site development and infrastructure would however be much more significant. One option would be to establish the operating company as a social enterprise, and raise the capital through a community share issue. Some provision for ‘super profit’ distribution as modest (capped) dividends to shareholders may be required in this case.

Initial evaluation

- *Prospects. Good.* The two main questions relating to viability are around: (1) whether there is a workable and attractive location on site, that will not just displace cars elsewhere, and (2) whether the existing Forestry Commission car park on Scout Road already covers the opportunity. Subject to this, charged car parking is a well-proven model for funding site costs.
- *Mission alignment. Fair.* Providing paid-for car parking does not seem like an obvious PES or Woodland Trust objective. However, if it generates income because people are enjoying the site’s location and attractiveness, and it ploughs the profits back into the development of the site, then it may actually be a very effective and pragmatic PES mechanism. Using a discrete enterprise vehicle to tie the profit and benefit components of the proposition as an important means of locking in the potential benefits for the site, and for building community roots and local accountability.

6. Profit/Benefit generator – Hydro scheme

Basic proposition. Similar to the previous two models, a profit generator (in this case a micro hydro plant) would be used to generate revenues to invest in the natural capital of the site. In this case, the profits would be used to protect the water catchment, providing a stable flow for the generator as well as add-on biodiversity and downstream benefits. The relative complexity of hydro schemes means that this is likely to be best run as a joint venture between the Woodland Trust and a delivery company.

Initial evaluation.

- *Prospects Fair.* Hydro schemes can be technically and bureaucratically complex. Recent experience of micro-hydro investment schemes has been mixed, with many schemes failing to generate their forecast returns. And in this case we would be aiming to generate sufficient returns to repay the capital outlay, and manage the water catchment. The prospects are therefore heavily dependent on this being a great place to do hydro.

- *Mission alignment.* **Fair.** The site may in the event be an excellent place to run a hydro scheme, and indeed many city fringe landscapes in the north of England could be expected to have particularly good hydro potential, given their early industrial roots. But from a PES or Woodland Trust perspective, the link between the success of the scheme and the use of revenues to develop the site's ecosystem seems even more tangential than the previous two, access oriented, profit/benefit propositions.

7. Direct PES – Water catchment protection

Basic proposition. This proposition is based around the identification of a need for protecting water quality or ameliorating downstream flood risk in the Irwell catchment that can be clearly and quantifiably addressed by habitat related works on the land at Smithills. And then for those affected (water company, environment agency, or local businesses) to agree to pay for those works to be maintained. For the mechanism to operate, Smithills would need to make a meaningful, though not transformative contribution to one or either issue, since it would be reasonable for the site to be a small part in a wider initiative, which could involve other holdings across the river catchment.

Initial evaluation

- *Prospects.* **Fair.** There are already schemes in the UK for paying for water catchment protection services. And a project is already underway in the Irwell catchment. However, the mechanisms may be complicated and Smithills is likely only to be a small player in a bigger picture, which means that as an enterprise proposition it may not have much 'critical mass'. For this proposition it may therefore be better to be a willing partner in the wider initiative, rather than attempting to be an initiator.
- *Mission alignment.* **Very good.** This is clearly a PES enterprise, and if it were to result in the use of trees another habitat interventions to increase the functionality of the water catchment, then it would be a strong match for Woodland Trust objectives.

8. Direct PES – Health procurement

Basic proposition. The proposition here is to obtain direct payments from Clinical Commissioning Groups to carry out work that supports or delivers healthcare provision using outdoor spaces. This might involve infrastructure work, or directly organising activities for patients. It is the sort of thing that needs a local presence, and may well be best suited to being a service that could be added to a Smithills based enterprise, rather than one that forms the basis of an enterprise proposition.

Initial evaluation

- *Prospects.* **Fair.** In theory this is a very strong model, and a lot of organisations are trying to make it work. In practice, it has yet to emerge properly as a market-based mechanism, with

some of the most successful ‘green gyms’ etc being grant funded, along traditional charitable lines. It is our view that others are already further ahead and better placed to make this approach happen. So, as with water catchment protection it may be better to seek opportunities to host or join initiatives, rather than being an initiator.

- **Mission Alignment. Good.** If it were to be made to work, and if the development work for access were to demonstrably improve the site’s ‘natural capital’, then this would appear to provide a good long-term income stream for a strategically desirable service or outcome – improving people’s health and their enjoyment of landscape.

9. Multiple benefits enterprise - Wood products

Basic proposition. The proposition here is for a simple ‘foundational’ community engagement oriented enterprise, onto which additional PES components could be added over time. The basic concept is for a social enterprise that harvests and sells timber, whilst at the same time running practical woodland management and log/charcoal processing days for its members – in exchange for membership dues. A similar model is being operated in National Trust woods in Cumbria (see: www.woodmatters.org.uk/woodshare).

‘Added value’ would be sought by linking products and operational management to the local community. Perhaps charcoal could be marketed to Greater Manchester restaurants for use in traditional tandoors. Perhaps some members’ days could be training days for young apprentices, who are sponsored by a local company.

