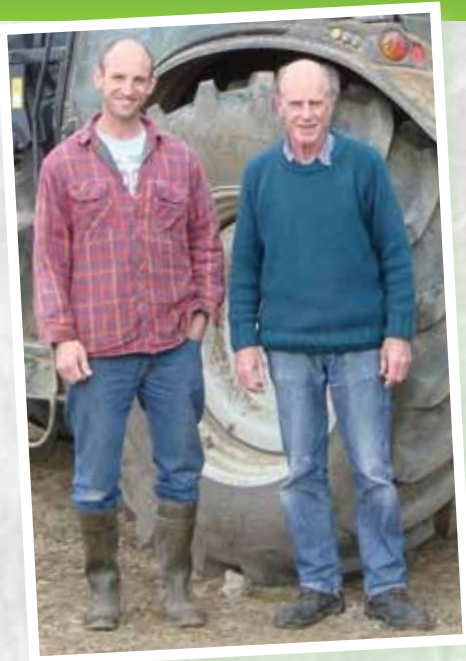


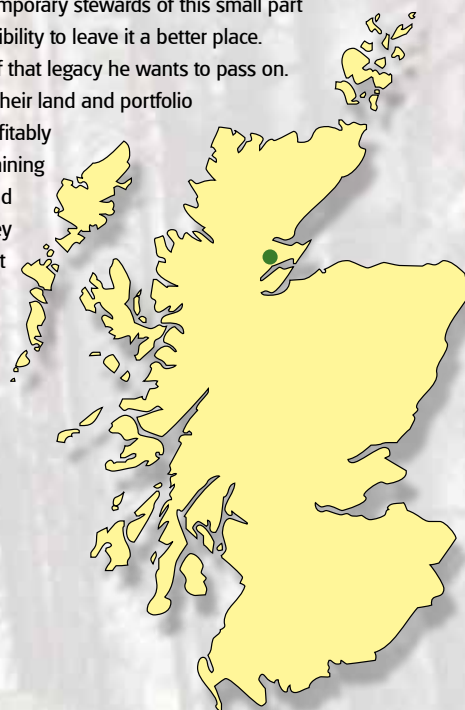
Farm woodland case studies

Foulis Farms Evanton, Black Isle



Finnian and Hector Munro

Hector believes first and foremost that the farm has to be a profitable and sustainable business and that succession is very important. He wants to be able to hand on a sound successful operation to the next generation. The environment and the landscape are also important and he is only too aware that as the temporary stewards of this small part of Scotland he has a responsibility to leave it a better place. Trees feature as a vital part of that legacy he wants to pass on. The Munro's aim to manage their land and portfolio of rural investments both profitably and sustainably while maintaining the character of the estate and the environment in which they operate. Trees play a vital part in achieving these collective objectives as a feature on the estate, source of income, employment, energy, and tax planning tool.



The original farm of 510 hectares has been added to since 1973 and now comprises 1082 hectares. About half of the area is farmed and the balance is in forestry. The arable land is classified under the LCA system as grade 2 to grade 3.2 and most of this land is cropped producing malting barley. 102 hectares is in permanent grass which is let on seasonal leases. The bulk of the land committed to forestry is situated on adjoining grade 4 hill. The estate has several property and related investments in their diversified portfolio including 23 residential properties utilised by the family, employees or let, a recent investment in a 500 kW wind turbine development on Foulis and The Storehouse of Foulis Farm shop, Restaurant and Visitors Centre which is leased out and now operated by a third party.



Foulis Farm has 36 discrete areas of woodland and forestry ranging in blocks from 466 hectares down to 0.11 hectares and many further areas of trees shrubs and bushes. Old hardwoods stand around residential properties on the farm and form linear features along the field boundaries. With the advent of tree guards it became possible to replace individual hardwoods and to fill in the gaps in the linear features. It also made it possible to plant and successfully establish whole blocks of hardwoods at reasonable expense, so that once again hardwood stands could be created on the lower ground.

The larger coniferous shelter belts have, over the past 40 years, been harvested providing irregular but nonetheless welcome additional income. They have been mainly restocked either as mixed stands or purely with hardwoods.



How it all adds up: the costs and benefits of farm woodland

There has been no new planting at Foulis in recent years other than replanting of felled areas and in filling of wind blow or open spaces in woodlands. The scale of woodlands under the management of Foulis Farms is such that there is now a mature balance of mixed age and mixed species trees. They provide an irregular but important source of income and significantly reduce the cost of fuel inputs to the property. The contribution made by the woodlands to the landscape of the area is considered by Mr Munro to be of inestimable value.



Making the woodland work for the farm

Wherever possible wood is sold commercially or utilised as fuel but timber is occasionally processed for products such as floor boarding and fencing materials as the need arises. Finnian has well advanced plans for a biomass fuelled grain drier and a heating plant for ten houses which will use approximately 100 tonnes of fuel wood/annum. Construction is planned for early 2014.

As well as the obvious commercial advantages, the woodland gives positive flexibility for the use of farm labour which tends to be concentrated in short bursts on arable operations. The long term nature of forestry and the current favourable taxation regime assists in the overall succession planning. The growing timber acts as a useful capital investment which, at the correct time in its rotation, can be cashed in with a degree of flexibility. It also spreads risk by being an entirely separate enterprise and adds to the overall capital value and attractiveness of the property should it ever be sold.

Looking forward: where do we go from here?

Foulis Farm already has a very significant presence of woodland on the farm. It provides a valuable capital asset and will provide a source of energy to fuel a biomass grain drier. It is highly likely, given that the Munros see the advantages of having trees on the farm, that they will continue planting. The economic value is important but, environmentally and aesthetically, trees also contribute to the farm.



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