

WOODLAND GRANT SCHEME

FARM WOODLAND PREMIUM SCHEME

Consultation Paper

Do you have views about tree planting and woodland management grants in Scotland?

If so now is the time to let us have your views. Your views are valuable to us.

Please respond to the attached Consultation Paper (answering as many or as few questions as you wish)

By 30 September 2001.

WOODLAND GRANT SCHEME FARM WOODLAND PREMIUM SCHEME: CONSULTATION

Foreword by Minister

Devolution has created an opportunity for us to develop a distinctive forestry policy in Scotland and to ensure that policy is fully integrated with other land uses.

A framework for this was established by the "Framework for Economic Development in Scotland" and "Rural Scotland - a new approach" which we published earlier in 2000. At the same time, we are determined to play our part in fulfilling the UK's international commitments to sustainable forestry.

Last November, when I launched the Scottish Forestry Strategy - Scotland's first ever statement of forestry policy, I also announced a review of the Woodland Grant Scheme and Farm Woodland Premium Scheme. At around the same time the European Commission approved our Rural Development Plan, which includes commitments to the funding of forestry.

The grant review is needed to improve the effectiveness of the grants in delivering priorities identified in the Scottish Forestry Strategy; it is also expected to take account of the Forward Strategy for Scottish Agriculture, which was due to be published in March. However because of the Foot and Mouth crisis, the Agriculture Strategy publication has been put on hold. This Consultation Paper does, however, take account of key issues that arose during discussions on the developing Agriculture Strategy. I shall also ensure that a full account is taken of the Agriculture Strategy, and any other relevant agricultural issues, during the course of this grant review.

Grants are an important mechanism for implementing policy. It is vital that we have a grants system which maximises public benefits and value for money. The purpose of this review is to achieve this.

Previous forestry grant reviews were based on a GB approach; now we have the opportunity to develop a Scottish approach: there is considerable scope to vary schemes to meet Scottish needs while still remaining within the overall requirements of the EU Rural Development Regulation.

I recognise the uncertainty created during the period of review - and very much hope that it is taken forward as quickly as possible. In view of the problems caused by Foot and Mouth Disease we are, however, allowing four months for this consultation exercise.

The review is being overseen by a broadly based Steering Group. I am very grateful to members of the Steering Group for sparing the time for this important job. I am also pleased that they have decided to conduct this review in an open and transparent manner.

We welcome your comments and views. This is a fairly lengthy Consultation Paper, so please feel free to respond to as much or as little as you wish. We will value all contributions - whether from experts with a detailed knowledge of the schemes, or others who simply want to get the best from our trees, woods and forests. Section 1 has more general questions, while Sections 2 and 3 have more detailed questions.

Rhona Brankin
Deputy Minister for Environment and Rural Development

Introduction

What is this consultation all about?

The Scottish Forestry Strategy sets out a vision for forestry in Scotland and the key future priorities for action. **A brochure summarising the Scottish Forestry Strategy is attached.** With the publication of the Forestry Strategy, the time is now right to take a look at the main support mechanisms for afforestation. This will ensure that they are geared to deliver the priorities set out in the Forestry Strategy as well as priorities to come out of the developing Forward Strategy for Scottish Agriculture. Accordingly, this consultation is taking place on behalf of the Scottish Executive by the Forestry Commission and the SE Rural Affairs Department acting jointly.

The Woodland Grant Scheme (WGS) and the Farm Woodland Premium Scheme (FWPS) currently apply throughout Great Britain with similar support schemes in Northern Ireland. In Scotland, the Scottish Executive funds both schemes, with just under half the money being reimbursed by the European Union.

The WGS is run by the Forestry Commission and helps pay for the creation of new woodland and the management of existing woodlands. The FWPS is run by the Rural Affairs Department and compensates farmers for loss of agricultural income when they plant woods on farmland.

At present annual expenditure is about £17-£18 million on WGS and £4 million on FWPS; the latter rising as new long term commitments are taken on. Further financial and statistical details are given in Appendix 1.

Why is this review needed?

Until now, both grant schemes have operated in a very similar way throughout Britain. Now, with devolution, there is an opportunity to ensure that they are tailored to meet the needs of Scotland and the Scottish people. The Terms of Reference for the review (see Appendix 2) explain that its purpose is to improve the effectiveness of the grant schemes in delivering priorities identified in the Scottish Forestry Strategy, as well as the developing Agriculture Strategy and the Rural Development Regulation, given current levels of funding.

How should I respond?

A brief resume of the layout of the Consultation Paper is given on the next page. ***Please feel free to answer as many or as few questions as you wish. All responses will be valuable.*** You are of course free to comment on any aspects of either grant scheme. You are welcome to respond by annotating and returning this Consultation Paper. Alternatively, you may wish to send a more detailed, free-standing response, preferably linking comments to question numbers or sections of the consultation paper.

Inevitably, there will be difficult decisions about priorities for spending. **Wherever possible, it would be helpful if you were to identify areas of potential savings if you are also recommending additional spending on the things you consider more important.**

The questions in this consultation paper are divided into three sections: -

Section one - general questions ;

Section two - delivery of policy priorities;

Section three - the grant application process.

As a rough guide to subjects, general interests are covered in Section 1 (questions 1-10), while Sections 2.4 and 2.5 (questions 31 - 35), deal with recreation and community benefits.

Environmental aspects of forestry are dealt with in Section 2.3 (questions 22 - 30) whilst Section 3.2 (questions 41 and 42) is concerned with safeguarding other interests.

The growing of trees to produce timber and to provide other economic benefits is dealt with in Sections 2.1 and 2.2 (questions 11 - 21). Links with agriculture are dealt with in section 2.6 (questions 36 and 37).