Initial evaluation

- **Prospects. Good.** The concept is critically dependent on the productive potential of the woods at Smithills, and mensuration / harvesting forecast data will need to indicate viability before this could be taken forward. Equally critical is the identification of an entrepreneurial and engaging ‘enterprise partner’ to drive the practicalities forward on the ground. If this could be made to work, however, then it may create a fairly low key but fairly stable basis for a local development company (perhaps in the form of a social enterprise and/or Development Trust – see www.locality.org) which could, over time, take forward some of the other propositions set out in this options analysis.
- **Mission alignment. Very good.** Although harvesting and selling timber products is not closely aligned with our objectives, the manner in which this proposition might engage communities could develop an important deliver mechanism for cultural services. As outlined above, it could also provide a simple basis on which to develop community links, and build other PES enterprise opportunities.

APPENDIX 2: Tandoori Van Business Scoping

Concept name> 'Winter Hill Tandoori Van'

Background briefing

1. The idea

The Winter Hill Tandoori Van is a pilot enterprise in the longer-term development of a cluster of social enterprises linked to the Woodland Trust's Smithills site in Bolton. The Van will be a mobile catering operation serving food and drink to the public at Smithills, across a number of urban sites in Greater Manchester, and at events. The compelling story and centrepiece of the Van's offering will be a tandoori oven fired by charcoal made at Smithills by a sister social enterprise, WoodShare. Potential operators of the van will be asked to submit a tender for consideration by the Enterprise Hub partners, to include a full business plan. This internal briefing sets out some of the key business considerations that operators will need to have in mind, making sure that the partners have a shared starting point for evaluating tenders.

2. Why tandoori?

A tandoor is a traditional oven common across swathes of central, south and western Asia, often taking the form of a large clay pot inside which wood or charcoal is burned at the bottom. Food is cooked inside the pot on long skewers, or in the case of flatbreads, stuck onto the inside wall of the oven while the dough is still moist – the same methods are employed in the metal tandoori ovens used in professional catering in the UK. Foods are cooked quickly at extremely high temperatures (up to 480°C), since they are exposed to direct heat from the fire as well as reflected heat from the sides of the pot. The tandoor oven is particularly associated with Punjabi culture, and is now widely



known across the UK through the popularity of dishes like tandoori chicken. The Winter Hill Tandoori Van plays on the popularity and cultural resonances of tandoori food, and the local production of charcoal at Smithills.

3. How could the business work?

While some elements of the business will be pre-defined in the Invitation to Tender (i.e. there will be a tandoor oven; it will use charcoal from Smithills; etc.) many other elements of the business plan will need to be defined by the potential operator. This ability to be creative and experimental is a key part of successful enterprise development – even the entrepreneur may not know exactly how the enterprise will end up looking. It will need to evolve over time and respond to the market. But potential entrepreneurs will be able to demonstrate a clear understanding of key business opportunities and risks, and the kinds of logistical arrangements they are likely to need to deal with. And they will need solid financial projections that can be adapted as things change, with enough room for movement to keep going when things don't work out exactly as planned. Below, we aim to sketch out some important considerations that can be looked for in proposals and act as a starting point for conversations with partners.

4. Mobile food businesses

'Food trucks' have long been popular in the US, and more recently the street food revolution has hit the UK, starting in London and now spreading outwards into the rest of the country. A mobile catering business is a way to start a small business (often owner-operated) with relatively low start-up costs. But making creating a financially sustainable food truck enterprise is no easy task. Working conditions are cramped, hours are long (typically including evenings and weekends), finding a steady source of customers can be tricky, health and safety and street trading regulations get in the way, and vehicles may be temperamental. Nonetheless, with a distinctive and good quality food and drink offering, excellent service and sound business planning, a food truck can be not only a viable business but also an unusual and much-loved feature of the local landscape. This is the kind of space that the Winter Hill Tandoori Van should be aiming for.

5. Mobile catering options

There are three basic configurations to consider as a starting point for a street food business:

- **A) Van plus gazebo** – the cheapest option, where a van is used to transport equipment and gazebo to the site where it is going to be operating. A lot of street food stalls in London markets (e.g. Exmouth Market) operate in this way but it is less likely to be appropriate outside of a market setting, and might involve considerable set-up and pack-down time.
- **B) All-in-one** – the business operates from the back of the van. Depending on size needs, this could be anything from a converted camper van to a former horse box. There is some risk in this strategy – if the van breaks down you are out of business – but from day to day you will be able to operate far more like a professional kitchen than in the gazebo option.

- **C) Van tows trailer** – here the trailer is the star of the show, which can be advantageous if more internal space is needed. It also means that if the van reaches the end of its life, the whole business does not need to start again from scratch. On the down side, the van+trailer combo is less manoeuvrable (a consideration on rural roads) and may entail higher start-up costs.

