

FINAL REPORT: 12th January 2006

THE POTENTIAL AND PRACTICALITIES OF FOREST CROFTS: STEERING GROUP REPORT.

BACKGROUND

1 A review of the land managed by Forestry Commission Scotland was carried out in 2004. Ministers accepted the recommendations, including: **“Forestry Commission Scotland, SEERAD and the Crofters Commission should jointly examine whether, and how, national forest estate land might be used to create new crofts under the crofting legislation”**.

2 Following discussions by officials in March 2005, a wider steering group was formed to include the Scottish Crofting Foundation, Highlands and Islands Enterprise and Bill Ritchie from Assynt. This is the report to Forestry Commission Scotland (FCS) by the steering group

SCOPE

3 This report addresses the question of how woodlands might be used to bring an additional dimension to crofting businesses and lifestyles. There is interest and momentum behind the idea in its widest sense in many parts of Scotland but it was agreed to focus this report on the national forest estate and to link it to the National Forest Land Scheme. Launched in June 2005, this Scheme provides opportunities for communities to acquire parts of the national forest estate where they can provide additional public benefit and it is in the public interest. It was also agreed to confine consideration of tenure to the crofting legislation, and this limits geographic consideration to the crofting counties. The scope of the project is therefore within the FCS land review recommendation above.

4 The term **woodland crofts** is used throughout. The idea of woodland crofts is not exclusively concerned with trees but embraces a continuum from predominately woodland to predominately agriculture (or other land use, such as nurseries) with a woodland element.

5 A community body is likely to be able to create woodland crofts through a combination of the provisions of the National Forests Land Scheme and proposed changes to crofting legislation. **The purpose of this report is to determine whether such changes are in the public interest, and to explore the attendant issues.**

6 The policy context for woodland crofts is summarised in annexe 1. Recommendations are made on page 7.

POTENTIAL BENEFITS OF WOODLAND CROFTS

7 The essence of woodland crofts would be to link housing, local rural livelihoods and woodland management. Woodland could bring new business dimensions to crofting activity and enable ideas behind land reform and rural development to be realised.

8 **Sustainable and innovative housing design and taking advantage of wood fuel came up repeatedly in group deliberations as key potential benefits.** Sustainability is fundamental to the idea of woodland crofts, and provides a guiding

principle in taking proposals forward. The following potential benefits of woodland crofts are therefore set out under the familiar sustainable development headings:

Economic Benefits.

9 Aim: to enhance local economic benefits from forest and woodland management and contribute to rural development and economic sustainability and:

- Stimulate activity through providing sites for homes and businesses
- Derive economic benefits from local intensive management of areas of forest that may be difficult to achieve with remote management on an extensive basis.
- Save on timber transport costs, especially transporting timber from remote areas
- Derive new products and benefits from woodlands, for example individual and community wood-fuel heating
- Develop niche markets for forest products
- Diversify croft businesses, particularly in the area of tourism.

Social Benefits

10 Aim: to empower communities through the control of local resources and:

- Increase the long-term sustainability of rural communities, particularly those that are remote and fragile;
- Diversify land ownership and management;
- Provide sites for housing and extend communities in areas where start-up housing and house sites are in short supply;
- Ensure continuing access to affordable local housing and plots through the application of legal mechanisms to prevent houses being lost from local housing markets;
- Stimulate the development of a culture of forest stewardship and local timber skills (as found in other European and Scandinavian countries);
- Generate opportunities and enthusiasm for woodland development and management.

Environmental Benefits

11 Aim: To create environmental gains through woodland micro-management and integrate forestry and pastoral use and:

- Diversify forest landscapes by creating a mosaic of forest management regimes;
- Develop models of sustainable housing, innovative house design and the use of wood-fuel on an individual and community basis;
- Reduce timber haulage;
- Stimulate interest in managing woodland for local environmental and bio diversity benefits.

MODELS FOR WOODLAND CROFTS

12 Under existing Crofting legislation, new crofts can only be created by the subdivision of individual crofts or by annexing land adjacent to existing croft land. However within the Draft Crofting Reform (Scotland) Bill 2005 there is provision for the creation of entirely new crofts. There was agreement that the term Common Grazings should be replaced by "Common Land" to avoid the exclusion of forestry.