Finally, Section 3.1 and 3.3 (questions 38 – 40 and 43) asks questions about promoting and running the schemes to make them more attractive to potential applicants.

Where can I find more information

The key elements of other relevant policy documents are given in Appendix 3. Details of the Review Steering Group are given at Appendix 2. Further information and an electronic copy of the consultation paper is available at: www.scotland.gov.uk (click *what we do* then under select topic choose *Rural Affairs* then click on *Review of WGS/FWPS*)

Where do I send my views to

Please send your responses by 30 September 2001 to:

**Douglas Wright, Forestry Commission, National Office for Scotland
231 Corstorphine Road Edinburgh, EH12 7AT;
(Tel 0131 314 6481)**

Alternatively, send by e-mail to wgs-fwps@scotland.gsi.gov.uk

We generally make public all responses to our consultation letters. If you do not want your response to be made public, please tell us in your reply. If you want to see responses that other people have agreed can be made public, the Scottish Executive Library at Saughton House, Edinburgh will have copies. You can either call in person, or telephone: 0131 244 4550. A small administrative charge to cover copying and postage may apply. A summary of responses may be placed on the Scottish Executive website once the consultation period has ended.

What happens next?

All responses will be carefully analysed and considered by the Review Steering Group (see Appendix 2) which represents a wide range of interests. The Steering Group has to prepare a report to Scottish Ministers by the end of the year.

SECTION ONE. GENERAL QUESTIONS

1. The foregoing introduction sets out the reasons for the review. This section attempts to address the more general aspects of the support schemes and may be most relevant to those organisations who are not involved in the detailed operation of the schemes but are affected by forestry planting or operations.

1.1 Aims of the grant schemes

The aims of the WGS are:-

- to encourage people to create new woodlands and forests to increase the production of wood; improve the landscape; provide new habitats for wildlife; and offer opportunities for recreation and sport;
- to encourage good management of forests and woodlands, including their well-timed regeneration, particularly looking after the needs of ancient and semi-natural woodlands;
- to provide jobs and improve the economy of rural areas and other areas with few other sources of economic activity; and
- to provide a use for land instead of agriculture.

The FWPS is designed to encourage the creation of new woodlands on farms. Its aim is:-

To enhance the environment through the planting of farm woodlands, in particular to improve the landscape, provide new habitats and increase biodiversity. In doing this, land managers should be encouraged to realise the productive potential of woodland as a sustainable land use.

The aims of the two schemes have to fit within the legal requirements of the Rural Development Regulation (1257/99), the Rural Development Plan for Scotland as approved by the EC as well as the priorities set out in the Scottish Forestry Strategy and the priorities for agriculture in Scotland. More on these policy documents is given in Appendix 3.

(Q1). Do you think that the current aims of the two schemes remain valid or should they be changed? Is the balance between supporting environmental, social and economic benefits about right?

1.2 Effective support

Grants for planting and managing woodlands are not the only means of giving support for forestry. It is also possible to provide support by, for example, giving more help with the cost of preparing management plans, or by providing advice and other forms of practical assistance. Special tax arrangements apply to forestry but these are outwith the scope of the review

(Q2). Should resources currently available for WGS and FWPS be diverted to support forestry in other ways? If so in what way?

Where grants are made available, there are a number of principles that relate to their effective and efficient implementation:-

- that grant schemes should be as **simple** as possible and readily understandable by applicants;
- the **costs, uncertainties and timescale** associated with preparing and submitting applications should be acceptable to potential applicants;
- the grant schemes should provide sufficient incentives for potential applicants but maximise **value for money** for the taxpayer, producing clear **public benefits** commensurate with the cost of grant (including administration cost);
- there should be **safeguards** to ensure that there is long-term protection of public investment.

(Q3). Do you agree these principles? To what extent do the present grant schemes match up to these principles? Are there other principles which should be considered?

1.3 Integration

The Forestry and other Scottish Executive rural strategies stress the importance of integrating rural activities and land use, with an underpinning theme of ensuring that these land uses maximise their contribution to rural development. Other schemes operating under the EU Rural Development Regulation such as the Rural Stewardship Scheme require farmers to comply with a code of Good Farming Practice on the rest of their holding. Such a property-wide requirement to maintain all woodlands within an owner's responsibility could increase the effectiveness of grant aid on individual areas of woodland development.

(Q4). How best can WGS and FWPS be used to secure integration with other rural activities and whole property management? Is there scope for a more "joined-up" approach between public bodies and different schemes? How could this best be achieved?

1.4 Focussing incentives

Both the WGS and FWPS are based on flat-rate payments per hectare, with a range of supplements for (for example) planting broadleaved or other native species. WGS also provides locational supplements for planting in special areas. More recently Challenge Funds have been introduced to WGS, inviting applicants to "bid" for the money necessary to do the establishment work. The EU Rural Development Regulation requires that FWPS annual payments, compensating for farming income forgone is paid on an area basis and this has in the past been set at rates relative to the former land use.

However, an alternative approach, used in the new Rural Stewardship Scheme where the budget is limited, is to award grants on a more discretionary basis using a points-based ranking system to select applications for approval.

(Q5). What should be the future basis of payments;

- *the current system;*
- *a points based targeting approach to eligibility to the scheme, possibly with incentives for projects which will especially bring benefit local communities;*
- *challenge type funding for planting and management;*
- *more targeted area based grants;*
- *some combination of the different approaches;*
- *Or some other system eg flat rate grants?*

WGS and FWPS are currently available throughout Scotland, although applicants must meet the requirements of the schemes, which include cross-compliance with the UK Forestry Standard and supporting documents. In practice, planting in some areas is likely to bring more benefits than planting in other areas, and much will depend upon the type of woodland that is established. Priorities may vary greatly throughout Scotland, with those of say the Northern and Western Isles being very different to those of the new National Parks or those of land in and around towns. There is a general wish to see the “right trees planted in the right places”, coupled with a realisation that in the past they were sometimes planted in the “wrong” places. While owners are required to replant their woodland after felling, this requirement may be waived when, for example, it would result in environmental improvement, or to enable development authorised under planning regulations.