6. Choosing a vehicle

The vehicle or trailer should be thought about as a moving advertisement – the better it shows off the product on offer, and communicates an appealing and unique identity, the more people will talk about it and be inclined to try it out. So although a second hand Ford Transit might be the cheapest option, it's not necessarily where your customers want to buy lunch on a day out. Start up street food businesses typically investment a significant chunk of their start-up capital in purchasing and decorating (hand-paint, vinyl wrap, signage) a charismatic vehicle. Expect these costs to range from £15,000 - £35,000, excluding internal fit-out. Nb, there are important trade-offs to be made as well: vehicles that ooze character – such as the popular Citroen HG vans, which stopped production over 30 years ago – are often old, unreliable and polluting!

7. Internal fit-out

Discounting the gazebo option, and unless a pre-converted vehicle can be purchased (rare but available) starting the Tandoori Van business will require creating a functional and health and safety compliant kitchen inside a vehicle. The cost of this is likely to be between £10,000 and £20,000. It is often desirable that there is a separate prep kitchen elsewhere, meaning a complete kitchen may not be required – but remember that hiring a separate kitchen will increase costs. At minimum, the vehicle will need refrigerated storage, a work surface, a sink, hot water, storage areas, cash processing facility, and so on. It will also need a commercial tandoori oven. It may be possible to hand-build a tandoori oven in a visible place in the vehicle, providing an element of visual theatre. A generator, gazebo and chairs and tables will also likely be needed.

8. Where to operate

An important part of the Winter Hill Tandoori concept is that, at least sometimes, the Van will operate at the Smithills Estate. However, this is likely to be limited to one or two days per week max – probably weekends when there are plenty of people around, and potentially only during the summer. For the rest of the time, the Van will be a roving ambassador for Smithills, providing a direct link between people and the nearby woodlands providing charcoal fuel to cook their food. Business plans should provide a detailed idea of options for trading location, likely to include street trading in busy urban areas of Greater Manchester. They should also take into account the process of applying for a street trading license from the relevant authority, and the cost (£500-1000 per annum per license). It is recommended that businesses also consider trading at events and music festivals. These can be an important source of business for street food operators, although high pitch fees at festivals can be an issue.

9. Business considerations

Each entrepreneur will have a different approach to running the Tandoori Van – there is no right and wrong approach, so we have not provided a blueprint here. Instead, we list a number of considerations that should be tackled in any business plan.

Fixed costs should include:

- Maintenance of vehicle and equipment
- Depreciation of assets over a realistic timeframe
- Insurance (public liability, employers insurance etc.)
- Publicity and marketing
- Phone bills
- Accountancy fees
- Road tax
- Hire of kitchen space, if needed
- Etc.

Variable costs will depend on how many days a week the Van operates, how many meals per day it is serving, the size and type of meal etc, but should include consideration of:

- Consumables (charcoal, serving boxes and cutlery, cleaning materials, bags etc.)
- Generator fuel
- Van fuel
- Raw ingredients
- Staffing costs
- Pitch fees and licensing fees
- Card payment processing fees
- Etc.

Business plans should include a realistic estimate of profit margins per meal and per month, including estimates of how many meals served per month, how many miles driven, staffing hours needed etc. A business plan should also sketch out an idea of what kind of food items will be on the menu, and at what price point. This should include a drinks offering, which may represent a significant contribution to sales. There should be a good overview of market segmentation (i.e. what kinds of customers will each kind of product be aimed at).

10. Providing social value

In addition to financial viability, good candidates might also be aiming to generate additional social value through the business, for example through procurement or hiring policies. At a basic level, social value is generated through the core idea of linking people to the woods at Smithills, through the story of the charcoal. There might also be an intention to broaden the normal constituency of

visitors to sites like these through engaging underrepresented ethnic groups through tandoori food. Both of these aims would be furthered by having a clear outreach and marketing vision incorporating social value generation and having clear outcomes in mind (e.g. more members of Asian community visiting Smithills each year). Additional ideas for social value generation include buying raw ingredients from local businesses, and/or specifying fair trade or high animal welfare ingredients for example. This could be part of the Van's marketing story. Hiring policies might promote opportunities for disadvantaged groups, or pay living wage rather than minimum wage. There are many other possibilities. At minimum, potential businesses should have an environmental policy (including GHG impact, waste management and recycling, responsible procurement etc.), staffing and equal opportunities policies, and health and safety policies.

11. Additional resources

- NCASS – How to start a mobile street food business: <http://www.ncass.org.uk/mobile-catering-home/content/starting-up/start-up-guides/by-product-type/how-to-start-a-mobile-street-food-business>
- NCASS – Code of practice for mobile catering: <http://www.ncass.org.uk/store-area/publications-grouping-page/publications/code-of-practice-mobile>
- <http://startups.co.uk/how-to-start-a-street-food-business/>
- Food Standards Agency: <http://www.food.gov.uk/>

