

Forestry Grant Scheme

Guidance on End of 2023 Claim Year and the 2024/25 Budget Management:

1. Background

The draft SG Budget Bill, of 19 December 2023, has proposed that the 2024/25 budget for Forestry Grants is expected to be £25.3m capital and £20.1m resource, resulting in a total of £45.4m. Our capital budget is used to fund the woodland creation options' capital items. The resource budget funds the annual grants of maintenance, SMF and the other woodland management grant activities under WIGs, H&P, Tree Health, etc.

This compares to the current agreed 2023/24 figures of £45m and £20.2m totaling £65.2m.

Taking the trends from the previous financial year ends, we could expect up to 20% slippage of 2023/24 WC cases which could result in significant variation requests, putting additional pressure on the reduced 2024/25 forestry grants budget.

There are also 8,000 Ha of submitted (currently not approved) FGS applications with a claim year of 2024/25 and we know of a further 11,300 Ha of applications in development.

This note is revising our approach to our end of claim year processing policy and is specific to 2023/24 (Claim Year 2023) claims submissions. By doing this we hope to reduce the need for variation requests into 2024/25 so that next year's budget can mainly be used to support new projects.

2. How we will optimise our 2023/24 (2023 Claim Year) spend

We will extend our end of claim year deadline until the 17th May 2024, (previously the end of March) and will allow you an extra 6 weeks to have completed your projects, carried out your required administration and submitted your 2023 claim for FGS capital funding.

From this point, please submit only one claim for the remainder of your 2023 claim year activities. We will no longer be able to accept partial claims for 2023 claim year activities. The main reason is that, as part of good financial control principles, we are unable to process a claim until all previous claims for that contract have been progressed through to completion. It is also vitally important that all 2023 claim year activities claimed are captured immediately on receipt. We, therefore, do not want to be in a position where we cannot immediately capture a submitted claim because that contract has an outstanding and unpaid claim awaiting further processing.

We are asking that our Conservancy Delivery teams prioritise the immediate capturing of all FGS claims submitted by 17th May 2024. This is necessary for the preparation of Scottish Forestry's annual accounts and the provision of Scotland's annual planting figures to Forest Research. Our extension will place a lot of pressure on our Conservancy teams as they prioritise the administration of your claims and so please be mindful that they will be unable to provide the usual level of support during the second half of May.

This extension, of over six weeks from previous years, provides significant additional time for all FGS contract holders to make best endeavours to complete your contracted 2023 activities

and if that is not possible, maximise the area of planting that is claimed by 17th May 2024.

The aim is to reduce the level of slippage, and in turn reduce the requests for variations that request and require 2024/25 funding – allowing Scottish Forestry to utilise the 2024/25 budget headroom on new projects.

3. How we can optimise our 2024/25 (2024 Claim Year) spend

If you are the holder of a FGS contract with 2024 claim year activity and you have carried out significant work on woodland creation projects, we would also encourage you to submit claims by 17th May 2024.

Where work contracted for 2024/25 (2024 claim year) has been carried out early and can be claimed early, by 17th May 2024 we would strongly encourage this. Where such claims are submitted early, we will be able to fund this from the 2023/24 budget year and it will help to take pressure off the 2024/25 year, allowing more new projects to be supported in 2024/25. Please send in your capital claims to us by 17th May 2024. There is not a need for you to request a variation in these instances as your SF Conservancy teams will administer these accordingly.

4. Variations

Due to the budget pressures we are facing, we must inform you that we have limited scope to offer variations for woodland creation works (that were to be funded from the 2023/24 budget at your original request) not undertaken by 17th May 2024.

As a result of the budget restrictions, in line with the published [FGS budget management policy](#) we expect to have very limited scope to offer contract variations into the following year. Variation requests to change claim years have nearly always been permitted in the past as we've never experienced these pressures on our grant funding budget. By announcing this now, we are giving you, the FGS contract holders, the maximum possible time to achieve contracted 2023/24 activities.

If you believe that you will not be able to complete all your works to allow you to submit your claim for your completed 2023 claim year activities by the 17th May, you should ensure you submit a claim for all the works that you will have completed. This allows us to maximise the 2023 spend and reduce demand for variations into 2024/25.

In exceptional circumstances, we will allocate some of the FGS budget to allow variations into 2024/25 but to avoid this being oversubscribed it is critical that FGS contracts holders with 2023 claim year activities maximise delivery and claim by 17th May 2024.

As existing contract holders have already had an opportunity to carry out their projects, in line with our published FGS budget management and variations policy the limited 2024/25 WC budget will be prioritised for new projects. Therefore, if you have 2023 claim year work not completed and you submit a partial claim, we won't be in a position to confirm the next year's funding until we have assessed the total demand for variations. We will shortly confirm the budget position for 2024/25 and provide more information on how we will prioritise and handle variation requests.

If you have not yet begun work for 2023 claim activity and wish to apply for a 2024 Claim Year, then you must **not** carry out any works as it is highly unlikely that we will have the funds to allow their variation into 2024/25 (2024 claim year). Similarly, if you have not claimed at all for any of your 2023 works by the 17th May, then it is unlikely that you will receive funds going forward.

4. Maximising Woodland Creation targets for 2024/25

The January 2024 Clearing Round was postponed in order to allow time to understand and plan the management of the 2024/25 FGS budget. This tough decision reflects the significance of the challenge and importance of the situation.

We will run a clearing round as normal in February 2024 and in advance of that we will provide an updated FGS budget table, showing the breakdown of the 2024/25 funding to FGS budget categories together with an indication of the headroom in each area.

Due to the reduced funding and likely increased competition in some areas we may reduce the number of Clearing Rounds during the 2024 calendar year. Where the demand exceeds the available funding the procedures set out in the published [Scoring criteria and clearing process](#) will be followed.

5. Additional Initiatives being progressed

We are aware that many of the projects are also seeking Woodland Carbon Code funding and that the additionality criteria can mean that those projects may not require all the FGS funding applied for. We are undertaking a priority project to work closely with the UK wide WCC so we can develop a consistent and fair approach to projects receiving both FGS and WCC funding so we can optimise the FGS funding available.

6. Summary

- Claims for FGS capital items with a 2023 claim year must be submitted to your local SF Conservancy office by 17th May 2024.
- You can only submit one further claim for your 2023 claim year activity which can be claimed on completion of your works. [NOTE: It will help us greatly if you submit your claim as soon as you have completed your works – please do not hang onto it until the deadline].
- Please claim what you have completed by the 17th May 2024
- Variations for projects not claimed and/or not started are highly unlikely to receive approval for a variation into 2024/25.

We acknowledge that these are challenges that we'd rather not be having to react to, but these actions are necessary to manage the reduced grant funding budgets. These actions, and others that we will communicate shortly, will allow us to maximise the number of FGS applications that we can fund. This in turn should reduce the likelihood of FGS applications not receiving fundings.

We have discussed the challenges of managing the reduced forestry grants budget with our Customer Representatives Group who were encouraged and have helped to shape our

proposed approach to optimising use of funding from the 2023/24 year.

If you have any queries, then please contact your local SF Conservancy

Operational Delivery

National Office

February 2024

fgsenquiries@forestry.gov.scot