Local authorities have been asked to prepare new Indicative Forestry Strategies (IFS) for their areas. IFSs and Local Forestry Frameworks are important in shaping the future development of forestry in the areas that they cover. The development of these Strategies will help develop local and national consensus on priorities. They are intended to provide a context for local authority responses to consultation on grant applications. If they are taken as a basis for decisions they should help speed up consideration of individual cases and reduce uncertainty.

(Q6). Should adjustments be made to the balance of incentives, in terms of support for different types of woodland, or different geographical distribution of woodland, perhaps through linking grants with Indicative Forestry Strategies?

(Q7). Are there areas or particular types of land where there should be restrictions on further tree planting, or types of planting? Are there areas where trees should not be replanted after felling?

1.5 Community awareness

Section 2.5 below deals with community ownership and consultation in more detail. However, the schemes, in supporting forestry and its ecological, environmental and social benefits will be of interest to local communities who want to have a say in developments in their area. It is important that the benefits of grant support should be widely appreciated; it is also important that the potential impacts are well understood and that there is adequate consultation.

(Q8) Do you agree these aspirations are being met at present? How might they be improved?

1.6 Balance of support

Over recent years, about 70% of WGS expenditure (and almost all FWPS expenditure) has supported woodland expansion and 30% of WGS expenditure has supported woodland management, including restocking after felling.

(Q9). Is this balance between creating new woodland and managing/re-stocking existing woodland about right? If not, how should it be adjusted?

1.7 General views

(Q10). Do you have any other concerns or points you wish to make about the impact or operation of the two schemes?

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SECTION TWO. QUESTIONS ON DELIVERING STRATEGY PRIORITIES.

This section is structured around the 5 strategic directions identified within the Scottish Forestry Strategy and the priorities for action associated with these. It also takes account of the key priorities identified in discussions on the developing Forward Strategy for Scottish Agriculture.

2.1 Maximising the value to the economy of the existing wood resource

The Scottish Forestry Strategy recognises the need to **maximise the value to the economy** of trees that are already growing, and are due for harvesting over the next 20 years, not least because timber production is expected to double over the next 10-15 years. In general the Priorities for Action identified in this part of the Strategy need to be tackled in ways other than through the WGS and FWPS. For example, the Scottish Forestry Industry Cluster has published its action plan "Roots for Growth" for improving industry competitiveness and securing continuing investment in wood processing. A Timber Transport Forum has been established to share experience on developing the timber transport infrastructure. And the "wood.for good" campaign is promoting more use of timber. Work is also helping to develop products that meet market needs, for example taking forward initiatives to make more use of wood for fuel.

(Q11). Is there a role for WGS/FWPS here - or should the emphasis be on other mechanisms?

2.2 Creating a diverse forest resource of high quality

The Strategy identified the need to **expand the area of well designed productive forest**, highlighting the importance of ensuring that such planting should take place on land that is well-suited for timber production, accessible for transport and where the "balance" between forestry and other land uses is not an issue. The most suitable sites are more likely to be found on land that is "down the hill" and so more expensive than much of the land that was planted in the past.

(Q12). Should more be done to target the expansion of well-designed productive forest, for example in particular locations, or by specifying other factors such as land quality and proximity to suitable road networks for timber haulage? Should the grants discriminate between different tree species?

There is a need to improve **timber quality** by following good forest practice. This means selecting species to suit the site, planting at appropriate densities and using the most suitable genetic material. It also means improving our understanding of the importance of quality, as well as encouraging appropriate silviculture.

(Q13.) Should the grant schemes be more stringent in their requirements regarding sites and choice of species, stocking densities and genetic material? Alternatively, should woodland grants be used to encourage more intensive silviculture?

The Strategy recognised a need to develop **more mixed forests** (ie greater variety of species especially broadleaf), partly to take advantage of felling in order to restructure forests. WGS is currently available to assist owners with the cost of developing long term Forest Plans, with priority being given to areas needing to be restructured in the fairly near future. In developing such Forest Plans, and other plans for planting, woodland owners are expected to follow the UK Forestry Standard which specifies maximum percentages for dominant species and requirements for open space. These Forest Plans are also being used by owners and managers seeking "certification" under the voluntary UK Woodland Assurance Scheme.

(Q14.) Are there any improvements that should be made to the process for developing and approving Forest Plans?

(Q15.) In what way could grants do more to encourage the development of more mixed forests?

(Q16.) Should grants be made available specifically to assist with costs of achieving 'certification' under the UK Woodland Assurance scheme?

There is also a need to **exploit non-timber outputs and benefits of woods and forests**. The marketing of non-timber outputs (such as venison), is outwith the scope of the WGS or FWPS. On the other hand, grants can be used to encourage owners to develop so-called "non-market" benefits. There is well-established evidence that the value of such non-market benefits of woods and forests can be considerable. The provision of non-market benefits can, however, lead to additional considerable costs (or revenue foregone) for owners - for example through creating and maintaining footpaths and signs, or managing woods for wildlife benefits. At present, WGS funding is available through management grants and woodland improvement grants and is paid as a contribution to such costs; the normal level of contribution is 50% of approved costs for woodland improvement grants, but it can be higher for management grant or where particular activities have been targeted through challenge funds. (Examples of this have been improving the management of semi-natural woodlands in the Cairngorms, and in Argyll and Bute.)

(Q17.) What should be the basis for grants that contribute towards the costs of providing non-market benefits?