APPENDIX 3: Smithills WoodShare – forest resource assessment

Headline results

- The woodland area is slightly less than previously estimated, mapped now at 64ha.
- The estimated total standing timber volume is approx. 5,500 – 6,000m³. A very low average of less than 90 m³/ha.
- Assuming a low yield class this gives annual increase of about 150 m³ per year (sustainable harvesting).
- There are three main categories of woodland:
 1. Mature Broadleaf (Be, Oak, Syc) shelterbelts & cloughs (60%) many of which are inaccessible due to steep ground
 2. Conifer Plantation (mixed) (20%) half under 20 years old
 3. Young Broadleaf planting blocks (20%)no timber for 10-20 years, if not longer
- The timber we can realistically access over the next 5 years is **300 m³**, split 50:50 with hardwood from the mature shelterbelts and softwood from a light thinning of the semi-mature conifer plantations.
- The timber from the shelterbelts would be a combination of thinning, to encourage regeneration, and tree safety works. The later probably producing an initial glut in the first year, which means a storage area is a high priority if we are to utilise the timber.
- From this data we estimate that the estate could sustain **30-50 tonnes** of hardwood production / year, and a similar volume of softwood.
- Timber stacking options were looked into, and it should be possible to arrange suitable secure hard standing with one of the estate's farm tenants.

Compartment data and map are shown on the following pages

Compartment mensuration data (Dec 2014) – productive stands highlighted green

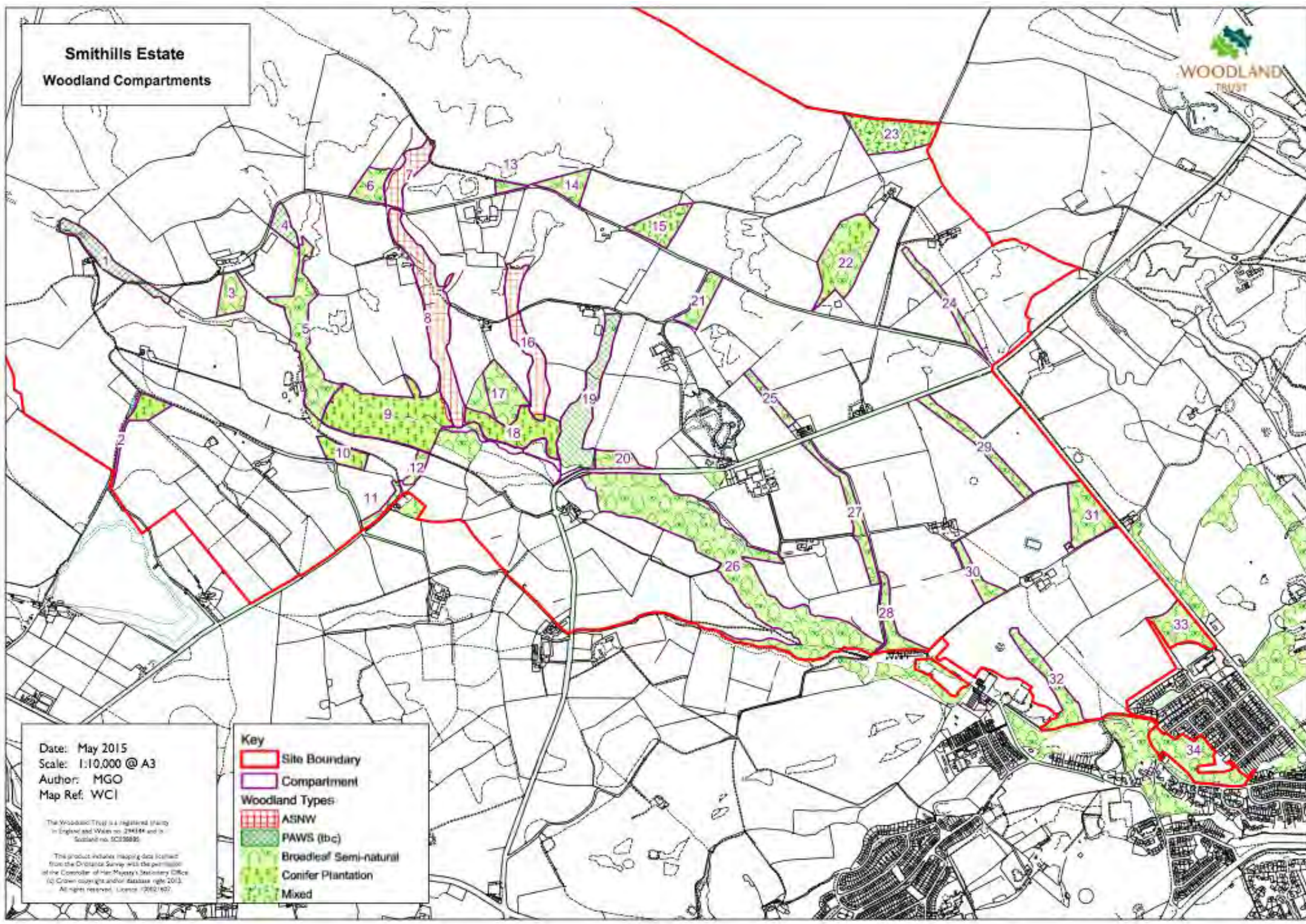
Cpt	Area	Age	Species	Vol/ha (m³)	Access	Terrain	Additional	Available timber	Type	YC	Annual growth (m3)
2	0.78	Young	Norway spruce & juniper	10.00	Fair	Moderate	Wet. Open ground.	0		4	3.12
3	0.89	Young	Ash, oak & birch	3.00	Good	Moderate	Wet flushes. Open ground.	0		2	1.78
4	0.57	Mature	Beech & oak	40.00	Fair	Stream side		0		2	1.14
5	3.06	Young	Oak, alder & birch	5.00	Fair	Ravine	Track	0		2	6.12
6	0.9	Young	Scots pine, European larch, oak & alder	5.00	Good	Undulating		0		2	1.8
7	1.28	Mature	Beech, oak & birch	50.00	Good	Stream side		6	Hardwood	2	2.56
9	5.29	Semi-Mature	European larch, Scots pine, birch, sycamore & Sitka spruce	280.48	Fair	Sloping	Track. Wet flushes. Windblow.	150	Softwood	8	42.32
10	0.8	Early Mature	Corsican pine	40.00	Fair	Steep slope		0		4	3.2
11	0.39	Mature	Sycamore & beech	51.28	Fair	Stream side		0		2	0.78
12	0.39	Young	Birch, oak, holly & alder	5.00	Fair	Stream side	Track	0		2	0.78
13	0.23	Young	Oak, rowan, SP, larch, holly, HT	3.00	Good	Gentle slopes	Road	0		2	0.46
14	0.90	Young	Birch, alder, rowan, willow, HT	3.00	Good	Gentle slopes	Road	0		2	1.8
15	1.28	Pole-stage	Rowan, alder, SP, oak, birch, willow	7.00	Good	Sloping	Road	0		4	5.12

