

Submitted to Future Grant Support for Forestry
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Ministerial Foreword - Forestry in Scotland is a sector that we can be justly proud of.

1 - Introduction and Rationale for Providing Grant Support for Forestry

1. Do you agree that grant support for forestry should continue to be improved and developed as a discrete scheme within the overall package of land support?

Yes

Please explain your answer in the text box.:

A significant proportion of Scotland's community landowners own and manage woodlands of all types and sizes, whilst others may be undertaking new woodland creation such as the Langholm Initiative at Tarras Valley, to deliver a wide range of public benefits. FGS has been a crucial support mechanism for community forest owners and should continue to be so.

Community-owned woods and forest are very varied, but common objectives are increased public access and amenity, enhanced biodiversity and a focus on local processing and utilisation of timber, so continued / enhanced support for work in these areas is essential.

CLS supports the principle of grant aid for both woodland creation and woodland management, but the current scheme must evolve to reflect changing global conditions (including rise in timber prices) to ensure that it delivers better value for money and contributes to wider SG agendas, including Community Wealth Building, the Just Transition to Net Zero and land reform.

CLS recommends a number of key changes to the scheme.

- There should be a better balance of funding between woodland creation and woodland management, with the latter attracting a higher proportion of the budget than the current 15%. In particular, there should be additional funding for public access, small scale harvesting and processing and biodiversity improvement
- The funding models and intervention rates for woodland creation should target support where most needed and avoid inadvertently widening existing inequalities – a tiered grant mechanism which does not disproportionately benefit large landowners needs to be introduced
- There should be enhanced support for woodland expansion by natural regeneration, which should become the default option where feasible
- Better targeting of support to improve diversity and resilience
- Better targeting of support to help forestry to contribute to community wealth building e.g. ease of grant access for community owned woodlands, small scale harvesting and processing

A larger proportion of the budget should be allocated to support woodland management, in particular to support public access, small scale harvesting and processing and biodiversity improvement.

The funding models for woodland creation must evolve to target support where most needed and to avoid inadvertently widening existing inequalities:

- Lower grant rates for basic conifer option (= mostly Sitka), to reflect likely future timber income,
- Lower grant rates for larger schemes (= >100ha), to reflect economies of scale,
- Retain higher rates of support for small and "high quality" woods – productive broadleaves, alternative conifers – which produce greater public benefit and have greater prospect of local processing and utilisation and contribute to Community Wealth building

Improvements in application and reporting processes (some of which are likely to happen as scheme is not now part of EU CAP) and extension of the existing loan scheme to assist applicants with cashflow issues will also benefit community and other small-scale landowners.

Improvements in consultation processes (and transparency of decision making) are needed for large-scale woodland creation proposals.

2. Are there any changes that would allow for better complementarity between the forestry and agriculture funding options?

Yes

Please explain your answer in the text box.:

CLS recognise the potential for a greater degree of co-ordination between forestry and agriculture funding options, to ultimately support a more joined up approach where any given land parcel is awarded maximum subsidy for sustainable production. In other words agricultural operations which are highly sustainable (incorporating as much tree cover as possible whilst still being productive) and low input, relatively lower yield can receive maximum subsidy, and variations below that optimum of more productive but intensively grazed, or full tree cover but minimal production, receive varying degrees of subsidy.

There are clear benefits for both farmers/crofters and the public to encourage a diversification of suitable agricultural land to include woodland creation and expansion whilst maintaining food production. The public benefit for increased woodland cover around Scotland is made clear in the consultation paper but there are also potential benefits for farmers and crofters in increasing woodland on their land. For livestock farmers, trees provide shelterbelts, soil nutrient providers to reduce inputs on grasslands as well as supplementary forage for livestock. Arable farms with increased tree cover benefit from

greater densities of pollinators and natural pest control. Increasing tree numbers on farms and crofts can help reduce inputs for farmers – both in terms of labour and capital inputs. These points need to be made clear by Scottish Forestry and others so that agriculture and forestry can be better integrated into one another.

Agricultural subsidies need to reflect the benefits of trees for agriculture, as well as their wider public benefit in tackling the climate and biodiversity crises. The staggering of forestry and agricultural subsidy, as described above, would ensure that rural communities receive vital agricultural funding, more trees are planted to help support sustainable and resilient agriculture and that Scotland moves towards Net Zero in a just and sustainable way.