13 The model that aligns with the policy context, and is favoured by the steering group would be a two stage process: first the acquisition of national forest land by a community body and secondly the establishment of woodland crofts by the community body as crofting landlord under the new Act.

14 The National Forest Land Scheme has the following criteria for the assessment of proposals for the acquisition of national forest land:

1. The community organisation must be an eligible community body;
2. The land must not be excluded land (not relevant);
3. The community must have a substantial connection with the land;
4. The community must have the capacity to manage the land;
5. The proposal must have community support;
6. The proposal must be consistent with the principles of sustainable development;
7. The proposal must be in the public interest;
8. The proposal should not be significantly detrimental to the to the management of the National Forest Estate.

15 Within this framework, a number of arrangements would then be possible involving crofter housing, other housing, in-bye and common land, grazing or other land and woodland. There could also be partnerships between communities and FCS over national forest land to achieve the public benefits envisaged. However, **it would essentially be for the community body to decide what would best meet local needs and how and when to take ideas forwards.** An approach that allowed for flexible solutions, phased development, and “organic” growth was agreed to be fundamental to the success of projects.

16 There are existing initiatives in Scotland that have demonstrated community success and experience germane to woodland crofts. The Steering Group visited both the Assynt Foundation, that provided a model of community acquisition, and the National Trust of Scotland’s project which has created new crofts at Balmacara.

17 The Steering Group is anxious to ensure that new initiatives under the woodland croft idea would not be subject to shortcomings that currently affect traditional crofts, namely:

- The sale of crofts on the open market and loss of community control on croft land where the land is owned by a community body. Specifically it would be desirable if the community had the ability to exclude individual crofters’ “right to buy”;
- The assignment of crofts to tenants who turned out to be “tenants in name only”;
- Where de-crofting and sale of sites does not address the long term housing needs of local communities;
- The neglect of crofts;
- The lack of a means of wider community engagement in local land management planning over croft land.

Through visiting these sites and discussing the concept several **principles for Woodland Crofts emerged:**

Community retention:

18 Projects should be locally democratically controlled so as to both reflect community aspirations and best meet the community’s ongoing needs.

Broadly based community involvement:

19 To encourage the support and involvement of a wide cross-section of the populations of local communities.

Flexibility:

20 To maintain a range of options for community-led developments and allow for phased implementation.

Diversity:

21 To develop a range of housing and land-management arrangements within projects and promote the development of diverse communities with a mixture of business interests

Support:

22 To establish ways of supporting and assisting communities in developing and managing projects.

ISSUES, RISKS AND MEANS OF MITIGATION

23 Woodland crofts are a new idea and the following are the main issues that will have to be addressed for projects to be developed:

Economic Viability

24 A conventional economic forestry analysis is problematic, and the potential benefits for niche timber products are difficult to assess. Any local use of timber would have the considerable benefit of saving timber transport costs, which are a major factor in both profitability and sustainability. Considerations of economic viability have to be seen within the wider context of the provision of additional social, economic and environmental benefits.

25 The proportion of croft-household income provided by managing agricultural land for crofting has been in decline for many years. Similarly, it is important to recognise that although woodland can provide a contribution to income, woodland crofts are unlikely to radically alter the viability of plantations that are currently uneconomical. The value of some woodlands, arrived at by conventional analysis, may be marginal or indeed there may be a net cost to harvest and transport wood. In these situations, an increase in public benefit provided by woodland crofts could be valuable. **The provision of community-supported house sites combined with a low energy building fired by local wood-fuel could be accepted as sufficient economic justification in some localities.**

Housing

26 It was agreed that housing provision was central to interest in woodland crofts. The new SEERAD Croft House Grants Scheme (2004) provides between £11.5k and £22k grant towards a croft house dependant on the area. This could be a major factor in facilitating development. However the grant is specific to the individual croft and tenant and this could raise issues of community control. The statutory right to purchase the house site has also become more crucial under this revised scheme which only provides a grant as opposed to a grant and loan. The capacity to purchase the site becomes more important to secure other borrowing.