17	1.59	Young	Ash, alder, oak, birch & willow	15.00	Fair	Gentle slopes	Wet flushes.	0		4	6.36
21	0.91	Young	Ash, oak & larch	3.00	Good	Gentle slopes		0		0	0
22	2.96	Pole-stage (mature)	SS, SP, La, Be	10.00	Fair	Sloping	Road / track	0		2	5.92
24	0.88	Young / mature	Alder, SP / Oak, Be, Ash, Syc	100.00	Fair	Sloping	Road	5	Hardwood	2	1.76
26	11.79	Mature/Early-Mature	Oak, birch, beech, willow, sycamore & alder.	70.00	Fair	Stream side/steep slopes	Windblow & windsnap	20	Hardwood	2	23.58
27	1.35	Mature	Beech, sycamore & oak.	180.00	Fair	Stream side		20	Hardwood	2	2.7
29	1.32	Mature	Beech & sycamore	50.00	Fair	Undulating		5	Hardwood	2	2.64
30	0.76	Mature	Beech & sycamore	120.00	Fair	Gentle slopes		10	Hardwood	2	1.52
31	1.77	Mature	Beech, oak, sycamore, birch & holly	120.00	Fair	Gentle slope & steep gully	Road, tel wire	20	Hardwood	2	3.54
33	1.45	Mature	Beech, sycamore & oak.	120.00	Fair	Undulating	Road	20	Hardwood	2	2.9
34	2.34	Mature	Beech, sycamore & oak.	200.00	Good	Undulating		20	Hardwood	2	4.68

Total annual increment: 175.66

Total available annual increment: 94.84

Smithills Estate Woodland Compartments



Date: May 2015
Scale: 1:10,000 @ A3
Author: MGO
Map Ref: WC1

The Woodland Trust is a registered charity
in England and Wales no. 294144 and in
Scotland no. SC036895

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Key

Site Boundary

Compartment

Woodland Types:

ASNW

PAWS (b/c)

Broadleaf Semi-natural

Conifer Plantation

Mixed

APPENDIX 4: Enterprise Catalyst – notes on organisational options

Two of the key technical questions around the development of an Enterprise Catalyst at Smithills are, (1) how it should interact with the Woodland Trust, and (2) what legal form it should take. We looked into various options, and these are set out in the two sets of notes below.

In brief, our favoured ‘working model’ is for a semi-independent Community Interest Company, in which the Woodland Trust retains a controlling interest, and is the ‘nominated charity’ for the purposes of the CIC asset lock (i.e. any assets accumulated by the Enterprise Catalyst would be returned to the Woodland Trust on closure of the CIC)

1. Relationship with WT

A number of options exist for the extent and type of relationship with Woodland Trust. The aim should be to ensure a balance of independence, so that the Hub can gain true community participation and act creatively and dynamically; and synergy with the Woodland Trust to bring about key benefits at the Smithills site and make best use of Woodland Trust’s experience and resources.

