

ConFor initial commentary on:

FCS Discussion Paper: Grant Aid for Woodland Creation and Management in Scotland 2014 – 2020

The following is an extract of the initial response that ConFor made to this discussion paper when it was presented to a workshop of the SRDP Customer Reps Group on 26th February 2010.

General Comments

- We are being invited to comment on future forestry support against a background of major unknowns.
- Despite some improvements to SRDP, all of which have had to be promoted and worked hard for by the private sector (and none of which have been achieved within respectable and professional timescales) we are still left with a scheme which is inherently unsuitable for forestry.
- We have no idea of what has actually been delivered through SRDP.
- We have no idea of the number of schemes in preparation, or on track for either RPAC or FCS delegated authority approval.

Summary of requirements of forestry support

- Forestry should get the maximum funding possible to deliver the Scottish Forestry Strategy.
- This means support at no less than current levels for at least 8000 hectares of new woodland (60% productive 40% native) @ average £4000/ha, plus support at increased levels compared with present for restructuring (especially for productive conifers) and for other *targeted* sustainable forest management.
- This implies required funding of £60m+ per annum at present day costs, and thinking should not be constrained by present budgetary levels.
- If EU co-funding increases the pot, then in principle we cannot dismiss that EU source.
- However, if the restrictions likely to be imposed by the administrators in relation to EU co-funding are too great then it would be better to have a smaller pot well spent than be denied access to a larger fund by excessive bureaucracy.
- We require a delivery a system which is
 - a) Simple to access and understand
 - b) Straightforward and cost effective to administer
 - c) Appropriately targeted with practical and workable eligibility criteria
 - d) Enables the Scottish Forestry Strategy and is not set up simply as an administrative control system attempting “one size fits all” answers to complex scenarios.

The problem we have is that all the above was promised when SRDP first came on the scene, so to convince practitioners that it can yet be made to fulfill these criteria is unrealistic.

Financial background

To be able to make value judgments on how forestry support should be structured post 2013, we need a clearer understanding of what changes might come of CAP reform that would influence how money for forestry would be sourced. For example:

- Is the present concept of Pillar 1 and Pillar 2 support with us to stay?
- If it is, does it matter if Pillar 1 decreases if this is compensated by a similar increase in Pillar 2?
- Can CAP negotiations change the present embargo on forestry being supported through Pillar 1?
- Brian Pack is suggesting that new woodland post 2009 would be eligible for his idea of Direct Area Payments – as this appears a straightforward replacement of the Single Farm Payment (from Pillar 1) is this actually correct?

Resources

Paying Agency - It has been stated that Forestry Commission cannot revert to being a Paying Agency – the industry does not understand or accept why this is the case. Yet it lies at the heart of the changes that heralded SRDP after SFGS.

IT – Assumptions are made in the Discussion Paper that further improvements to “Case Management Stages” will be made in the period leading up to 2104, yet the RPID report issued with the Pack Inquiry papers states that to devise a new software suite that could cope with the proposed changes in agricultural support will take up all RPID’s resources from 2010 to 2013. Where does this leave the next software re-write of the present SRDP system, upon which the remaining McRobbie recommendations (which have been agreed to by the Cabinet Secretary) depend? And if forestry support were to be delivered outside SRDP (i.e. Option 3 or similar), would it need its own IT system? Is it realistic to think that the either the money would be there to deliver such a system, or if SG resources could cope? Could the job be done by private sector IT contractors rather than RPID in-house?

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Turning now to the Discussion Paper – relevant sections from the paper have been copied over in **blue** -

3.0 Elements of Delivery in the 2014 – 2020 period:

3.1 Which activities should we support? The obvious starting point for discussing this is to look at the range of activities currently supported in SRDP 2007 – 2013.

ConFor favours a 50:50 split in principle (but not absolute) between new woodland creation (NWC) and sustainable forest management (SFM).

Funding at the present level for Native NWC is obviously working and should not diminish. Funding at present levels for productive NWC is obviously **not** working and needs a combination of more money allocated to it, together with removal of

hurdles, such as over the top EIA requirements and the absence of a **presumption in favour** of NWC by other public agencies and NGOs.

- ***Should we add to the list of activities currently supported or abandon the support of some of them?***

It is not the list of options for support that necessarily need changing, but rather the importance that is given to national priorities, and sharpening of regional priorities for schemes that will still go through RPACs.

Applications which can go through FC delegated authority should be increased in number and variety, and greater emphasis given to support for timber production - well managed timber producing woods can still provide environmental benefits (as well as carbon storage). There needs to be more focused support for the timber supply chain to maintain sawmills – this is part of the SFS, but has not been translated into support in practice.

Greater support for Sitka spruce planting should be re-instated, for NWC and for re-structuring.

Suggestions have already been made by ConFor that a Climate Change related Challenge Fund or similar could be useful tool for delivering the extra support required.

