

Forestry Grant Scheme Budget Update

This note provides an update on the Forestry Grant Scheme (FGS) Budget. It also highlights the Scottish Government's Fair Work First Policy.

1. Budget Availability for New FGS Applications

Table 1. has been updated to show the current indicative budget availability and minimum score thresholds for all options with a claim year of 2023 and 2024.

Changes include:

- **Woodland Creation Budget** – which has been funded at the level needed to deliver the 16,500 hectare woodland creation target for 2023.
- **SMF Native Woodlands/LISS/Livestock Grazing & Exclusion** – demand for funding in 2024 already exceeds 90% of available funding, it is likely that there will be strong competition for remaining funds and it may not be possible to support all proposals looking to begin in 2024.
- **WIG Habitats & Species** –funding has been maintained for 2023 to support priority restoration of Rainforest and Pinewood habitats.
- **SMF Woodland Grazing** – A maximum application size of 100 hectares per 5 year period per business has been introduced.
- **Forest Infrastructure** – A maximum allowance of 1,500 metres for the construction of a forest road has been introduced for existing woodlands.

2. Fair Work First and the Forestry Grant Scheme

Scottish Government's Fair Work First policy aims to address challenges in Scotland's labour market by encouraging more businesses and organisations to adopt fair work practices. It does this by applying Fair Work First criteria to public sector contracts, grants, and other funding. There are two mandatory criteria, the payment of at least the real Living Wage and the provision of appropriate channels for effective workers' voice, such as trade union recognition.

From 1st April 2024 we will be expecting applicants to the Forestry Grant Scheme, where they directly employ staff, to comply with the Fair Work First mandatory criteria.

We are currently updating FGS scheme guidance and eligibility criteria to reflect this new requirement and will provide further details on how this will be implemented later in 2023.

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

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Table 1. Forestry Grant Scheme: Clearing and Budget Categories with Threshold Scores – September 2023

Grant Category	Clearing categories	Frequency of Clearing	Indicative 2023 Budget £m	Claim Years available for first year of contract	Number of Claim Years available	Indicative Headroom 2023	Indicative Headroom 2024	Threshold Score (Max)
Woodland Creation	WC with CSGNC	Monthly	£12.0	2023 & 2024	N+2			10 (31)
	WC High Cost* (>£6k/ha)		£4.0	2023 & 2024				10 (31)
	WC with Nat Regen		£0.25	2023 & 2024				2 (6)
	WC Other		£49.05	2023 & 2024				10 (31)
Woodland Improvement Grants	Restructuring Regeneration	Monthly	£2.0	2023 & 2024	N+2			3 (6)
	Planning options		£0.45	2023 & 2024	N+2			2 (6)
	Habitats & species/Liss		£1.80	2023 & 2024	N+2			4 (6)
	WIAT***		£0.90	2023 & 2024	N+2			9 (16)
Sustainable Management of Forests	Native Woodlands/ LISS/ livestock/Grazing	Monthly	£0.60	2024	N+1	N/A		2 (6)
	Squirrels/Predators/Deer#		£0.75		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	2023 & 2024	N+1			2 (6)
Forest Infrastructure**		Monthly	£0.55	2023 & 2024	N+1			3 (6)
Agroforestry		Monthly	£0.1	2023 & 2024	N+2			2 (6)
Harvesting and Processing**		Annual	£1.0	2024	N	N/A		2 (6)
Co-operation		Monthly	£0.1	2023 & 2024	N+1			3 (16)
Total			£ 74.2					

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.

#Includes £250k for landscape scale deer management and woodland restoration.

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 applications.

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 2023, start work in year 2023 and complete in 2024. Another option is to apply in 2023, start work in 2024 and complete work in claim year 2025. 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 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)