

# Developing the Scottish Forestry Grants Scheme

- understand the reasons for looking afresh at the SFGS
- describe the process for carrying out the review
- consider what we are trying to achieve
- discuss the possibilities for what the revised scheme might look like
- get your views, thoughts and suggestions

# Why the Need For Change?

- **New EU Rural Development Regulation comes into Force on 1st January 2007 and has some significant changes to the way that forestry is supported.**
- **Fulfilment of commitment to introduce Forest Plans into SFGS.**
- **Revised Scottish Forestry Strategy will come into play early in 2006 and the grants scheme should reflect the priorities set out in the Strategy.**
- **The desire of Ministers to see more integration of the various land management support schemes.**
- **The need to reduce complexity and costs of administration for both FCS and applicants.**

- Provides the legislative framework within which member states draw up their Rural Development Plans
- Deals with the disbursement of 'Pillar 2' funds for rural development
- The Scottish Rural Development Plan will include provision for agri-environment measures, forestry, less favoured areas payments, Natura management and LEADER.
- Member states can support forestry in other ways that are not part of the RDP but won't receive EU co-financing and may have to go through state aids approval process.

## Implementing regulations still to come but looks like it will change the ground rules for support for forestry

- **some new opportunities**

- adding value to forest products
- co-operation for development of new products, processes, training etc.
- support for natura sites
- infrastructure to improve economic performance
- annual forest environmental payments

- **some changes to support for afforestation**

- level of support for afforestation. 80% in LFA; 70% elsewhere (60 to 90% at present)
- payments based on % of eligible establishment costs plus annual maintenance payment for 5 years
- may exclude use of locational premiums

- an important way to ensure and support management of existing woodlands in accordance with the UK Forestry Standard.
- not included in the SFGS when launched but clear commitment to include at a later date.
- want to update the current forest plans scheme and introduce as mainstream element of our grants scheme.

- new strategy scheduled for launch in mid 2006.
- grants scheme needs to reflect the priorities set out in the strategy.
- not yet clear what differences there will be between the old and new strategies.

# Development of an Integrated System of Land Management Support

- key objective of ERAD Ministers.
- bring together agriculture, forestry and nature conservation grants schemes into one scheme with different modules.
- main vehicle for delivery likely to be Land Management Contracts.
- forestry grants need to be fitted into the Tier1 (single farm payment), Tier2 (non discretionary, basic maintenance and management) and Tier3 (discretionary, targeted payments) structure.
- may require forest owners to become IACS registered (can do this now to give access to current Tier 2 Menu Options)
- FCS will still be involved in delivering the forestry measures.
- likely to be some generic elements which can be accessed by all sectors.