2 - Forests Delivering for Scotland's Climate Change Plan

3. How can the support package for forestry evolve to help tackle the climate emergency, to achieve net zero, and to ensure that our woodlands and forests are resilient to the future climate?

Please explain your answer in the text box.:

The FGS can only achieve so much on its own, in order for Scotland to approach Net Zero there needs to be transformational change of our economy and society through bringing about immediate emissions reductions, the benefits of enhanced sequestration from woodland creation will not be apparent for decades. That is why the alignment of the FGS with other key policy developments in 2023/24 is essential. The FGS must support the Community Wealth Building and Land Reform Bills to ensure that Scotland has the best change of transforming its economy, consumption patterns and land ownership so that resilient local wellbeing economies can flourish.

Nevertheless, there are important ways in which the scheme can contribute to Net Zero targets, recognising that carbon sequestration is not the only means by which forestry has an impact on the climate crisis is important. Long term timber use can lock up carbon and substitute for more carbon-intensive materials. Conversely, forest operations and timber transport have substantial emissions which can be reduced.

The new FGS should prioritise better management of existing woodlands:

- Enhanced support for low-impact silviculture and the move to continuous cover forestry rather than clear fells
- Enhanced support for natural regeneration rather than for woodland creation and restocking
- Support lower impact harvesting machinery for thinning, the use of inappropriate machinery can cause significant damage to the hydrology and carbon storage of stands
- Support local processing and utilisation to reduce emissions from haulage
- The tiered grant mechanism as set out in response to Q5 so that smaller woodlands can benefit from the FGS. In order for the climate and biodiversity crises to be tackled we need to ensure that a diversity of land managers and owners can access the funding needed to restore and plant woodland

These measures not only secure clear environmental benefits but more directly contribute to community wealth building and local forestry operations rather than large scale monoculture forestry plantations which are extractive and damaging to local environmental and social ecosystems.

4. Private investment through natural capital and carbon schemes can make a valuable contribution to climate change. Do you agree that the grant support mechanism should have more flexibility to maximise the opportunities to blend private and public finance to support woodland creation,

No

Please explain your answer in the text box.:

CLS are wary of what 'more flexibility to maximise the opportunities to blend private and public finance' means in practice. Recent private finance initiatives seem designed more to create opportunities for financiers to charge interest than to tackle the climate emergency. These private finance initiatives have raised the prospect of further concentrating land ownership and have increased land values as financiers, corporations and wealthy individuals seek to make 'safe' investments in Scotland's land and natural resources. Not only does this contradict the Scottish Government's commitment to community wealth building, a just transition to Net Zero and land reform, it also undermines the diversity of land ownership and land use which is essential to the resilient local economies which will underpin a Net Zero Scotland.

The FGS should be flexible and responsive to reflect wider contexts and influences, such as emerging carbon markets and increasing timber prices. However in order for this to be done in a just and sustainable way it would be advisable to amend grant rates as set out in Question 5 below, rather than encouraging more private finance initiatives.

If there is a broad consensus that in the future carbon credits will be a profitable venture, as the private finance initiatives indicate, would it not be possible for the Scottish National Investment Bank to step in and provide a loan scheme alongside FGS grants to meet the woodland creation targets. For example, small woodland creation/management schemes could get grants as at present but larger creation schemes would be offered a mix of grant and loan finance (as the private finance initiatives seem to do), with the balance shifting to loan as the scheme gets bigger. If the loan finance were on relatively favourable terms (at bank base rate) this would be more attractive to landowners than commercial rates demanded by the private money lenders, and of course the interest generated would go back into SNIB to be recycled for other useful projects.

SNIB would pass the funds to Scottish Forestry to run a single grant and loan scheme, rather than SNIB running a separate loan scheme. This would be easier for applicants and Scottish Forestry would be better placed to make decisions on forestry grounds rather than purely financial ones. This would allow central government to have more control over the loans and woodland projects and be able to mitigate the issues of concentrated land ownership and soaring land values by regulating the projects it funds.

5. How could the current funding package be improved to stimulate woodland expansion and better management across a wide range of woodland types, including native and productive woodlands?