- ***Is the focus of grant support on environmental non-market benefits the right one for the future?***

No – at least not in practical terms, though there may occasionally have to be environmental non-market benefit arguments put forward to “justify” certain themes of grant support. Well designed new woodland and sustainably managed woodland produces these benefits automatically and there should be no need to hide behind a charade of other descriptions.

- ***Is it appropriate that we carry woodland creation forward as the top priority into the next SRDP?***

Yes, but only in a way that will restore the strategic mix of new planting – 60% productive conifers and 40% natives and productive broadleaves.

Equally important is to restore proper incentive for restructuring with productive crops where appropriate, rather than the present support that is so heavily biased in favour of natives, that poor grant led decisions are being taken on replacement crops.

- ***As a consequence should we explicitly ring fence / limit the proportion of our annual grants budget which is available for woodland management / regeneration?***
- ***If we do ring fence part of our grant spend for woodland regeneration / restructuring what should we do if demand for grant aid exceeds the available funding?***

Ring fencing should not be necessary if there was a better, more targeted scoring system – ConFor agrees with the comments on this subject already made by SAC, notably:

- Grants have always been competitive in that funds are finite. In the past over-demand has been dealt with by allocating funding to later financial years. This may have had the effect of weeding out some of the 'less committed' applicants.
- We do not like the current 'pass/fail' competitive system.
- We favour an approach in which, when the scheme is over-subscribed, applications are scored solely in terms of priorities and targets and that the higher scoring schemes receive priority (immediate) funding while lower scoring schemes may have to wait a year or two for funds. So schemes with high yielding conifers may score highly for rural employment and carbon sequestration (and be funded in the current year) while a native woodland scheme may score rather less (and be funded in a later year) unless it is clearly making a real contribution to a Biodiversity Action Plan.
- Scoring criteria might include factors such as
 - - carbon sequestration per hectare
 - - rural job creation over the rotation (50 years)
 - - match with IFS
 - - genuine contribution to priority BAP targets (SAF species, SSSI etc)
- Scoring should not include factors such as
 - - leverage
 - - innovation
 - - meeting demand
 - - feasibility
 - - collaboration
 - - Additionality
 - - minimising impacts.

3.2 How much total funding is made available for the woodland creation and management activities which we support with grant aid?

- *Is £20m National funding per annum sufficient for woodland creation and woodland management in the period 2014 – 2020?*

*Clearly it is not – see comments above under **Summary of requirements of forestry support***

Under the current situation it is beyond doubt that any move to provide grant aid as a state aid would require FCS to make significant new capital expenditure on a new case management system.

How much? How long would such a new system take to build? Who would do the work? Can this be done within SG resources? Again, see comments above under **Resources**.

- *Do we need to call upon Co-financing from the EC in the period 2014 – 2020 in order to have available sufficient gross funding to deliver our targets / aspirations for woodland creation and management?*

That will all depend on how effectively FC can argue the case in the political arena for forestry support from the national budget. And see comments and questions above under **Financial background**

- *Do we believe that the reduction in administrative burden, consequential to opting out of delivery through and EC approved Rural Development Plan, would outweigh the loss of funding from Co-financing?*

It is hard to interpret the actual tangible benefits that practitioners and applicants would get. Presumably many of the monitoring, etc requirements have been there in the past, but presented as they are in the paper, they appear to the layman to resemble civil service speak, and reek of unnecessary bureaucracy.

What is vital is that the many administrative and time related barriers in the present process ***must*** be removed.

3.3 What delivery mechanisms should we employ to distribute and account for the grant aid we make available?

Whatever delivery mechanism is finally used, we cannot make the same mistake again of muddling policy with the delivery system.

By 2014 it is reasonable to expect that the case management system will be well developed in terms of functionality and usability..

Whilst wishing in principle to share the optimism of this statement, ConFor would point out the brutal reality of the situation:

- SGRPID do not understand forestry
- They have shown no inclination to bend their farming rules or calendar to allow the system to work for forestry
- They have not listened to the advice of either Forestry Commission Scotland as their “delivery partner”, nor to that of the private sector as applicants.

- *Should we continue to provide grants for woodland creation and woodland management as part of a wide ranging integrated delivery mechanism administered in partnership with RPID and FCS?*
- *Should we plan for a separate, narrowly focussed, delivery of grants for woodland creation and management using a new case management system?*

Against such a background, and with so many questions yet to answer, ConFor cannot commit either way.

Other points made by ConFor

- 1 In terms of facilitating the requisite change of land use from grazing to afforestation, we must have a better joined up understanding of the relationship or interaction of planting land and continued receipt of Single Farm Payment (and future Pillar 1 money), LFASS and any other proposed agricultural support. This is just as important as the pure planting grants.
- 2 Why not give sustainable forest management a really simple support grant, similar to old dedication, whereby a flat rate of £x per hectare is paid annually for all woodland under a Forest Plan