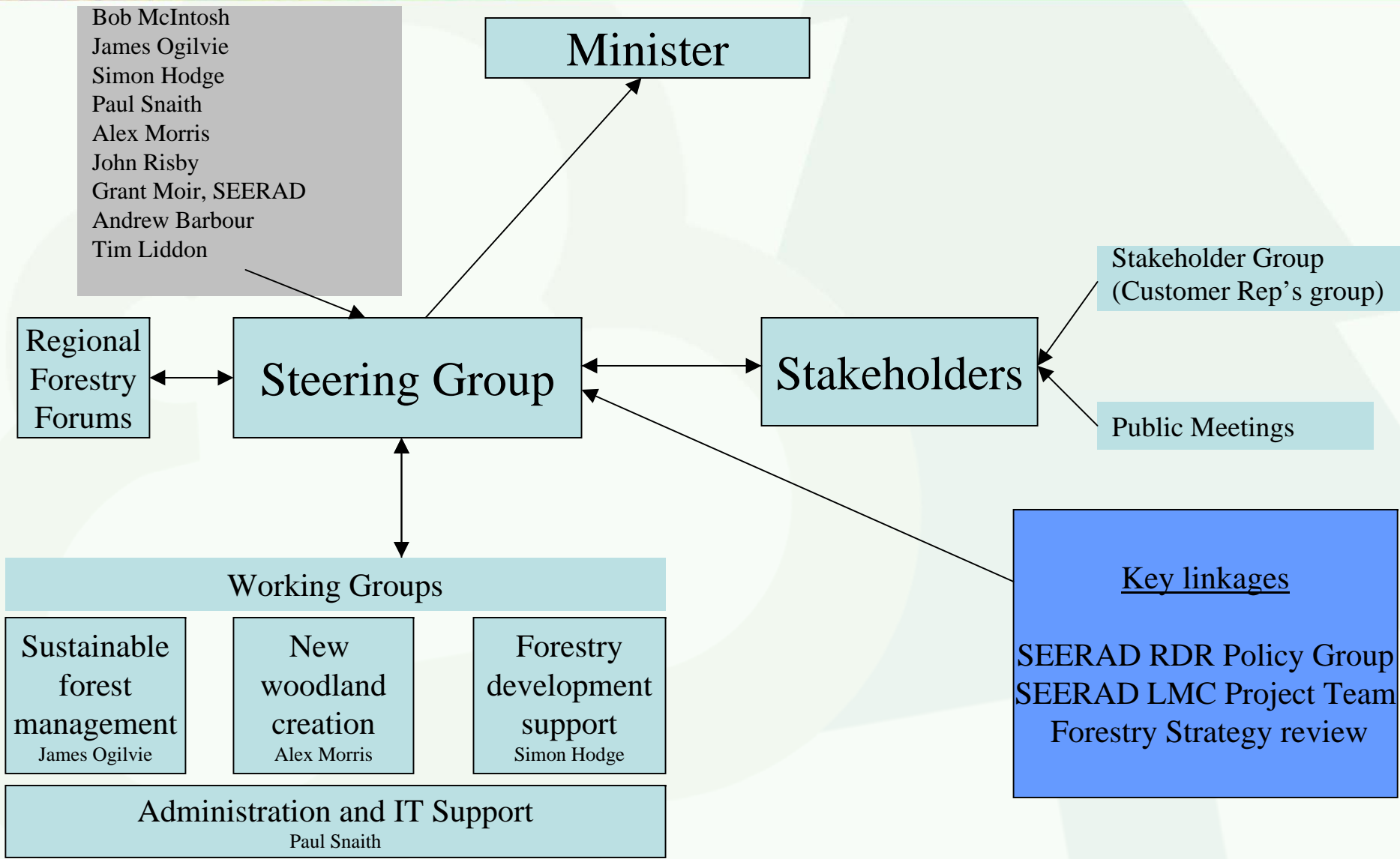
- Government's 'Better Regulation' initiative encourages us to minimise the degree of regulatory oversight.
- Efficient Government process requires us to maximise the percentage of the funding that goes into front line delivery (actual grants) rather than administration.
- need to continue to look for opportunities to streamline the administration processes and costs.

# The Review Process

**To introduce a revised forestry grants scheme in 2007 which:**

- **is consistent with the requirements of the new Rural Development Regulation.**
- **is targeted at production of the key outcomes identified in the new Scottish Forestry Strategy.**
- **has broad stakeholder support.**
- **is linked as far as possible with other land management grant schemes.**
- **is simple to understand, access and administer.**

# Review Process



- November/December 2005** - Formulate options for discussion with stakeholders
- January 2006** - Finalise proposals for inclusion in the Draft Scotland Rural Development Plan
- February to April 2006** - Further period of consultation on the proposals
- May/June 2006** - Finalise the structure of the revised scheme
- July to December 2006** - Refine the details of scheme administration
- Early 2007** - Introduce revised scheme

# What Are the Key Things We Want To Achieve?

- 1. To encourage woodland owners and managers to bring existing woodlands into management in accordance with the UK Forestry Standard.**
- 2. To support woodland management activities which deliver the additional benefits sought in the Scottish Forestry Strategy.**
- 3. To encourage the creation of new woodlands in accordance with national and regional priorities.**
- 4. To support the development of woodland related businesses**

# Land Management Contracts

SEERAD

## LMCs: Key Principles

Means of delivering existing policy objectives

Focus on sustainable land management and delivery of public goods - an integrated approach

One stop shop for land managers

*Joined up approach to administration and delivery*

## The 3 tiers

### **Tier 1: Single Farm Payment and cross compliance**

Securing a basic level of income, environmental protection, food safety and animal welfare

### **Tier 2: LMC Menu Scheme**

Widespread benefits throughout Scotland

Economic, social and environmental improvement

### **Tier 3: under development for 2007**

Tailored benefits according to priorities

Economic, social and environmental enhancement

## Tier 2 - the Menu Scheme

Flexibility and choice for land managers

Widely accessible and non-competitive  
individual allowance, based on amount of land  
tick box approach, set prescriptions  
no prior approval process

Range of measures to cover diversity of land and activity  
menu of 17 options, aim for balance, free choice