Please explain your answer in the text box.:

CLS advocate for several changes in the current funding package to encourage a wider range of woodland types and woodland managers, as part of the drive toward building resilient local wellbeing economies rather than the extractive systems of land use and monocultures currently operating in many areas. To this end several issues need addressing:

- The current funding package does not adequately incentivise diversity, either within specific landholdings or at a regional level, leading to huge regional disparities (in S Scotland new planting is dominated by Sitka spruce, whereas in the Highlands there is almost no woodland creation for timber).
- The current funding package does not adequately incentivise the types of woodland that would deliver the greatest levels of public benefit (productive broadleaves, diverse conifers): the great majority of applications are for the “lowest common denominator” options of conifer and native broadleaves.
- It does not adequately account for economies of scale in woodland creation: there is some grant reduction in grant rates for the very largest schemes but no capping or means testing, so the largest /wealthiest recipients have the most profitable schemes.
- Support for woodland management (including restocking and natural regeneration) is too limited.

The following improvements are required for woodland creation:

- A reduction in grant rates for larger woodland creation schemes. Lower rates should apply at thresholds of 50ha per option / 100ha per whole project
- A reduction in grant rate for the “conifer” (i.e. Sitka) option
- Increased grant rates for productive broadleaves, alternative conifers and small farm woodland
- Better support for natural regeneration

And for woodland management:

- Enhanced restocking support for productive broadleaves, alternative conifers
- Support for conversion to continuous cover forestry

6. Do you agree that it should be a requirement of grant support that woodlands are managed to ensure that they become more resilient to the impacts of climate change and pests and disease?

Yes

How can the grant scheme support this?:

Woodlands need to be managed to ensure that they are more resilient to climate change, pests and disease. Recent storms have demonstrated the vulnerability of much of Scotland’s forestry to our increasingly unpredictable climate. How this resilience is tied to grant support is less clear, although as our response to other questions makes clear, greater diversity in tree species and in types of woodland would mitigate some of the risks. Similarly more support for natural regeneration would increase woodland resilience and biodiversity as the most naturally suited trees for each site will prevail.

3 - Integrating Woodlands on Farms and Crofts

7. Which of the following measures would help reduce the barriers for crofters and farmers wanting to include woodland as part of their farming business? Please select all that apply.

Better integration of support for woodland creation with farm support mechanisms, Knowing where to get reliable advice, Clearer guidance on grant options, Flexibility within options, Intervention level, Support with cashflow, Information on how current land use could continue with trees integrated throughout

Are there others not listed above?:

All of the above have a role to play in reducing barriers for farmers and crofters. As noted in our response to Question 2, agriculture and woodland need not be in opposition. To this end it is important that there is co-ordination between agricultural subsidies and woodland creation, and to ensure that the two do not work at cross purposes.

As an example, our members on Harris in the Outer Hebrides rarely use the FGS, despite the scheme having the highest intervention rates. The FGS rarely covers the cost of the project and as a result cashflow can be a key problem. The sometimes punitive upfront costs for woodland creation which prevent engagement from small scale land owners, the existing loan scheme should be reviewed and extended. Consideration should be given to revising payment schedules and processes to minimise issues for land managers. The 20-year no stocking commitment is also viewed as fairly onerous by farmers and crofters.

8. Establishing small woodlands can have higher costs. What specific mechanisms would better support small scale woodlands and woodland ownership?

Please explain your answer in the text box.:

As noted in response to Question 7 and Question 5 there needs to be better support for small scale woodlands as these are vital to resilient and diverse forests which help delivery key policy objectives of community wealth building and a just transition to Net Zero:

- Existing loan scheme reviewed and extended so that small scale landowners can overcome cashflow problems
- Retain higher rates of support for small and “high quality” woods – productive broadleaves, alternative conifers – which produce greater public benefit

and have greater prospect of local processing and utilisation

- Clearer mechanisms for supporting natural regeneration and management rather than planting
- Addressing the issues noted in question 2 and 7 would encourage more crofters and small-scale farmers to take part in the FGS, which in turn would help deliver more sustainable agriculture and a significant growth in small-scale woodland.