Another Priority for Action is to **tackle deer problems**. High deer densities frustrate objects of woodland management by destroying young trees and reducing woodland biodiversity. Problems especially arise where an individual owner faces incursions of deer from neighbouring property and has limited fencing options due to the risk of high deer fences causing death to vulnerable bird species such as capercaillie and black grouse.

The Deer Commission for Scotland (DCS) has a key role in promoting the sustainable management of wild deer populations. One of the key statements in the DCS's Long Term Vision is that deer populations will be managed locally so that their management is fully integrated with all local land uses and land use objectives. The DCS is formally consulted on all new woodland proposals of more than 50 hectares and can also be asked to comment on Forest Plans and other proposals for felling and restocking. DCS recommendations regarding appropriate deer management are incorporated in WGS contracts and will usually specify a written deer management plan.

(Q18.) Are the current arrangements for involving the Deer Commission satisfactory? If not, how can they be improved?

(Q19.) What more could woodland support do to assist reduction in the impact caused by excess deer numbers on woodland trees and habitat, given the negative impacts of deer fences on wildlife, recreation and landscape?

(Q20.) Open space and the open structure associated with older woodlands are considered to be important in achieving control of woodland deer populations. How could incentives be tailored to encourage better woodland planning and design?

(Q21.) How can woodland objectives be better integrated with sporting interests on adjacent areas?

2.3 Ensuring that forestry in Scotland makes a positive contribution to the environment

Biodiversity and Species Action Plans

The Scottish Forestry Strategy explains that ensuring compliance with the UK Forestry Standard and working to achieve UK Biodiversity Action Plan (BAP) targets will do much towards achieving this Strategic Direction. Since the UK Forestry Standard was published, compliance has been a fundamental requirement for entry into the WGS/FWPS; this includes respecting obligations to Natura 2000 sites and other sites of high conservation importance. The BAP targets relate to both Habitat Action Plans (HAPs) and Species Action Plans (SAPs). These targets were originally formulated in GB terms, but the following HAP targets have now been developed for native woodland HAPs.

Table 4: Restoration and expansion targets for native woodlands in Scotland

Habitat	Current area (hectares)	Restoration (hectares)	Expansion/creation (hectares)	Completion date
Upland oak	30,000	3,000	3,000	2005
Native pine	30,000	5,500	30,500	2005
Upland mixed ash	12,000	800	2,000	2015
Wet woods	12,000	1,600	2,200	2015
Lowland wood pasture and Parkland	3,000	150	-	2010

Along with action on land managed by Forest Enterprise, the WGS and FWPS are important instruments for achieving these important targets. Progress has been good especially in relation to native pinewoods, with over 25,000 hectares being created during the 1990s. Specific Priorities for Action in the Strategy include **improving the management of semi-natural woodland** and **extending and enhancing native woodlands by developing Forest Habitat Networks**. The considerable benefits of targeting woodland creation and restoration in areas that will yield the highest benefits are central to the concept of Forest Habitat Networks and HAP targets.

Such benefits include the increased conservation value from larger native woodlands and linkage of isolated woodlands, habitat improvement and riparian corridors, increase diversity of larger conifer forests, new connections between different types of forest and woodland and development of montane woodland

The contribution of forestry to delivering the UK BAP goes wider than meeting native woodland HAP targets. In addition to native woodland HAPs, there are HAPs and SAPs for a wide range of other habitats and species. These include open ground habitats and species that occur within forests. The FC currently provides grant-aid, for example, towards the cost of bog restoration operations such as drain blocking or tree removal in areas forming the open-ground component of woodlands. Furthermore, the FC will not grant aid new planting on certain types of land because of its biodiversity value, such as active raised bog or degraded bog capable of restoration. Local BAPs are also important because these translate UK BAP targets at the local level.

(Q22.) How can WGS and FWPS grants be used most effectively to help deliver forestry's contribution to meeting the UK Biodiversity Action Plan and Local BAPs?

The Strategy also recognises the importance of European sites, namely Special Areas of Conservation and Special Protection Areas, as well as SSSIs and other designated sites.

(Q23.) How can WGS and FWPS grants be used most effectively to help protect and manage designated sites that have been recognised because of their special environmental and cultural values?

Livestock exclusion

In 1995, a pilot Livestock Exclusion Annual Premium (LEAP) was introduced to compensate farmers for loss of grazing income following the removal of livestock from native woodlands and old-established woodlands. There was some criticism that, by totally excluding grazing, LEAP prevented the woodlands from benefiting from limited grazing. Suggestions were made that it be replaced by a Livestock Annual Management Premium. SERAD's new Rural Stewardship Scheme can also provide support for livestock exclusion from woodlands where FC assistance is not appropriate to the site, and can also allow limited grazing (no more than once every 3 years) in circumstances that will encourage regeneration of the woodland or understorey.

FWPS annual payments compensate for agriculture income foregone and thus no agricultural activity is currently permitted on land entered into FWPS for the term of the contract. If there are environmental benefits to limited grazing, there may be a case for allowing this on FWPS supported land but payments rates would probably need to be adjusted to take account of this.

(Q24.) What should be done to encourage optimal grazing regimes for native and old established woodlands?

(Q25.) Should limited grazing be introduced on FWPS supported woodland (with adjustment to payment rates)?

Landscape diversity

Agriculture will remain the dominant land use in much of rural Scotland, but much can be done to **increase the diversity of the farmed landscape**. While WGS and FWPS are important, so are other schemes such as the Rural Stewardship Scheme and various local authority schemes funded by SNH.

(Q26.) Are the current schemes effective in increasing diversity of the farmed landscape? If not, what changes are needed?