## Its first year...

Approved by Commission in February

Applications in May/June

10,000 participants - almost 50% of land managers

Expenditure of around £17 million

Good uptake across all measures

Most popular - quality assurance, animal health and welfare, access, agri-environment

## Next Steps

First year review by consultants - uptake, spending, use of allowance, changes and improvements

Minimal changes for 2006 - tighten prescriptions in guidance

Revisit for 2007

In light of Tier 3 developments

Scope to improve benefits - eligibility criteria, priorities

Size, balance, need for direction, allowance

## Difference between Tiers 2 & 3

### Tier 2

Available to individual land managers

Raising standards throughout Scotland

Prescriptive measures and set payment rates

All can participate up to limit of individual allowance

### Tier 3

Available to individuals and groups working together

Delivering higher value benefits where needed most

Likely to be tailoring of measures at site level – more hands on

Competitive assessment to ensure value for money

# Content

## Delivering existing policy objectives

Natural resources	Biodiversity, water, climate change, soils, forestry...
Countryside issues	Landscape, access, recreation, forestry, education ...
Business development	Growth of land based businesses, modernisation, diversification, AH&W, cooperation, biofuels...

## Tier 3 Framework

National objectives - integrated approach covering wide range of policy issues

Specific priorities - clearer strategic direction upfront through prioritisation statements

Land managers priorities - linking wider context to the needs of individuals and groups

# Timing

Content and detail by end 2005/early 2006

Public consultation in early 2006

Submit SRDP to Commission for approval in summer  
2006

Refine during first half of 2006

Implementation policy and process - now and 2006

applications, Land Management Plans, advice, guidance,  
approval mechanism, budget control, inspections, etc

**Introduce LMCs and joined up delivery in 2007**

... *expectations*

New integrated delivery vehicle

Delivering across existing policy objectives

Questions about future funding

Will be limited

Tier 3 will be competitive

Funding goes to those who meet priorities

Aiming to get more from existing resources

All Land Managers Can Apply

Businesses must be registered with IACS system and hold a brn \*

All land must be registered under the Field Identification System.

Complete a Business Change Form (BCF)

Available from Local SEERAD Office or online  
at

<http://www.scotland.gov.uk/Topics/Agriculture/grants/18148/11952>

You will be allocated a farm code if not already held.

You will be allocated a brn

Submit a Business Change Form

Complete the section on Land Changes

Provide a Map

SEERAD will arrange for a digitised map to be issued allocating unique Field Identifiers.

IACS Explanatory Booklet: IACS(1)2005

New Booklet will be issued to all existing IACS participants.

Contact SEERAD to be placed on mailing list.

# What Might A revised Scheme Look Like?

- planting of small woodlands (up to 1ha?) could be a Tier 2 level activity which requires no prior approval, inspection or consultation (outside of sensitive areas). Owner goes ahead, and claims a one off establishment grant. Sample based, retrospective compliance checks.
- planting of larger woodlands a Tier 3 level activity with existing approval mechanisms.
- payment for Tier 3 schemes based on a contribution to eligible establishment costs plus annual per ha maintenance payment for 5 years plus, where eligible, Farmland Premium payments.
- payments made as a per hectare tariff payment but based on models derived from agreed list of operations and costs.
- payments likely to be restricted to 70% of eligible costs

# Supporting Woodland Creation - Some Key Issues.

- what are the risks of a Tier 2 approach and what should be the size limits?
- how many models (and therefore how many different tariff payments) will be needed to cover the range of forest types?
- is there scope under the RDR to continue with the challenge fund/locational premium approach so that additional support can be targeted at forest types/geographic regions which are a high priority?

# Supporting Woodland Creation - Proposed Models

- productive conifer - low cost
- productive conifer - high cost
- productive broadleaves
- native/riparian woodland - planting
- native/riparian woodland - natural regeneration
- multi purpose mixed woodland
- woods in and around communities
- short rotation coppice

# Proposed Structure of New Woodland Creation Grants

## Woods up to 1 ha

- Tier 2
- no prior approval outside sensitive areas.
- guidance on siting etc.
- native species only

•single per ha payment claimed after planting

•single payment rate for all schemes

## Woods Over 1 ha (but see exceptions)

- Tier 3
- continuation of current approval and consultation system

### Establishment

- fencing paid on actual length at percentage of standard cost
- other establishment costs paid on tariff rate per ha based on models
- paid once planting has taken place