4 - Forests Delivering for People and Communities

9. How can forestry grants better support an increase in easily accessible, sustainably managed woodlands in urban and peri-urban areas?

Please explain your answer in the text box.:

There should be enhanced funding to support recreation measures in existing woodlands in urban and peri-urban areas. Although it is outside the remit of the FGS it is important to note that a robust Land Reform Bill which empowers communities to purchase Derelict and Vacant Land in urban and peri-urban areas would likely lead to an increase in small-scale urban woodlands, as communities in these areas often prioritise green space and tree planting.

Our members who own urban woodlands have informed us that accessing capital through the FGS is not easy, and that essential work that needed to be done to their woodlands had to be funded by local councils and the Scottish Land Fund. These urban community woodland owners would like to be able to access FGS capital and they endorse our recommendations to streamline the grant process.

Woodlands in these contexts provide vital benefits for wellbeing, community empowerment and employment:

- Current eligibility requirement excludes support for woodland access provision in many small settlements. The population threshold should be reduced to 500 for community led schemes.
- The current two-stage process whereby an Urban Woodland Management Plan must be compiled and approved as before an application for capital costs can be made is time-consuming (especially when Scottish Forestry takes months to respond at each stage) and overly-complex for smaller woodlands. For woodlands <100ha where the total grant aid for proposed operations is below £100,000 the creation of the plan and definition of operations should be the subject of a single application.

10. How can grant support for forestry better enable rural communities to realise greater benefits from woodland to support community wealth building?

Please explain your answer in the text box.:

Community wealth building is a key Scottish Government policy objective and the FGS has the ability to contribute to this in helping to foster resilient local wellbeing economies through employment, local wealth creation and ultimately more local housing and services. The proposed changes to the grant system based upon scale as highlighted in our response to Question 5 are important mechanisms for ensuring that forestry grant funding does not disproportionately benefit large landowners whose activities directly contradict community wealth building.

A diverse range of woodlands – in terms of scale and species – will help provide a resilient timber economy with highly skilled, quality jobs and further opportunities for tourism and recreation.

More specifically:

- Previous iterations of the grant scheme for forestry included a community challenge fund which supported the establishment of community-led projects and wider community involvement in forest management
- A key element of forestry's potential contribution to community wealth building is in the creation and maintenance of local jobs, both in woodland management operations and the processing and utilisation of timber. In recent decades this contribution has been eroded by centralisation and mechanisation.
- Enhanced support for silvicultural intervention, small-scale harvesting and processing and community forest management will all contribute to community wealth building

11. How can the forest regulatory and grant processes evolve to provide greater opportunities for communities to be involved in the development of forestry proposals?

Please explain your answer in the text box.:

This is a potentially vital area of the revised FGS which needs addressing so that local communities not only have a clear level of agency over forestry proposals in their area, but also secure defined benefits from any large forestry proposals. There are significant issues in some areas arising from poor or limited community consultation on large commercial forestry schemes.

A number of improvements are required:

- Larger schemes (i.e. >100ha) need a new consultation process, with community involvement at an earlier "scoping" stage
- There should be better guidance on information provision to communities from both applicants and conservancies: current experience is very mixed
- The approvals process for woodland creation should take into account the cumulative impact of large scale schemes

It is hoped that the new scheme will reduce the current levels of bureaucracy involved, especially for smaller woodland creation and management projects which are more likely to be undertaken by smaller landholdings and/or deliver integrated land use.

Critically, Scottish Forestry must be adequately staffed and resourced to administer the scheme. The current inability to do so on a reasonable timescale is a major obstacle to customer confidence and the achievement of climate change targets.

12. How can the forestry regulatory and grant processes evolve to ensure that there is greater transparency about proposals and the decisions that have been made on them?

Please explain your answer in the text box.:

Building on our response to Question 11, transparency is vital to ensure that communities feel empowered and aware of what is happening to the land around them. The publication of all agricultural and forestry payments to beneficiaries should continue, and is an essential part of transparency over public expenditure. The publication of these statistics should continue and could be enhanced, for example, with a breakdown of applications by size. Moreover these statistics are one of the only mechanisms for communities and the wider public to understand who is controlling the land around them, and who is benefiting from the ownership of that land.

