

Grant Aid for Woodland Creation and Management in Scotland 2014 – 2020

Response from the Social & Environment Sectors to the FCS Discussion Paper

This paper should be read in conjunction with the FCS Discussion Paper found at <http://www.forestry.gov.uk/forestry/INFD-836DMA>. It was produced by Gordon Gray Stephens, Scottish Native Woods, with assistance from Jill Aiken, Woodland Trust Scotland, Community Woodlands Association, Scottish Environment Link, and the Forestry Policy Group contributed to this paper, although responsibility for contents rests with the author.

General Comments

The process of revision starts before we have settled into the delivery of SRDP. Alterations have been made, and are in process. It is to be hoped that these will considerably improve the “customer experience”.

Revision takes place against a background of “big issues”, such as climate change, and a tight fiscal situation. Forestry has to continue to demonstrate its considerable capacity to deliver the type of social, environmental and economic outputs that society demands of it.

Some headlines

- **We like “productive forestry”**, but believe that SoSRDP should focus on effectively supporting the creation of woodland and plantations with a far more diverse range of productive species. A resilient forest resource for Scotland will not rely on a very narrow selection of species.
- **We like the 50/50 funding split** between woodland creation and woodland management. However within this, we see considerable scope to drive improvement in the type of woodland supported, and for better support of woodland activity on farms and by communities.
- **We support the aim of reaching 25% native species** in the forest, as described in the Scottish Forestry Strategy. This 25% should include a considerable proportion of trees grown for timber, and SoSRDP must be adapted to deliver this.
- **We support the role of woodland creation and the use of wood as a means of reducing CO₂ emissions.** However we are also aware of the tendency for other sectors to rely on woodland creation in their CO₂ reduction targets (eg Glasgow City Council ranked it as the second item in their January 2010 Sustainable Glasgow launch), so
- **SoSRDP must drive considerable reduction in the sector’s carbon impact** to assist in meeting the Scottish Parliament’s target of a 42% reduction by the end of the Plan period.
- **Budgetary constraints** will encourage a focus on making the most of what is available. This might be helped by
- **Shifting woodland creation costs to Pillar 1** and introducing a carbon element into GAEC requirements
- **Linking grant support more closely to costs.** This should apply to the acknowledged economies of scale associated with large planting schemes. Restructuring support in commercial plantations should also be tied to actual costs.

Responses to the Questions posed by FCS

Response is shown in blue text within sections of the original paper

3.1 Which activities should we support? The obvious starting point for discussing this is to look at the range of activities currently supported in SRDP 2007 – 2013.

Should we add to the list of activities currently supported or abandon the support of some of them?

With one exception (below), it is mostly refocussing that is required, rather than great changes to the list. FCS should make early efforts to ensure that SRDP better supports the benefits that social and environmental forestry can deliver. For example, restructuring grants should be more closely tied to the net cost of operations, and there should be a more effective mechanism for supporting the management of small woods and High Nature Value Forests.

However measures are required which ensure that the land use sector reduces CO2 emissions in line with Scottish Government targets. Support for CO2 friendly forestry is required; the sector cannot use woodland creation as a reason for not focussing on developing a forestry sector that minimises the carbon consumed in all forestry related activity.

- *Is the focus of grant support on environmental non-market benefits the right one for the future?*

“Environmental non market benefits” is too narrow a description of the non market benefits that SRDP supports. In addition to environmental benefits, it also provides support for other important public benefits such as rural development & social forestry.

However the principle of supporting non market benefits is right, and should remain the focus.

Commercial forestry is best supported by the sale of a product that meets the demands of the market at a price that justifies the growers continued confidence in the product.

- *Is it appropriate that we carry woodland creation forward as the top priority into the next SRDP?*

Yes, however we should ensure that Son of SRDP does not become too closely tied with single objective forestry. There is a danger that the direction of travel is towards carbon capture forestry, which is a subset of climate change forestry. While this is a simple message to sell, it will almost certainly not produce the best long term outcomes. The type of woodland creation is of great importance.

The present budget will not deliver FCS’s woodland creation aspirations.

We should look to move some of the costs of woodland creation into Pillar 1. For example GAEC could be modified to make action on climate change a requirement, with a menu of land use actions, including woodland creation, reducing nitrogen inputs, reducing energy usage etc.

- *As a consequence should we explicitly ring fence / limit the proportion of our annual grants budget which is available for woodland management / regeneration?*

The above measure has the potential to leave more money in Pillar 2 to pay for delivery of public benefits from existing forestry. An uplift in timber prices is the most desirable way of reducing the need for public support for a commercial sector. Support should be more closely tied to net costs, and linked to delivery of identified extras, such as support for species diversification.

- *If we do ring fence part of our grant spend for woodland regeneration / restructuring what should we do if demand for grant aid exceeds the available funding?*

Above proposal reduces the likelihood of this occurring. However should a ceiling be reached, then support should focus on support for schemes which deliver the greatest environmental & social benefits.

3.2 How much total funding is made available for the woodland creation and management activities which we support with grant aid?

- *Is £20m National funding per annum sufficient for woodland creation and woodland management in the period 2014 – 2020?*

No. We believe that additional funding will be required. Previously the figure of £30m was suggested for the current financial year, and even this is less than is required to deliver SFS.

Under the current situation it is beyond doubt that any move to provide grant aid as a state aid would require FCS to make significant new capital expenditure on a new case management system.

- *Do we need to call upon Co-financing from the EC in the period 2014 – 2020 in order to have available sufficient gross funding to deliver our targets / aspirations for woodland creation and management?*

We see no compelling evidence to suggest otherwise.

- *Do we believe that the reduction in administrative burden, consequential to opting out of delivery through and EC approved Rural Development Plan, would outweigh the loss of funding from Co-financing?*

Rather, domestic governments should seek allies to ensure that SoSRDP has a reduced administrative burden.

3.3 What delivery mechanisms should we employ to distribute and account for the grant aid we make available?

- *Should we continue to provide grants for woodland creation and woodland management as part of a wide ranging integrated delivery mechanism administered in partnership with RPID and FCS?*

Probably. Upgrades to the current system are in train and we are promised that these will make the customer experience more satisfactory.

Integrated delivery is a focus for Scottish Government, and should not be lightly ignored.

However what is most important is that the customer experience is improved, not who delivers it. The present arrangements do not work at all well for most foresters with social and environmental objectives.

Much of this might be related to RPID's modus operandi, and suggests that urgent reform should start there. However there is also considerable scope to improve FCS's approach to administering the Forestry Challenge Funds, and other parts of SRDP over which they have some control."

- *Should we plan for a separate, narrowly focussed, delivery of grants for woodland creation and management using a new case management system?*

The best option is to make the existing system work. Every new system has brought with it new problems, and replacing the existing system with another system has not been the answer to date.