Skills

27 Forestry is a skilled and potentially dangerous occupation. Work with trees carries one of the highest rates of accidents of all occupations. At present the ownership pattern of forests has often resulted in skilled contractors with specialist machines that operate over extensive areas. Developing skills and interest within a community would be a major issue for projects to succeed. Moreover maintaining those skills and level of interest over the long term is perhaps an even greater challenge. Much would depend on the scale of operations as larger areas could offer opportunities for specialist workers, especially if combined with a co-operative approach.

Planning

28 The planning policy outlined in the latest guidance, (Scottish Planning Policy 15, Ref 3), is helpful in recognising the importance of rural development and welcoming innovative solutions. Highland Council has also recently issued guidance on sustainable building in rural areas. These policies could favour woodland dwellings. A major consideration is the location, which takes into account the provision of council services. Schools, transport, and refuse collection all have to be considered in addition to the local environmental impact. Planning policies therefore tend to favour consolidating existing settlements rather than creating new ones. The operational need for a house on a croft is recognised by the planning authorities. This can be controlled through Section 75 Agreements, which might be considered a useful device in this instance for retaining the house as an integral part of the woodland croft unit.

29 One way of developing integration with planning would be thorough designating "Woodland Croft Development Zones". In these areas changes could be introduced on a gradual basis with planning and service support. There could also be collaboration in using national forest land as part of wider development initiatives including affordable housing.

Site Services.

30 Many forest areas are in remote locations where the cost of access roads, water and electricity supply are likely to be high. Sewage can also present a problem in areas with fragile ecology. However, exploring innovative rural solutions would be one of the benefits of woodland crofts; there have been many developments in energy generation, use of roads without macadam, and ecologically sound ideas for the treatment of waste, for example reed beds.

Valuation

31 The National Forest Land Scheme sets out how the national forest estate will be valued by the District Valuer when ownership is transferred. Where affordable housing is provided and solutions are in place to ensure transparency, accountability and retention in the affordable sector then national forest land could be valued for that purpose. Although public funding for community land acquisition and management can currently be accessed through the Scottish Land Fund, this lottery programme comes to an end in 2006/2007. It is hoped that continuing public funding assistance will be made available through a subsequent lottery programme.

Crofter Forestry

32 The provisions of the Crofter Forestry (Scotland) Act were implemented in 1992 and since then crofter forestry schemes on common grazings have been established in the Western Isles and throughout the north and west mainland. These new forests were funded through the Forestry Commission's Woodland Grant Scheme (now the Scottish Forestry Grant Scheme) and SEERAD's Farm Woodland Premium Scheme (now Farmland Premium).

33 Crofter forestry provided an early example of community based forestry; the benefits include shelter around the croft and for livestock on the hill, conservation and small-scale timber production. Some crofters carried out much of the work themselves, others employed forestry agents and a significant part of the forests established was of native species. The work initially benefited from input by project officers who provided advice and support. These schemes form part of a growing network of woodlands on croft land.

34 Forestry Commission Scotland currently provides a higher rate of grant for new woodlands in the Western and Northern Isles through a targeted Locational

Premium and is about to launch a similar scheme for communities in Highland to plant productive woodlands for local use up to 30 hectares.

Neglect

35 Current forestry incentives and controls support proactive management but have little influence where owners have no interest in managing woodlands. A long-term management plan could be a vehicle for ensuring against neglect but new mechanisms could be considered. It would be important to ensure the land management element was delivered, and that interest in woodland crofts was not confined to superior house sites.

Demand

36 The Crofters Commission (CC) and Scottish Crofters Foundation (SCF), both report historically high demand for crofts. The CC maintains a register of interest in crofts, currently standing at 919, and the SCF has also reported specific interest from wood workers, furniture makers and others in the idea of woodland crofts. When crofts have been created and advertised in recent years, interest has been several times in excess of supply. However, it may be that the current buoyancy in property prices is influencing this interest. Moreover, there may be more interest in conventional crofts with a right to buy than alternatives under community control where this right is foregone. One of the advantages of phased and flexible projects would be to accommodate demand progressively.