### Maintenance

- 5 years of annual maintenance costs paid at rate/ha with different rate for each model
- paid annually over 4 years

### Farm. Prem.

- Farmland Premium payments made annually to eligible owners
- payments up to 15 years
- rates due for review next year

### Models

- Productive conifer-high cost
  - productive conifer-low cost
  - productive broadleaves
  - native/riparian-planting \*
  - native/riparian-natural regeneration \*
  - mixed woodland \*
  - woods around communities \*
  - SRC
- \* min. size 0.25ha

# Bringing Existing woodlands Into Management

- Support for the preparation of a long term forest plan through a contribution to data gathering, plan preparation and public consultation
- possibility of an annual management payment in recognition of the public benefits delivered as a result of management in accordance with the UKFS. Annual payments varied to reflect the nature of the plan, the cost of meeting and maintaining UKFS and the degree of public benefits delivered.
- some existing support mechanisms (eg deer management) wrapped up in the plan.
- Lighter touch regulation and administration once plan, and boundaries of acceptable variation, are agreed.

# Management of existing woodlands - Some Key Issues.

- how to reflect woodland size in the plan preparation grant and the nature of the plan.
- how to set the level of plan preparation grant.
- how to set the annual management grant (limits set by RDR) to reflect different forest types and different levels of activity.
- what operations could be wrapped up in the plan to avoid the need for additional plans and grant applications.
- how best to deal with restocking support when this is a statutory requirement, tends to be seen as a production subsidy and is not eligible for EU co-financing.

# Management of Existing woodlands- some options

- Small annual payment which includes support for deer management plus continued support for individual operations such as restocking
- annual payment only but higher level and varied to reflect the higher cost of plans with a lot of felling and restocking. Plans with a high level of activity/cost to achieve the UKFS will receive higher annual payments than plans with a low level of activity
- amount of money going to support existing woodland management to stay the same or increase

# Supporting Additional Value Adding Activities.

- additional payments where owners go beyond the UKFS by eg installing recreation facilities or carrying out targeted biodiversity improvements.
- effectively a continuation of the existing Stewardship Grant approach (probably call them Woodland Improvement Grants)
- payment likely to remain based on a percentage of eligible costs.

Key Issues;      What activities should be supported?  
                         Which existing Stewardship Grants should be incorporated  
                         into annual forest environment payments?

- some new opportunities within the RDR to support training, producer groups, marketing initiatives etc.
- likely to be part of generic business support schemes open to all land managers. ie not specific forestry support scheme.
- basis of, and levels of, support still to be determined.

- FCS supports the sector through the Partnership Programme (supporting studies, project officers etc) and this will continue in addition to the grants scheme.
- Support schemes like the Timber Transport Fund will continue to be outside of the Grants Scheme and Rural Development Plan.

# Possible structure of Future FCS Support Schemes

## Creating new woodlands

## Supporting the management of existing woodlands

## Supporting development of the forestry sector

Woods up to 1ha	Woods over 1ha	To UKFS	Beyond UKFS	Grants Scheme	Forestry Dev't Prog.
<ul style="list-style-type: none"> <li>•Tier 2</li> <li>•self approval</li> <li>•no consultation</li> <li>•no public register</li> <li>•single payment made after planting</li> <li>•tariff grant</li> <li>•native species only</li> </ul>	<ul style="list-style-type: none"> <li>•Tier 3</li> <li>•prior approval</li> <li>•current consultation</li> <li>•public register</li> <li>•payments for establishment, maintenance and FP if appropriate</li> <li>•tariff grant with rates based on models</li> <li>•possibility of targeted support</li> </ul>	<ul style="list-style-type: none"> <li>•forest plan</li> <li>•10 year life</li> <li>•scoping, consultation</li> <li>•plan preparation grant</li> <li>•annual forest environment payment with rates based on models +/- support for some individual operations</li> </ul>	<ul style="list-style-type: none"> <li>•support for range of woodland improvement activities</li> <li>•based on % of eligible costs</li> </ul>	<p>Access to a set of generic business support schemes</p>	<p>Continuation of project support through the FCS Development Fund</p> <p>Challenge fund approach to access and community participation (no n-landowners)</p> <p>Strategic Timber Transport Fund</p>

- Discussions are at an early stage. Nothing fixed in tablets of stone. More questions than answers.
- Not yet clear how much money will be in the Rural Development Fund or how much money is going to be raised through modulation. Size of funding pot will not become clear for some months yet.