The Forestry Strategy also identifies a need **to aid recovery for acidified rivers and improve riparian habitat**. It recognises that, ultimately, the emission of acid pollutants needs to be reduced to solve the general problem of surface water acidification. Forestry proposals currently require to comply with the UK Forestry Standard and, specifically, the Forest and Water Guidelines (which highlight acid sensitive areas). The Strategy notes the need to consider selective deforestation as an option in some catchments, as part of an Environmental Assessment for potential deforestation.

(Q27.) Are changes needed to the WGS/FWPS to help aid the recovery of acidified rivers? If so, what?

(Q28.) Are changes needed to the WGS/FWPS to improve riparian habitat? If so, what?

Another Priority is to **encourage alternatives to clear felling** where practical and where significant benefits will arise. Currently, the WGS focuses on traditional clear-felling and restocking regimes, and is less well adapted to encouraging alternatives whereby regeneration is encouraged to take place.

(Q29.) How might the WGS be adapted to meet the needs of silvicultural alternatives to clear felling?

Trees, woods and forests can also **contribute to a radical improvement in the quality and setting of urban areas**, for example by introducing natural processes to the man-made environment and making such areas more attractive. Costs are often high and active community involvement can be critical to the success of such projects. Whilst WGS and FWPS offer a basic framework for developing management plans under these circumstances, they are often relatively small components of the overall funding package.

(Q30). What changes to the WGS/FWPS would help encourage tree planting in and around urban areas and larger rural towns and villages?

2.4 Creating opportunities for more people to enjoy trees, woods and forests in Scotland

Strategy priorities here are to **provide woodland recreation opportunities near towns**, to **improve information about availability of opportunities** and to **increase forestry's contribution to tourism**.

The forthcoming Access Legislation, proposes to introduce a right of responsible access. This will, of course, apply to woods and forests; but beyond that there is a potential role for support to help pay for the cost of developing, publicising and managing woodland recreation facilities.

The Community Woodland Supplement to the WGS was introduced about ten years ago to provide additional support for creating new woodlands which would offer valuable new recreational opportunities for local people and improve the landscape of the outskirts of built-up areas. Although about 2,000 hectares have been planted in and around Scotland's towns and cities under this initiative, it does not apply to helping develop recreation in existing woodlands.

Management grants however, are available under the WGS to help pay for the cost of developing such woodland recreation facilities. Grant applicants are asked to explain their proposals for publicising such facilities, including entry into the Forestry Commission's "Walkers Welcome" Scheme (details of which are now published on the Internet), as well as local signs and leaflets.

(Q31.) Do the schemes need to be changed to improve their delivery of the recreation and tourism priorities of the Strategy? If so, how should this be done?

2.5 Helping communities benefit from woods and forests

Most forestry jobs are in rural areas or communities where such employment is the major priority. For other communities, forestry is perceived in different ways, with more interest in general consultation, or closer involvement in forest management. Under the Land Reform legislation proposals, communities will be granted the right to buy land - including woods and forests - under particular circumstances.

One of the Strategy's priorities is to **create wider employment opportunities**, especially in areas where such employment opportunities are restricted. It recognises that this may require investment in the development of new skills; and that, on occasion, the costs of carrying out work locally may be higher than the cost of employing people from other areas with access to sophisticated capital equipment. There is a need to promote opportunities for value to be added locally, where this can be done competitively; to promote opportunities for work to be offered locally; and to promote skills training.

(Q32.) What role can the WGS/FWPS play in helping to create wider employment opportunities in rural areas? If so, how might that role be developed?

Another priority is to **increase opportunities for community consultation**. This is important because of the tensions that can arise when major changes, such as planting or felling, take place. On the other hand, the consultation process can be off-putting to potential applicants because of the associated uncertainty and delays.

At present all planting and felling proposals are posted on the Forestry Commission's Public Register, which is published on the Commission web-site. Details of particular applications are available to anyone who asks and efforts are made to notify those who might be particularly interested (such as Community Councils). Applicants are encouraged to provide information to local people who may have an interest. In addition, there are arrangements for formally consulting bodies such as the local authority and environment bodies.

(Q33.) Are the arrangements for community consultation satisfactory? If not, how should they be improved?

There is also a need to provide opportunities for **greater community involvement in forestry**, where this is wanted by communities. WGS/FWPS support is potentially available for community projects, with the grants being paid to the owner or occupier of the land. (WGS/FWPS is not available on land managed by Forest Enterprise.)

(Q34.) Are the current arrangements satisfactory? If not, how should they be improved?

Another Strategy Priority is to **support community ownership where this will bring local benefits**. It recognises that, for some communities, ownership of local forests can be the key to unlock local economic development potential. Where community ownership is pursued, communities need to find funds to cover the capital cost of purchase as well as the periods of negative cash flow when forests do not generate enough income to cover costs. FWPS can only help with long term support where planting took place on agricultural land and the applicant was running an agricultural business.

(Q35.) Should communities who own land receive the same treatment as any other landowners in respect of WGS/FWPS or is there a case for extra incentives? If so, how should it operate?

2.6 Promoting a stronger farming industry

Discussions on the Forward Strategy for Scottish Agriculture has indicated a need to promote **a stronger farming industry** with farming being an integral part of rural development

recognising the variety of farming and land uses across Scotland. Some parts of the country are obviously better suited to different types of farming and land use

(Q36.) How might forestry best contribute to a stronger farming industry as an integral part of rural development?

Current guidance on Indicative Forestry Strategies (Planning Circular 9/1999) states that prime agricultural land in general should be retained in agricultural production. In addition, there are areas of good hill land termed Specially Identified Hill Areas where the presumption is to retain that good quality hill land in agriculture. It is also important around these localities to avoid the afforestation of better quality inbye land to help maintain hill farming enterprises. The maintenance of fragile local agricultural communities is also a factor to be considered.