Safeguards

37 The Community Land Unit of HIE currently operates an aftercare programme for community land purchases in the HIE area to provide support, training and access to capital and revenue development funding. It is likely that this programme would include woodland croft projects that went ahead through the National Forest Land Scheme. However the management of established woodland is likely to be a new activity for crofters and some support and advice would help ensure success before and after the project was established.

Where large-scale community land buyouts are grant aided by public funds through the Scottish Land Fund or by HIE, public investment has been safeguarded through taking out standard securities over the land and by communities entering into binding legal undertakings. These undertakings help ensure that community land initiatives adhere to best practice in the ongoing management of both their organisations and the land that they own.

38 In the event of the dissolution of any community body there are standard clauses used under Community Right to Buy and the National Forest Land Scheme to ensure an appropriate destination for the land.

DISCUSSION

39 The idea of woodland crofts fits in well with land reform policies and proposals to reform and extend crofting. (Annexe 1). In addition to FCS' responsibilities under the National Forest Land Scheme, FCS is likely to be involved through funding of woodland management. Woodland crofting projects that go ahead are likely to involve a number of public bodies and resources and it would be important that projects were well thought through and widely supported.

40 In practice, much will depend on the precise circumstances and situation of proposed projects and the commitment and skills of individuals involved. There is merit in leaving the impetus to develop projects and solutions with community

initiatives rather than imposing ideas from outside. However, changes to bring about woodland crofts will not be straightforward; to ensure the long term success of such community initiatives the various bodies would need to co-operate in facilitating the process, to build expertise in the legal arrangements, and to offer back-up support and advice.

41 There may be national forest land adjacent to existing settlements or crofts that could offer a way of extending, consolidating and diversifying communities. Ultimately, as with applications under the National Forest Land Scheme, it is for the community to put forward their case demonstrating additional public benefit.

Where proposals are made to purchase national forest land there should also be consideration of whether there is land already available to the community (whether croft land or owned by the wider community) which may, at least in part, allow development of these proposals.

42 Rather than considering woodland crofts in isolation, opportunities for affordable housing and other forms of diversification should be pursued. Wood for fuel and innovative, sustainable house design fits in well with the idea and would help promote other Scottish Executive priorities.

43 Small scale woodland management is fundamental to the idea and it will be essential to ensure that those bringing proposals forwards demonstrate a good grasp of both the practicalities and economics involved.

44 Probably the most vital factor in the success of woodland crofts will hinge on the commitment and skills of the people who become involved. One way of minimising risks in this area would be to build on the success of existing community initiatives. Early successes and good models on the ground would perhaps be the best way of developing ideas and realising benefits so it will be important to monitor progress of approved schemes.

CONCLUSION OF THE WOODLAND CROFTS STEERING GROUP

45 National forest estate (FC) land should be used to help deliver Scotland's land reform policies by the creation of woodland crofts. The proposed revisions to crofting legislation coupled with the provisions for community ownership under the National Forest Land scheme provide the mechanism to do this.

RECOMMENDATIONS

R1 The Scottish Executive should support the establishment of woodland crofts. Advice should be provided to both facilitate the changes and subsequently to support projects established.

The first steps would be:

R2 Forestry Commission Scotland should develop an addendum to the National Forest Land Scheme to explain the necessary steps towards the establishment of woodland crofts.

R3 The creation of a project officer or team to assist communities with all aspects of woodland crofts, their establishment, and woodland management.

R4 Forestry Commission Scotland and the Crofters Commission should work together to develop a co-ordinated system for approving the establishment of woodland crofts under the National Forest Land Scheme and revised crofting legislation.

R5 A toolkit should be developed by the Crofters Commission, HIE Community Land Unit, Communities Scotland, local authorities and the Forestry Commission Scotland, that sets out considerations, options and model legal and other processes. This work should be inclusive and could be facilitated by the Scottish Crofting Foundation.