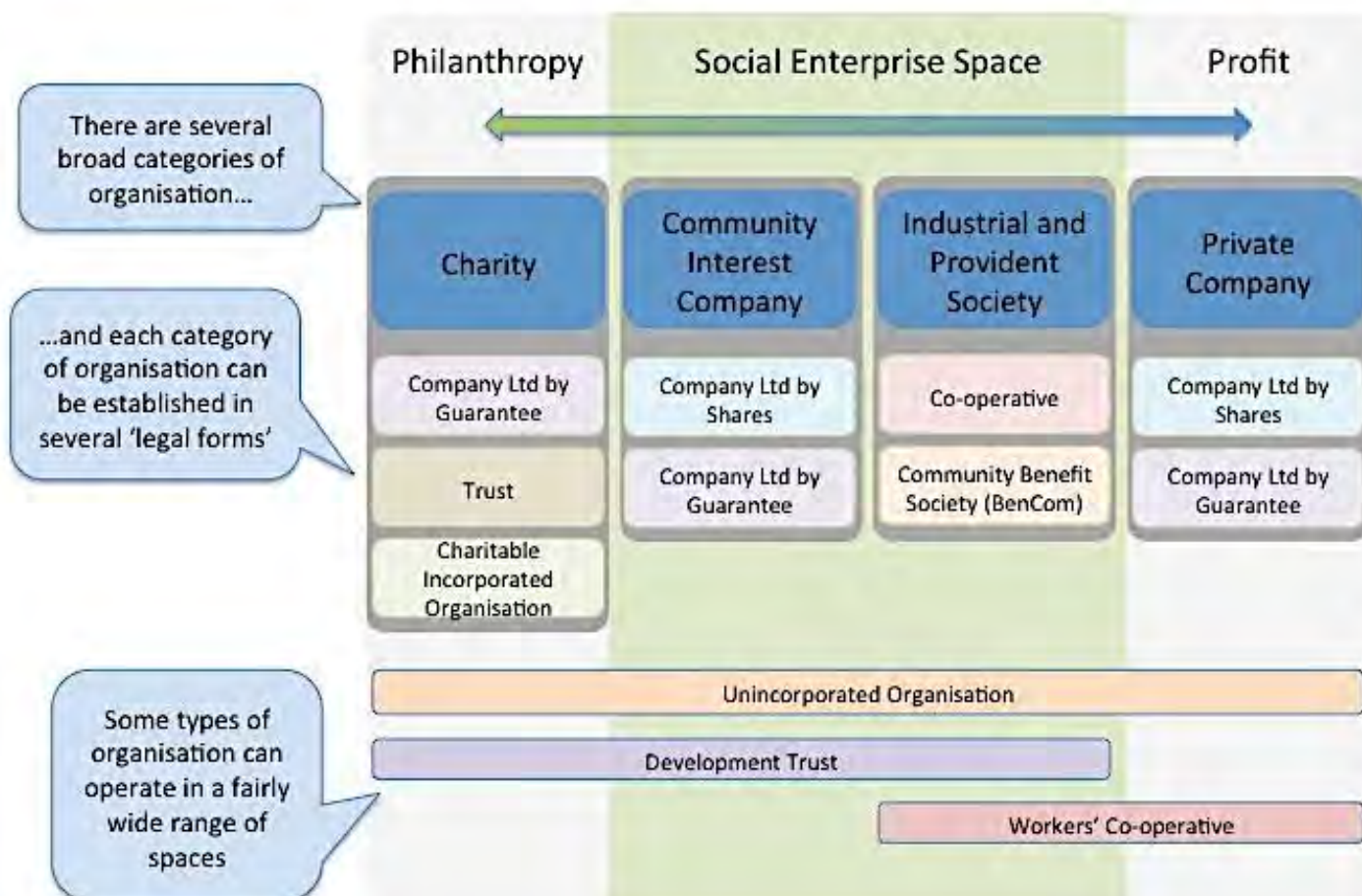
- At one end of the scale the Hub could be a wholly owned subsidiary of the Woodland Trust, maximising control but reducing the chance of local community taking ownership and potentially constraining and slowing development of new enterprises.
- Somewhere in the middle, the Hub could be an independent CIC, with Woodland Trust holding one of the Director positions, and being named in the constitution as the specified “asset locked body” (in this case a charity) to which assets may be transferred, and to which assets would be returned in the case of the CIC being wound up.
- Woodland Trust would give ‘license to operate’ for enterprises at Smithills and potentially other WT sites in the future.
- Further to this, it would be possible to write extra provisions into the CIC constitution, e.g. Woodland Trust veto power in certain areas, e.g. around land management etc.
- A further level of devolution (possibly to consider at a future date) would be for the Woodland Trust to lease some of the land at Smithills to the Hub on a long-term basis in order that it could manage it even more independently. This may facilitate qualification for certain grants requiring demonstrable control over land.

There are a number of options for financial arrangements with WT, for example:

- Some form of profit-sharing arrangement – although in reality, ‘profit’ is unlikely to be significant and operating profit may be best kept as surplus or reinvested
- Enterprise seed funding from WT could be in the form of a soft loan, to be repaid, with interest, when finances allow.
- The latter option may be more politically palatable to local stakeholders and be not materially different from the first option in terms of financial returns to WT.

2. Legal Format

Below is a 'map' of some common legal structures for enterprises, showing roughly where they sit on the charity-business spectrum.



