

Financing your wood

Key funding sources



WOODLAND
TRUST

KEY FUNDING SOURCES

Whether you already have a wood to work in or need to buy or lease one, your four fundamental routes to finance will likely be the same.

Let's take them in turn...

1. Donations

These can come from myriad sources. Start by approaching your existing support base – neighbours, local businesses, residents groups and the like – to establish whether anyone is willing to donate. Do this face-to-face and you'll soon get an idea of who's on board. You could also opt to run a community appeal to win contributions from wealthy individuals and organisations. This could take the form of a letter, leaflet or pledge form outlining your project and asking for contributions. Perhaps the local newspaper will print an article on your plans, complete with donation form. Don't forget to say how much you need to raise, exactly where the money will go, and how people can give.

Draw on your members' and stakeholders' expertise. Do any of your group already work with companies, charitable trusts or other local benefactors? Do they have previous experience of applying for money, and might they have insights and contacts to share? Always remember: securing funding is about much more than applying for and accepting cash. Whether your donor is a big foundation or a local shopkeeper, work to keep that relationship warm after the money comes through: keep them updated; invite them to relevant events. It will demonstrate the difference their help has made, and keep the door open for future support.

Local fundraising like this has a twin advantage, since it also raises awareness of your community wood and what your group is trying to achieve. And don't forget that if your group is registered as an official charity, you can claim gift aid on donations received from individuals: that's an extra 25% every time a UK taxpayer donates (search for 'gift aid' at www.hmrc.gov.uk).

2. Fundraising

The limits of your fundraising drive are as boundless as your group's creativity, but if you already have access to your own wood, it's a great resource: from scavenger hunts to food festivals, nature walks or sponsored cycles. How about an outdoor quiz or stargazing evening? For more ideas, consult the chapter 'Your fundraising A to Z', elsewhere in this section of the website.

It includes advice on planning your event, licensing, insurance and publicity. Sponsored events and fun-days tend to achieve relatively modest sums, but again they're great for building your group's profile and boosting the 'buy-in' from the wider community. Bigger funding opportunities may later flow.

It's worth noting that many companies run schemes where they'll match-fund cash raised by the efforts of their employees. If any of your group's employers offer this, you could double your money. Try asking your local authority or other interested businesses to do likewise.

3. Grants

It's worth spending some time searching for established grant-giving bodies that fit with your group's aims. Do their criteria and timetables chime with your plans? Most bodies only fund certain activities and attach conditions to their grants, so do your research. And keep in mind that most won't support work or projects retrospectively, so it's best to make an approach early on.

It pays to get to know your potential backers well: you're more likely to be successful, and can build a relationship for the future. What kinds of activity do they engage in, and what else have they supported in your area? Most funders are happy to be called or emailed to discuss your project ideas and whether an application would be welcomed, as well as guide you through timings and application processes. Identify the person who makes the decision and sound them out personally if you can.

Established funders include:

- County and unitary councils
- Boroughs, districts and regional assemblies
- Community foundations (www.communityfoundations.org.uk)
- Charitable trusts (search for these at www.charity-commission.gov.uk)
- The National Lottery grant distributors (www.lotterygoodcauses.org.uk/funding)
- The Landfill Communities Fund (www.entrust.org.uk).
- *Area of Outstanding Natural Beauty units (www.landscapesforlife.org.uk).

Once your wood is up and running, you can apply for financial

support from government via the Forestry Commission, whose funding regime aims to maximise biodiversity and bring more woods into active management. Usually, only woods measuring 3ha and above can apply. Grants are available throughout the year for developing a management plan and for woodland creation.

To access funding for ongoing woodland management, you'll need a Forestry Commission-approved management plan (see the 'Planning your wood' section of these advice pages), and your wood must be registered with the Rural Land Registry. There is an annual window, ending each July, to submit your application. Finding your way through these grants can be daunting and the process is subject to change, but help is available from within the forestry industry, so consider employing an agent to develop grants on your group's behalf. Find out more at forestry.gov.uk.

4. Loans

Depending on how it's set up, your community woodland group may be able to secure a loan from a bank, building society or private lender. A comprehensive business case will be required – and obviously you'll need to repay the loan in the agreed timeframe and with interest.

Your parish council can also apply for a loan via the Public Works Loan Board (PWLB), and grant you the money received. The council can then add repayments onto the parish precept, its portion of council tax payments. Or perhaps you can borrow from an individual at low interest rates, perhaps someone who lives near your wood? Get professional help to draw up a loan agreement, which could specify that lenders won't be repaid for a specific period. Some lenders ask for 'security', something of equal value if you can't repay their loan; others want a 'guarantor', someone with the money to repay if your group cannot.

Some other funding sources....

Traditional funding sources are often stretched: the market can be extremely competitive and you may need to explore other means to keep the cash flowing.

You could simply ask group members to pay an annual subscription, as do many clubs and societies. Depending on your aims and constitution, you could also offer 'community shares' to stakeholders – this is now a common way to raise start-up capital, including for land purchases. The buyers might be looking for a return on their share, or they may be happy to invest on the basis they're receiving a non-financial reward, like better access and an improved locality. Shares can take many guises and are only available for groups with certain legal structures, notably Industrial and Provident Societies and Community Interest Companies, which issue 'withdrawable shares' which can only be redeemed with the consent of the group, so don't carry the same burden of repayment as a loan. Again, you'll find more details in our advice chapter 'Some governance options' – or visit www.communityshares.co.uk.

Other ideas include charging an annual fee to groups or individuals who spend time in your wood for recreational or commercial ends – perhaps a horse-riding society or forest gym owner. You might consider cashing in on woodland products or services yourselves, selling sustainably harvested timber and firewood. One very modern method of raising cash is crowdfunding, whereby members of the public are invited to chip in to a fundraising pot, usually via an internet platform, and sometimes in return for shares in the resulting enterprise. And if the wood isn't yours, you could agree a management fee with the landowner or keeper for the work you'll do.