R6 As the Scottish Executive's housing and regeneration agency Communities Scotland should be closely involved where proposals involve housing.

Subsequently:

R7 After 5 years, a formal review of the policy of promoting woodland crofts and the lessons learned shall be undertaken, led by the Crofters Commission.

ANNEXE 1

POLICY CONTEXT

Several strands of rural policy combine to have a bearing on the idea of woodland crofts. Foremost is the **Land Reform Act (Scotland) Act 2003** which makes it easier for community bodies to take ownership of the land where they live and work. The Act aims to remove obstacles related to land ownership that prevent or inhibit the sustainable development of rural communities. The Scottish Land Fund, administered by Highlands and Islands Enterprise has provided both grants for the initial acquisition of land by communities (of up to 94% of value) as well as revenue and capital grants for subsequent land management to facilitate this process.

The Scottish Forestry Strategy (1) sets out the policy and priorities of the Scottish Executive. These priorities include increasing local community benefits from forests and woodlands, the provision of employment and the possibility of community ownership. **The Review of Land Managed Forestry Commission Scotland, 2004** (2) made a series of recommendations to help take these priorities forward. In addition to the specific reference to crofting in para 1, the review recommended extending possibilities for community purchase and leases to Forestry Commission land. **The National Forest Land Scheme (2005)**, sets out procedures to facilitated community acquisition, land for affordable housing, and the sponsored sale of surplus FC land. The Review of land Managed by FC Scotland also included a vision which predicted the *“wider use of the national forest estate and community forestry projects as a well-recognised feature of Scottish civic life”*.

Crofting was also considered by the Land Reform Policy Group in the run up to The Act. Their conclusion was: *“It is widely accepted that crofting tenure has played a significant role in minimising population loss in remoter areas of the Highlands and Islands, by providing low cost land and housing as a basis for other economic activity...”*

The Crofter Forestry (Scotland) Act (1991) allowed crofters to plant trees on common grazings. Since the Act came into force, 135 individual crofter forestry projects have been approved. A total of 2,286 crofter shareholders have participated in the schemes and 11,867 hectares have been planted.

The land reform programme has also led to proposed reforms of crofting. **The Draft Crofting Reform (Scotland) Bill (2005)** reaffirms support for crofting, provides for the extension of crofting and addresses a number of current concerns over how the legislation operates. Of particular relevance to the idea of woodland crofts are proposals:

- to enable new crofts to be created,
- to introduce an option to waive crofter tenants' “right to buy”,
- to extend the permissible activity on crofts beyond agricultural land use.

Crofter Housing has been supported financially by government for nearly 100 years. Following an extensive review in 2003 Ministers confirmed continuing support for Crofting dwellings through The Croft House Grants Scheme (2004). The consultation document outlined the rationale for the scheme and defined the objectives of supporting crofter housing as :

- To help retain population in the remote areas of the Highlands and Islands of Scotland
- To improve and maintain the quality of crofter housing
- To enable the crofter to live on, and therefore to work the croft

The Scottish Executive guidance “**Planning for Rural Development**” **Feb 2005** (SPP 15 Ref 3) recognises the importance of changing patterns of habitation and rural lives and is of particular relevance to the idea of woodland crofts. The guidance states:

“Rural Scotland needs to become more confident and forward looking both accepting change and benefiting from it..... Traditional ways of living will remain but new ones should function alongside. The intention is to have vigorous and prosperous rural communities, ranging from small towns and villages to dispersed settlements. The countryside should be able to absorb more people content to live and able to work there. Coastal areas too should play their part. The clear goal will be to maintain the viability of existing communities and bring new life to many places which have seen years of decline.....Future lifestyle changes and technological development may well increase the demand for living and working in rural areas.”

REFERENCES

- 1 Scottish Forestry Strategy. Forestry Commission 2000 (Currently being reviewed).
- 2 Review of the Land Managed by the Forestry Commission in Scotland. Forestry Commission 2004
- 3 Planning for Rural Development. Scottish Planning Policy 15 Scottish Executive 2005