Overview of some commonly used legal options:

Unincorporated association

- A useful starting point for a community-based enterprise, but likely to only be a temporary form if any significant revenue-generating activities are pursued.
- This type of group can be very loose but can have a bank account, hold property, accept donations and can apply for charitable status if the criteria are met.

Community Interest Company (CIC)

- The CIC is a highly flexible form that can adopt co-operative, non-profit or standard company models but must also meet certain tests of public benefit.
- This means that while there are increased reporting requirements, and restrictions on the use of assets, the CIC can be suitable for professionalised commercial operations allowing payment for directors and dividends for shareholders.

Community Benefit Society (IPS BenCom)

- This form can be set up explicitly for the benefit of a defined community, with restrictions on how assets are used to ensure social purpose is respected.
- The BenCom is suitable for significant trading activities, but democratically controlled by members so also rates highly on potential for community involvement.

Development Trusts

- Development trusts are organisations designed to bring long-term social, environmental and economic benefits to their local area. They have no fixed legal form and may utilise many of the structures detailed above.
- Development Trusts can be good vehicles for taking community ownership of land and assets. For more information see www.locality.org.

Strengths and weaknesses of different legal options:

	Guarantee of benefits	Freedom to trade	Community engagement	Ease of administration	Limits to members' liability
Charity	★ ★ ★ ★ ★	★	★ ★	★	★ ★
CIC (Limited by Shares)	★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★	★ ★	★ ★
CIC (Limited by guarantee)	★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★	★ ★ ★	★ ★ ★ ★ ★
IPS (BenCom)	★ ★ ★	★ ★ ★	★ ★ ★ ★ ★	★ ★	★ ★ ★
Company (Limited by shares)	★ ★	★ ★ ★ ★ ★	★ ★	★ ★ ★	★ ★ ★
Company (Limited by guarantee)	★	★ ★ ★ ★ ★	★	★ ★ ★ ★ ★	★ ★ ★ ★ ★
Unincorporated association	★	★ ★	★ ★	★ ★ ★ ★ ★	★



WOODLAND
TRUST

Smithills

Our vision for a resilient landscape

WTPL

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What is Smithills?

Smithills is a unique opportunity for the Woodland Trust to explore and build its vision of resilient landscapes, where trees and woods are integrated with other land uses and habitats to create healthy, diverse, ecosystems that work for people and wildlife. It is an opportunity to make this a shared vision between the Trust, tenant farmers, local communities using the site and others living and working in the area.

Smithills is a 690 hectare site on the edge of Bolton. It is typical of many urban fringe landscapes around our northern industrial towns, the interface between busy built up areas and nearby “wild” spaces such as moorland. We estimate there are around 70,000 ha of similar urban fringe landscape in northern England alone.

Our vision

“A wildlife-rich, resilient landscape, able to adapt to and cope with current and future threats and challenges such as climate change, pollution, pests and diseases, and to provide people in the area with a wide range of services and benefits”.

Delivery of this vision will be self-sustaining and replicable elsewhere in the country.

This is a landscape that:

- Has diverse natural habitats and is home to a variety of plants and animals
- Is made up of healthy, functioning ecosystems
- Is loved and valued by those who live, work and visit there

Resilience describes the ability to bounce back in response to pressure. Many of our landscapes are degraded; intensive, unsustainable management is pushing wildlife to the margins. Yet natural habitats are the foundation of healthy landscapes that can regulate air and water quality, mitigate flooding, support pollinators, reduce soil erosion, and provide us with sustainable supplies of food and fuel. Wildlife should continue to thrive at the core of systems that provide the other things we need.



How can this be achieved?

Achieving this kind of resilient landscape at Smithills means:

- Conserving, restoring and creating better links between existing natural habitats within and around the site
- Harnessing opportunities and natural processes to deliver more benefits from appropriate tree and woodland cover in the right places
- Enabling those who live and work on and around the site to realise opportunities to develop or maintain sustainable livelihoods
- Inspiring people in the area to visit, enjoy and care for the site

The way we do this is important. We would like to consult and work with:

- Tenants and those who work on the land
- Neighbouring landowners and other stakeholders in the area
- Local communities, users and those who value the site
- Local environmental and conservation bodies
- Local businesses

We will need to take the time to ensure we build these relationships properly, and that Smithills evolves into a truly collaborative project. This is likely to take years rather than months.

A landscape rich in natural habitats and wildlife

Smithills has areas of valuable habitat, particularly moorland which is part of much bigger expanses of upland habitat in the West Pennine Moors area, along with woodland and important grassland.

We will carry out detailed assessment of the current wildlife value on the site, working with others to gather and access information about the site and the surrounding area, and use this to inform an inclusive dialogue to develop appropriate management proposals for Smithills as a whole, ensuring that these help shape a wider vision for the West Pennine Moors.

We will recognise key environmental and cultural elements on the site, such as existing areas of semi-natural habitat and manage them appropriately and sustainably in future to maximise their value for wildlife. Where this requires restoration, for example of ancient woodland planted with non-native conifers, or changes in land management practices, such as reducing grazing intensity, this will be encouraged. As far as possible, our aim is a landscape over which natural processes are allowed to function, a dynamic landscape that can evolve and change positively in response to environmental pressures.