(Q37). Should these policies for protecting better agricultural land and agricultural communities remain? Should they be reinforced?

SECTION THREE. QUESTIONS ON THE GRANT APPLICATION PROCESS

3.1 Attracting applicants

For the WGS/FWPS schemes to be successful in delivering their objectives, it is important that they should be attractive to applicants. Obviously the financial rate of support is important, but so is the promotion of the scheme and the application process itself. Concerns have been expressed that the present system is too complex, not least for the larger scale applications, and that the costs of preparing an application can be high, particularly where there is also a need for Environmental Impact Assessment. Coupled with the uncertainties associated with the consultation process, this bureaucracy can be off-putting to applicants.

Some people have suggested a "two-tier" approach with a simplified system for very small-scale applications. Suggestions have also been made that larger applications be submitted initially in "outline" form so that approval "in principle" can be obtained before detailed work is undertaken.

At present the main promotional vehicle for the schemes is the promotional literature with free general advice available on farm woodlands from the Scottish Agricultural College. The literature especially is of a "one size fits all" nature with no differentiation between potential applicants applying for (say) 3 hectares of new planting and (say) a complex proposal combining new planting, clear felling, restocking and management of over 50 hectares. Similarly, there is variation in relation to advisory support. Some applications are professionally prepared by agents on behalf of owners; other applications are prepared by owners themselves in order to save the expense of paying for professional advice.

To date, the planting and environmental standards controls (WGS), and the farming income compensation assessment and funding (FWPS), have been operated separately but accessed through a common application form. Any closer operation of the two schemes would still require separate agricultural and forestry assessment of proposals and applications.

(Q38.) How could the application and approval process be simplified?

(Q39.) Is there a need to improve the promotion of the schemes?

(Q40) Is the separate administration of the two schemes still sensible?

(Appendix 4 contains information about Forestry Commission work to improve the administration of the WGS.)

3.2 Safeguarding other interests

Where new planting, roading, quarrying or deforestation proposals are likely to have a significant effect on the environment, the Forestry Commission is obliged to ensure that there is a formal Environmental Impact Assessment of the project. For proposed or designated Special Areas of Conservation (SAC) or Special Protection Areas (SPA) established under the EU Habitats & Species and Birds Directives, the Forestry Commission must make an “appropriate assessment” of any plan or project that is not necessary for the conservation management of a site and which is likely to have significant effect on its conservation value. This duty covers plans or projects both within and outside Natura 2000 sites that may affect their conservation interests. More generally, all planting and felling proposals are publicised (through the Forestry Commission’s Public Register, on its web-site) and there are arrangements in place to consult local authorities, Scottish Natural Heritage and the Scottish Environment Protection Agency on individual schemes. Local authority archaeologists are also specifically invited to comment on proposals; at present, a review is being undertaken to assess the effectiveness of implementation of current Forestry Commission archaeological safeguard procedures.

(Q41.) Do present arrangements provide adequate safeguards for environmental and cultural interests, including designated sites?

All grant applications must also meet the standards set out in the UK Forestry Standard. In addition, for many years, forestry proposals have been subject to consultation with local authorities and other statutory bodies. Where these consultees decide to sustain an objection to a scheme, it is referred to a Forestry Commission Regional Advisory Committee, whose primary role is to find an acceptable way forward. If this is not possible the case is then referred to Commissioners (and, if necessary, Ministers) for decision. Last year 79% of WGS cases involving consultation were processed in less than ten weeks.

(Q42.) Are there ways in which the consultation arrangements could be streamlined? If so, how?

3.3 Eligibility rules

The WGS and FWPS rules include a number of eligibility criteria and other conditions, including:-

- a minimum area of 0.25 hectares for WGS;
- first instalment of WGS only payable after planting;
- a threshold of 300 hectares, above which WGS rates are negotiated;
- a minimum area of one hectare for FWPS;
- a maximum area of 200 hectares for FWPS;
- a maximum area of 40 hectares of unimproved land for FWPS;
- in crofting counties, a maximum area of 100 hectares for unimproved land in common grazings;
- tenants require landlords' consent
- landlords not able to use contested notice to quit to secure land for planting.
- Since 1997, FWPS participants (or their successors) have not had to remain in farming while receiving FWPS but still receive the same level of annual compensation payment.

More details are set out in the "Guide to the Woodland Grant Scheme" and the "FWPS Rules and Procedures", both of which are available on request.

(Q43.) Do you think that any of these eligibility and participation criteria should be changed?

If you have any general concerns or points of view about the impact or operation of WGS and FWPS, please enter these at question 10 at the end of section one.

Please send responses by 30 September 2001 to the address given on page 4

CURRENT FUNDING AND UPTAKE

Table 1: WGS - Current level of scheme funding

Year ended 31 March	Total Grant Expenditure £m	Challenge Funds £m (sub set of total grant)	EU Funding £m	National Funding £m
1994	13.44	-	3.14	10.30
1995	17.27	-	6.35	10.92
1996	16.35	-	5.45	10.90
1997	16.29	0.15	5.17	11.12
1998	16.99	1.62	5.53	11.46
1999	17.72	3.17	6.31	10.89
2000	17.33	2.32	7.82	9.51

Note: Total Grant expenditure consists approximately of 70% new planting, 18% management grants and 12% restocking.

Table 2: FWPS - Current level of scheme funding

Year ended 31 March	Total Grant Expenditure £m	EU Funding £m	National Funding £m
1994	0.8	0.35	0.45
1995	1.1	0.5	0.6
1996	1.7	0.9	0.8
1997	2.0	1.1	0.9
1998	2.4	1.3	1.1
1999	2.8	1.5	1.3
2000	3.4	1.8	1.6

Note: These figures exclude expenditure on the closed Farm Woodland Scheme (1988-92) in respect of ongoing 40 year commitments. FWS expenditure now amounts to £0.42m per year of which 25% is reimbursed by the EC.

