

## **Forestry Grant Scheme Update – Contract Arrangements During EU Exit Period and Current High Levels of FGS Activity**

This note clarifies the contract arrangements for the Forestry Grant Scheme (FGS) when the UK exits the European Union (EU) on 1 January 2021 and updates on current FGS activity levels and Conservancy workloads.

### **Current high FGS activity levels:**

- We have seen an unprecedented peak in FGS applications and interest in woodland creation this year. Over 800 FGS applications worth in excess of £52 million have been received since April, including for 12,000 hectares of new woodland. In this time Scottish Forestry (SF) has approved applications at a record rate with over 10,000 hectares of FGS woodland creation contracts awarded since April 2020.
- In total SF is currently dealing with over 20,000 hectares of woodland creation projects at either FGS application or due diligence stage, in addition to over 20,000 hectares already approved and at implementation or claim stage.
- These high volumes of work, together with Covid-19 working arrangements and EU Exit changes have put SF Conservancy and National Office teams under tremendous pressure, leading to some delays with forestry case processing. We are continuing to prioritise our work and as we approach the end of December 2020 we have been focussing on applications with 2020/21 claim or felling years. As a result it is likely that we will not be able to deal with some other types of case work as quickly as we would like.
- We are taking action within SF to increase our capacity and would ask that customers, when submitting applications, please try to resolve as many issues as possible in advance to help reduce the time needed for woodland officer input.
- We apologise to customers for any delays you may experience during this exceptionally busy period.

### **Contract arrangements - what stays the same:**

- In line with Scottish Government's Stability and Simplicity strategy FGS will remain open for applications in its present form until at least 2024. We will continue to evolve, improve and simplify FGS throughout this period.

- As a result of recent Scottish Government funding announcements for tree planting and forestry grants we have updated the FGS Clearing and Budget Categories table to confirm the availability of funding in 2021 and 2022.

### **Contract arrangements - what changes:**

- The legal basis for FGS will change after 1 January 2021. The wording for new FGS contracts agreed after 1 January 2021 will be revised slightly to update the legislative references and remove the direct references to the EU. However some references to the EU regulations will remain in the contract text as we will be agreeing contracts based upon the Agriculture (Retained EU Law and Data) (Scotland) Act 2020.

### **What does this mean for FGS customers:**

- All contracts agreed before 31 December 2020 (i.e. status recorded by SF in RP&S as 'Contract Agreed' by that date) will have a legal basis of the current EU rules for the lifetime of that contract.
- All contracts agreed from 1 January 2021 will be based upon new legislation following our exit from the EU.

### **What do customers need to do:**

- Our SF Conservancies have been seeking applicants' agreement on all issued contracts that have not been returned signed to us to enable us to record the status in RP&S as 'Contract Agreed' before 31 December 2020.
- If the signed contract is not returned to SF within six weeks of the contract being issued then, as per the FGS Customer Charter, we may withdraw your issued contract.
- For applications approved at the recent Clearing rounds of October and November 2020, we ask that all customers return their agreed contracts as soon as possible and contact their [SF Conservancy office](#) for advice as to the latest date they can return signed contracts – based upon the Conservancy staff availability over the festive period.
- If you believe there are exceptional circumstances as to why you have not returned earlier issued contracts, and do not wish your issued contract to be withdrawn, then please contact your [local Conservancy](#) as soon as possible.
- For applications approved in the December 2020 Clearing round, we will confirm that you have secured the 2021 claim year as your first for annual maintenance, by recording approval in the RP&S 'Communication Log'. However, we will not issue you your contract

## Briefing Note 32: December 2020

### Forestry Grant Scheme Contract Agreements (During EU Exit Period) Including Budget Categories and Threshold Scores

offer until 2021, this is so we can issue your contract from RP&S on the new contract template.

#### **In summary:**

- We have worked hard to minimise the EU exit implications to our customers, but we do recognise that there will be some instances where other business or land issues are preventing your contract from being signed. Please contact your [local Conservancy](#) as soon as possible and we will work through the options with you.

Please [contact your local Conservancy](#) if you have any queries about the content of this note.

**Happy Christmas and our best wishes for 2021**

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**Table 1 Forestry Grant Scheme: Clearing and Budget Categories with Threshold Scores – December 2020**

Grant Category	Clearing categories	Frequency of Clearing	Indicative 2021 Budget £m	Claim Years available for first year of contract	Number of Claim Years available	Indicative Headroom 2021	Indicative Headroom 2022	Threshold Score(Max)
Woodland Creation	WC with CSGNC	Monthly	£8.0	2021 & 2022	N+2			10 (31)
	WC High Cost* (>£6k/ha)		£3.0	2021 & 2022				10 (31)
	WC with Nat Regen		£0.25	2021 & 2022				2 (6)
	WC Other		<b>£43.75</b>	2021 & 2022				10 (31)
Woodland Improvement Grants	Restructuring Regeneration	Monthly	£2.0	2021 & 2022	N+2			3 (6)
	Planning options		£0.35	2021 & 2022	N+2			2 (6)
	Habitats & species/Liss		£0.80	2021 & 2022	N+2			4 (6)
	WIAT***		£0.90	2021 & 2022	N+2			9 (16)
Sustainable Management of Forests	Native Woodlands/ LISS/ livestock/Grazing	Monthly	£0.60	2022	N+1	N/A		2 (6)
	Squirrels/Predators/Deer		£0.50		N+1	N/A		2 (6)
	WIAT		£0.05		N+1	N/A		6 (16)
	Rural Access		£0.15		N+1	N/A		2 (6)
Tree Health		Monthly	£0.45	2021 & 2022	N+1			2 (6)
Forest Infrastructure**		Monthly	£0.3	2021 & 2022	N+1			3 (6)
Agroforestry		Monthly	£0.1	2021 & 2022	N+2			2 (6)
Harvesting and Processing**		Annual	£0.5	2021	N		N/A	2 (6)
Co-operation		Monthly	£0.1	2021 & 2022	N+1			3 (16)
<b>Total</b>			<b>£ 61.8</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

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 items such as fencing and initial planting - up to 3 claim years (i.e. within N+2, where N = the current calendar year at time of application submission) with work having to start in the first 2 years e.g. one option is to apply in 2021, start work in year 2021 and complete in 2022. Another option is to apply in 2021, start work in 2022 and complete work in claim year 2023. In exceptional circumstances multiple claim years up to N+4 may be allowable, but only where significant areas of woodland creation are proposed **and** initial planting capital items are claimed in each preceding year, by prior agreement with Scottish Forestry National Office.

**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 and 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)