Increasing tree cover – opportunities for the right trees in the right place

Tree cover on the site is currently around 10 per cent. Through a shared assessment of the site, we will look at ways to increase this by integrating more trees with wider sustainable land use practices and habitat management. This means we don't know at the moment how much tree cover might increase, or exactly where they might be planted or perhaps where natural colonisation and woodland expansion can be encouraged.

Trees and woods perform a variety of vital functions. Along streams and rivers they can help to stabilise banks, reducing sedimentation, and they can filter pollutants. In hedgerows or scattered in fields they provide shade and shelter for stock and pollinators. Brought together into larger areas of woodland they can provide a sustainable fuel source. Patches of scrub and trees can also provide stepping stones for wildlife between other areas of wildlife habitat.

To deliver these benefits, the initial areas to increase tree cover might be along cloughs and gills leading up to the moorland, in field corners and hedgerows – building on the woodland that already exists and harnessing natural processes to allow it to extend. Trees as features scattered in pasture on the farmed land, and as occasional copses where this does not affect existing important habitats, can add value to farmed areas for the tenant and enhance the natural beauty of the landscape without wholesale change.

Sustainable livelihoods

Parts of the site are managed by long-term tenants, while other parts will be taken on with vacant possession. We recognise that those who live and work on and around the site have their own aspirations and objectives. Developing Smithills to become a sustainable and resilient landscape for the long term will only be possible if we understand these and then work with the tenants and others to develop a project plan that delivers for us all.

While much of the land is agricultural, the location of Smithills on the urban fringe means that the site cannot be considered typical of upland farming landscapes in general. A good deal of land locally is used to graze horses, and many of the tenants and other landowners nearby may have a diverse range of incomes and business activities.

There is scope for land management practices to be more wildlife friendly, to improve infrastructure for recreation, and to develop new small business ideas based on the site's value for conservation and recreation. Our intention is to work with those tenants keen to take advantage of these opportunities with a view to delivering economic as well as ecological and social benefits.



Inspiring people to visit and care for the site

Smithills lies within easy reach of a large population - 250,000 people living within 5 miles, and 1.1 million within 10 miles. It is already well used by walkers, cyclists and horseriders, as part of the wider West Pennine Moors area. It was the site of an early mass trespass (1896) by the local community to secure access rights across open hill land, which pre-dates the Peak District access story by decades. However, it is also vulnerable to some of the issues often associated with countryside in urban fringe areas such as vandalism and antisocial behaviour.

Smithills, as the nearest point in the West Pennine Moors landscape for many urban visitors, has potential to become a gateway site, as well as a high quality visitor destination in its own right, but this needs to be well managed so that it enhances rather than detracts from the site's conservation value, and the delivery of livelihoods for those who live there.

We will assess current use – type, quality and quantity – and in partnership with others plan carefully how to manage future recreation activity at the site, including looking at the opportunities for delivery of health and education provision, making the most of any opportunities this offers for tenants and others living in the area to develop new income streams.

How we will do this

Smithills, and what we are proposing to do there, is different from many of the Woodland Trust's recent acquisitions and other projects. It is not simply a question of acquiring the site, designing a woodland creation plan, and putting it into effect. This is much more than that. We do not want to pre-judge the best approach for this site, we need to explore the options, with the input and local knowledge and expertise of a wide group of stakeholders. It therefore needs a very different approach.

Our ultimate aim is that the site should demonstrate that conservation, farming, recreation and community engagement, and local business can do much more than simply co-exist side by side. That in fact they can become much more mutually supporting, and provide real benefits to each other. We want to demonstrate how this might be replicated in similar areas around the country, by other landowners who may not have access to the sources of funding used by the Woodland Trust that can allow us to be a pathfinder to test these ideas out. We will therefore test out new ways of funding as part of the project too.

At Smithills we will work with the people who really know the land – tenants, surrounding landowners and users of the site – as well as other organisations, individuals and stakeholders who may have an interest in it. This means we need to consider economic and social opportunities for those living on and around the site as well as the opportunity to deliver landscape and ecological change. This may take us into new territories, working with tenants and others to look at diversifying existing businesses and setting up new enterprises.



Our vision for Smithills is:

A patchwork of well-managed farmland and woodland on lower slopes, with diverse, vibrant businesses operating on the tenanted land amidst an overall increase in tree cover, but with the right trees in the right places.

A gradual transition through wooded cloughs and gills and scattered trees and scrub to healthy upland habitats managed in a way that is compatible with the wider landscape plan for the West Pennine Moors, teeming with wildlife and providing a rewarding experience of nature and wildspace for thousands of people visiting from surrounding urban areas.

A site that is nationally renowned for its success and quality in demonstrating how conservation can underpin social and economic outcomes on a site and in the surrounding area, and how trees and woodland can be successfully integrated with other land uses in an upland landscape to achieve this.