Table 3: Planned Expenditure

£m	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Woodland grants	18.7	18.0	19.5	19.5
Farm Woodlands Schemes	6	6	7	7

Source: *The Scottish Budget: Annual Expenditure Report of the Scottish Executive*

Table 4: AREA OF PLANTING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS WERE PAID

Year ended 31 March	Conifers (hectares)	Broadleaves (hectares)	Native Pinewoods* (hectares)	Total (hectares)
1990	9,181	2,284	23	11,488
1991	7,395	2,640	528	10,563
1992	6,328	2,540	957	9,825
1993	4,607	2,185	3,022	9,814
1994	3,780	3,261	2,139	9,180
1995	5,657	3,087	3,833	12,577
1996	3,805	2,200	4,190	10,195
1997	3,677	2,751	4,784	11,212
1998	3,020	3,549	4,735	11,304
1999	3,702	3,421	3,287	10,410
2000	2,446	3,200	4,717	10,363

*Native pinewoods include associated broadleaves

Table 5: AREA OF RESTOCKING BY PRIVATE WOODLAND OWNERS FOR WHICH GRANTS WERE PAID

Year ended 31 March	Conifers (hectares)	Broadleaves (hectares)	Native Pinewoods* (hectares)	Total (hectares)
1990	1,132	852	-	1,984
1991	1,670	1,170	-	2,840
1992	2,042	1,168	-	3,210
1993	1,833	1,662	114	3,609
1994	1,960	1,484	870	4,314
1995	1,761	788	519	3,068
1996	1,131	803	1,235	3,169
1997	2,404	916	372	3,692
1998	1,727	712	298	2,737
1999	2,006	803	149	2,958
2000	2,269	1,099	389	3,757

*Native pinewoods include associated broadleaves

Table 6: The following table shows the area of planting for which grants were paid in the year ended 31 March 2000 by Local Authority Area

WOODLAND GRANT SCHEME	Hectares	
	NEW PLANTING	RESTOCKING
Highland	5626	1101
Orkney Islands	1	-
Western Isles	130	-
Total Highland Conservancy	5757	1101
Aberdeenshire	543	138
City of Aberdeen	13	1
Moray	173	245
Total Grampian Conservancy	729	384
Argyll and Bute	544	466
City of Glasgow	4	-
East Dunbartonshire	1	-
East Renfrewshire Council	99	1
North Ayrshire Council	10	6
Inverclyde Council	1	14
North Lanarkshire	309	3
Renfrewshire	17	43
South Lanarkshire	229	53
West Dunbartonshire	17	40
Total Strathclyde Conservancy	1231	627
Angus	100	242
Clackmannanshire	10	-
Falkirk	104	4
Fife	69	46
Perth and Kinross	874	198
Stirling	451	91
Total Perth Conservancy	1608	581
Dumfries & Galloway	255	674
East Ayrshire	37	40
South Ayrshire	269	10
Total Southwest Conservancy	561	724
City of Edinburgh	6	8
East Lothian	10	2
Midlothian	3	6
Scottish Borders	254	319
West Lothian	204	5
Total Lothian & Borders Conservancy	477	340
Total Scotland	10363	3757

1. The Woodland Grant Scheme figures in the above table include new planting granted-aided in association with the Farm Woodland and Farm Woodland Premium Schemes administered by the Rural Affairs Department.
2. The areas of new planting and restocking include those areas where the second instalment of grant for natural regeneration has been paid.

Appendix 1

3. The areas of restocking include 637 hectares of existing natural regeneration which has been secured in Scotland through the payment of grant aid.

Table 7: AREAS GRANT AIDED UNDER MANAGEMENT GRANTS

Year ending 31 March	Total Area under Management Grants (hectares)	Annual Management Grant* (hectares)	LEAP (hectares)	Woodland Improvement Grant (hectares)
1994	9,819	9,819	-	-
1995	45,743	45,743	-	-
1996	77,976	77,890	86	-
1997	108,215	94,497	989	12,729
1998	113,635	105,428	2,524	5,683
1999	112,952	103,049	3,492	6,411
2000	82,197	69,499	5,406	7,292

*Includes standard management grant and special management grant.

TERMS OF REFERENCE AND HANDLING OF REVIEW

Terms of reference

“To put forward recommendations for changes to the WGS and FWPS in Scotland so as to improve their effectiveness in delivering priorities identified in the Scottish Forestry Strategy, as well as the developing Agriculture Strategy and the Rural Development Regulation, given current levels of funding.”

Handling of review

This review by the Scottish Executive is being managed jointly by the Forestry Commission and the Rural Affairs Department. A Steering Group, representing a wide range of interested organisations, has been established and expects to report to Ministers by the end of 2001.

In parallel with this consultation exercise, a formal evaluation of the WGS and FWPS is being carried out by consultants. The results of this evaluation will be available to the Steering Group in developing its Report to Ministers.

There is also a statutory requirement for a report to Parliament on FWPS annual payment rates. This will report on whether any changes to rates are justified based on an assessment of agricultural incomes foregone for a range of farming sectors compared to the underlying figures when rates were last reviewed 5 years previously. The FWPS income Report will also be available to the Review Steering Group prior to it finalising its own report.

Once Ministers have taken decisions on the basis of the Group's report, there will probably be a need to seek EU approval for necessary amendments to the Rural Development Plan; and changes to the FWPS will need to be approved by Parliament in a Scottish Statutory Instrument.