The recommendations suggested in our response to Question 11 would also help further transparency and help to make sure that forestry proposals are made in the interests of the public and local communities.

13. Forestry grants have been used to stimulate rural forestry businesses by providing support with capital costs. Do you agree that this has been an effective measure to stimulate rural business?

Yes

a. How could this approach be used to support further forestry businesses?:

Support with capital costs for small-scale harvesting and processing can stimulate rural businesses and contribute to community wealth building as per response to Q10 above.

Support with capital costs is vital for small landholders and community groups to establish or extend woodlands. Furthermore, as noted in Question 7, capital cost support is essential for farmers and crofters to overcome high capital outlays on woodland projects and often precludes involvement in the FGS.

b. How could this approach be used to support further skills development?:

This not an area of expertise for CLS. We leave other organisations in the sector to respond.

14. How could the FGS processes and rules be developed to encourage more companies and organisations to provide training positions within the forestry sector?

Please explain your answer in the text box.:

This not an area of expertise for CLS. We leave other organisations in the sector to respond.

5 - Forests Delivering for Biodiversity and the Environment

15. The primary purpose of FGS is to encourage forestry expansion and sustainable forest management, of which a key benefit is the realisation of environmental benefits. How can future grant support better help to address biodiversity loss in Scotland including the regeneration and expansion of native woodlands?

Please explain your answer in the text box.:

The regeneration of existing native woodlands is essential. It is the most sustainable and resilient means of increasing woodland cover and restoring damaged ecosystems. A greater focus on native woodland expansion through natural regeneration (i.e. no new woodland planted within 50 metres of existing woodland/robust control of deer numbers) would have a number of significant positive environmental benefits, including reducing emissions associated with woodland planting.

The targeting of support in the current scheme on specific sites / species / habitats is too narrow and a broader range of woodlands should be supported.

As noted in our response to Question 16, the control of deer is critical to allowing woods to naturally regenerate and reduces the reliance on costly fencing. Woodland can deliver enhanced environmental benefits relatively easily if deer numbers are controlled.

16. Herbivore browsing and damage can have a significant impact on biodiversity loss and restrict regeneration. How could forestry grant support mechanisms evolve to ensure effective management of deer populations at:

Landscape scale?:

Excessive and unsustainable deer numbers across Scotland are a major obstacle to actions designed to tackle climate change and reverse biodiversity loss. In many instances reducing the deer numbers would see natural regeneration of woodlands on a large scale. Obviously FGS has a role to play but fundamentally the onus must be on the deer regulator, NatureScot.

For very large scale landholdings, e.g. where woodland creation projects occupy a relatively small part of the holding, and the landowner has the potential to control deer numbers, doing so should be a condition of grant funding: paying for deer fencing when the landowner could be reducing deer impacts through culling is not good use of public money.

Small scale mixed land use?:

For small scale mixed land use, where landowners have very limited opportunities to exercise control over deer numbers as they do not have significant landholdings or the means for controlling numbers it will be difficult and unjust to seek to drive deer control through FGS. A broader strategy of deer control covering all land uses is required so that smaller land holdings are not reliant upon costly fencing to take part in the scheme.

If you wish to make any other relevant comments, please do so in the text box below.

Please add your comments here.:

FGS has potential to deliver significant public benefits across woodland creation and woodland management, however, it can't do everything from an inevitably constrained budget.

The future success on FGS in meeting its objectives is dependent on other bodies and initiatives, notably:

- A robust Land Reform Bill which empowers local communities – both rural and urban – to take ownership of land around them if they wish to. This will invariably lead to a surge in diverse woodlands, as we see from previous experience, communities often prioritise green space and woodland, both for recreation/biodiversity and as an important contribution (through commercial forestry) to revenue streams
- The Community Wealth Building Bill needs to provide the mechanisms for building resilient local economies which can integrate forestry schemes into their local economic plans – both commercial forestry and tourism. Forestry can play a vital role in securing local jobs and local wealth.

About you

What is your name?

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Community Land Scotland

Scottish Forestry would like your permission to publish your response. Please indicate your publishing preference:

Publish response with name

We may share your response internally with other Scottish Forestry policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Forestry to contact you again in relation to this consultation exercise?

Yes

I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

I consent