

## **Future of FGS and Update on Budget Categories and Threshold Scores**

This note sets out the future direction for FGS together with updates on Woodland Creation, variation requests and the budget situation/threshold scores for Forestry Grant Scheme applications.

### **1. Brexit and the Future of Forestry Grant Scheme (FGS)**

- The UK Treasury guarantee has been extended to cover all contracts approved by the end of December 2020. This means that irrespective of the Brexit outcome, the EU co-financing needed by Scottish Government will be provided by the UK Treasury for the lifetime of all FGS projects approved by the end of December 2020. The total budget for FGS will still be subject to the normal Scottish Government Budget process.
- As proposed within the Scottish Government June 2018 Consultation on [‘Stability and Simplicity – Proposals for a Rural Funding Transition’](#) it is intended that FGS will remain open beyond 2020, continuing broadly in its current form until March 2024. Opportunities will be taken to make simple improvements to the scheme during this period. This aims to provide as much certainty and stability as possible to applicants that want to seek grant funding for forestry projects over the next few years.

In the longer term, we will consider the feedback from the above Consultation and engage with the forestry sector to shape the future direction of forestry grant support in Scotland.

### **2. Woodland Creation**

There continues to be a high demand for woodland creation grants with the current woodland creation situation shown in the table below.

<b>Woodland Creation ha</b>	<b>2018/19</b>	<b>2019/2020</b>	<b>2020/21</b>
Pre-application	0	8161	5419
Submitted not yet approved	1273	4439	944
Approved projects	10105	4492	140
<b>Total</b>	<b>11,378</b>	<b>17,092</b>	<b>6,503</b>

**With additional funding secured for this financial year we are keen to identify any new planting projects or parts of projects that can be realistically brought forward from 2019 to 2018 claim year – applicants should speak with their local Conservancy Office.**

**Demand for woodland creation grants in claim year 2019 is exceptionally high and already exceeds the current indicative budget. Bringing forward projects will help maximize the use of available grant funds.**

**In particular we would welcome early submission of capital claims that have a 2019 claim year for woodland creation elements that are complete and in position**

to claim before the end of March 2019 (ie: within the 2018 claim year window). This will require a variation but will allow us to pay 2019 claims early. We will accept claims for part of your woodland creation project area provided you supply the appropriate components table evidence with your claim. Because we are trying to maximize the use of funds, we will focus on paying capital grants that are submitted within the 2018 claim year window. Any claims submitted by the March 2019 claim submission deadline are expected to be paid by June 2019. Claims for works with a 2019 claim year will not be processed until the 2018 claims processing is completed which may mean that you do not receive payment for your 2019 projects until August 2019.

### **3. Variations from 2018 to 2019**

We encourage applicants with 2018 claim year to make their best efforts to complete work by the claim deadline. For applicants that have started work, we will guarantee variation requests to 2019 for any balance of work not completed. All variation requests will be considered in April 2019.

We will do our best to accommodate all other variation requests but where there is not sufficient funding headroom we will seek to offer another future year.

### **4. Budget Availability and Threshold Scores**

Table 1 has been updated to show the current budget availability and minimum score thresholds. Changes include:

- **2020 Claim Year** - this is now open for most options as a first year. Please note exceptions for Harvesting and Processing, Forest Infrastructure and Co-operation.
- **Woodland Creation Central Scotland Green Network (CSGN)** – indicative headroom has moved to green for 2019 ie there is currently good availability of funds.
- **WIG WIAT – 2019 claim year is now closed.** Claim year 2020 is open with an application upper cap limit of £100,000 per BRN. Threshold score has been reduced from 10 to 9.
- **WIG Habitat and Species** – the threshold score has been reduced to 4.

If you have any queries then please contact your local Conservancy or our National Office.

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**Table 1 Forestry Grant Scheme: Clearing and Budget Categories with Threshold Scores – November 2018**

Grant Category	Clearing categories	Frequency of Clearing	Indicative 2018 Budget £m	Claim Years available for first year of contract	Number of Claim Years available	Indicative Headroom 2018	Indicative Headroom 2019	Indicative Headroom 2020	Threshold Score(Max)
Woodland Creation	WC with CSGNC	Monthly	£10.0m	2018-2020	N+2				10 (31)
	WC High Cost(>£6k/ha)		£1.75m	2018-2020					10 (31)
	WC with Nat Regen		£0.25m	2018-2020					2 (6)
	WC Other		£28.0m	2018-2020					10 (31)
Woodland Improvement Grants	Restructuring Regeneration	Monthly	£2.0	2019 & 2020	N+2				3 (6)
	Planning options		£0.35	2019 & 2020	N+2				2 (6)
	Habitats & species/Liss		£0.72	2019 & 2020	N+2				4 (6)
	WIAT		£0.85	2020***	N+2				9 (16)
Sustainable Management of Forests	Native Woodlands/ LISS/ livestock/Grazing	Monthly	£0.7	2019 only	N+1	N/A			2 (6)
	Squirrels/Predators/Deer		£0.4		N+1	N/A			2 (6)
	WIAT		£0.03		N+1	N/A			6 (16)
	Rural Access		£0.15		N+1	N/A			2 (6)
Tree Health		Monthly	£0.4	2018-2020	N+1				2 (6)
Forest Infrastructure**		Monthly	£0.3	2018 & 2019	N+1			N/A	3 for 2018 (6) 4 for 2019 (6)
Agroforestry		Monthly	£0.1	2018 -2020	N+2				2 (6)
Harvesting and Processing**		Annual	£0.3	2018 & 2019	N			N/A	2 (6)
Co-operation		Monthly	£0.1	2018 & 2019	N+1			N/A	3 (16)
<b>Total</b>			<b>£ 46.4</b>						

Notes: \*Projects with average cost is £6,000/ha or higher \*\*Projects must be completed and paid in the approved claim year. \*\*\* Projects limited up to £100k/BRN. N = current calendar year Indicative Headroom Colour Key:

There is currently good availability of funds within this FGS clearing category and we will be able to support most good quality application

It is likely the demand for funds within this FGS Clearing Category will exceed the available budget and there will be strong competition for funds

There are no longer any funds available within this FGS clearing category

**Claim Years Available** - Our approach to claim years is set out in Table 1 and depends on the grant type. This has been structured to ensure applications go through the competitive clearing process whilst at the same time manage the grant budget without a long forward booking of projects.

**Please note that for an application proposal with multiple claim years, the application score must meet the higher of the threshold scores for each claim year to obtain full approval.**

**Woodland Creation** - capital such as fencing and initial planting - up to 3 claim years (ie within N+2, where N = the current calendar year at time of application submission) with work having to start in the first 2 years eg one option is to apply in 2018, start work in year 2018 and complete in 2019. Another option is to apply in 2018, start work in 2019 and complete work in claim year 2020.

**Woodland Improvement Grant** - up to 3 year claim years (within N+2, where N = the current calendar year at time of application submission) with work having to start in the first 2 years except for WIG Restructuring Regeneration where a delay until year 3 is acceptable to meet species diversity rules.

**Sustainable Management of Forests** – next claim year is available as the first annual management claim year.

**Agroforestry** –as for woodland creation up to 3 claim years (within N+2, where N = the current calendar year at time of application submission) with work having to start in the first 2 years.

**Tree health** – current & next year claim year (within N+1 where N = the current calendar year at time of application submission)

**Forest Infrastructure** – current and next claim year available (within N +1, where N = the calendar year of the application round)

**Harvesting & Processing** – one claim year available (within N, where N = the calendar year of the application round)

**Co-operation** – current and next claim year available (within N +1, where N = the calendar year of the application round)