Membership of the Steering Group

Representative

Alasdair Laing; Vice Convenor &
Chair of Forestry Committee

Craig Campbell

John Thomson; Director Land Use Policies

George McRobbie

Andrew Campbell

Cllr W J (Ian) Ross, Highland Council

Michael Alexander; Director Scotland

Dr Phil Ratcliffe; Member
Chartered forester & Biologist

Angus Crow; Partner John Clegg & Co

Richard Johnstone RSPB

David Henderson-Howat; Head of FC
National Office for Scotland and **Co-Chair**

James Ogilvie; Head of operations, FC
National Office for Scotland

Douglas Wright; Technical Secretary

Douglas Greig; Head of Land Use and Rural
Policy and **Co-Chair**

John Henderson; Assistant Chief Agricultural
Officer

Gerry Selkirk; Head of Forestry, Deer &
Land Use **and Review Secretary**

Nominating Body

Scottish Landowners' Federation

National Farmers' Union of Scotland

Scottish Natural Heritage

Institute of Chartered Foresters

Scottish Crofters Union

COSLA

Timber Growers Association

Deer Commission for Scotland

Royal Institution of Chartered Surveyors

Scottish Environment Link

Forestry Commission

Forestry Commission

Forestry Commission

SE Rural Affairs Department

SE Rural Affairs Department

SE Rural Affairs Department

(The STUC also receive papers and have a standing invitation to attend meetings.)

POLICY CONTEXT

The policy context is set by a number of key documents and commitments.

A brochure summarising the **Scottish Forestry Strategy** is being circulated with this Consultation Paper.

One of the guiding principles of the Scottish Forestry Strategy is integration - forestry should fit well with other rural activities in Scotland. The remit of the review requires that it take account of priorities in the developing *Forward Strategy for Scottish Agriculture*.

Strategy for Scottish Agriculture

The priorities of the emerging Forward Strategy for Scottish Agriculture have not been finalised yet but from discussions that have already taken place, it would be reasonable to suppose that they will cover:

- a stronger more competitive farming industry;

- farming an integral part of rural development recognising the variety of farming and land types across Scotland and that some parts of the country are better suited to different types of farming and land use;

- protecting and enhancing the environment - especially where it can generate cost savings or other economic or social benefits.

Key relevant priorities of rural policy brought out in other Scottish Executive strategies include:

The Way Forward - Framework for Economic Development in Scotland;

This explains that the Executive will give priority to:

- ensuring the appropriate transportation and electronic infrastructures exist;

- encouraging a culture of enterprise in all aspects of Scottish life;

- the contribution of economic policy to the continuing prosperity of the regions of Scotland.

Rural Scotland - A New Approach:

Key priorities identified in this document are:-

- working with Scotland's farmers to develop a sustainable industry contributing to rural life;

- recognising the potential of forestry;

- encouraging young entrants into crofting in our remote areas.

The Deer Commission for Scotland's Long Term Vision:

This states that:-

Deer populations will be managed locally so that their management is fully integrated with all local land uses and land use objectives.

Rural Development Regulation and Scottish RD Plan

EU Rural Development Regulation and Rural Development Plan for Scotland

The EU Rural Development Regulation (Council Regulation 1257/1999) includes a chapter on forestry which explains that EU financial support (from the EAGGF Guarantee Section) is potentially available to Member States which introduce (non-mandatory) schemes to support forestry, where it contributes to the maintenance and development of the economic, ecological and social functions of forests in rural areas. The afforestation of agricultural land is categorised as an “accompanying measure” to the Common Agricultural Policy, along with support for Less Favoured Areas, Agri-Environment and Early Retirement (not operated in Scotland) schemes

The European Commission has formally approved the Rural Development Plan for Scotland (2000-06), which has a strategic objective of promoting the sustainable economic, environmental and social development of Scotland's rural areas, particularly those areas which remain heavily dependent on agriculture. The Plan provides for EU co-financing at a level of 75% in Objective 1 areas and 50% elsewhere for eligible WGS measures (afforestation of agricultural land and woodland improvement) and for planting on agricultural land under FWPS. In addition, the EU Structural Funds Highlands and Islands Special Transitional Programme includes EU co-financing (from the EAGGF Guidance Section) for a range of forestry measures. Those elements of WGS which are ineligible for co-financing (such as restocking grants) and those elements of FWPS (eg payments to non-farmers above the EC limits) are listed as state aids in the Rural Development Plan.

The Scottish Executive may, following this review, make use of the scope available under EU regulations to amend the Rural Development Plan for Scotland, and the Highlands and Islands Special Transitional Programme, in liaison with the Highlands and Islands Partnership, and the European Commission.”

Environmental policies

The Nature of Scotland

As well as setting out the Scottish Executive's action so far to protect and promote Scotland's nature, this policy statement sets out specific proposals

- Scottish Ministers to accept a specific duty to have regard to conservation of biological diversity
- SSSI reform
- Wildlife protection

REVIEW OF WGS ADMINISTRATION

The Forestry Commission has recently carried out an internal review of WGS administration systems. This has identified a number of short term actions to improve the system; and options for the medium to long-term.

The short term actions include:

- **application process improvements**

Includes the use of smart electronic application forms. These application forms will prompt applicants for the information specific to each incentive type that the FC requires to process proposals. Also includes the provision of grant information and a simplified version of the WGS code on line, the provision of constraints data to applicants (via Internet) and clearly defined roles and responsibilities for those involved in pre-consultation and consultation;

- **electronic claims and payments**

Improvements to the processes associated with the authorisation and payment of claims. Improvements could include introducing a maximum of one payment per contract per year and an electronic payments process (BACS).

- **simplified contract**

this envisages a much simpler approach which better reflects the information provided by the applicant and which would make amendments much easier.

- **improved exchange of information** with consultees and Other Government Departments; this could comprise use of e-mail for consultation process; sending of scanned maps rather than manually coloured copies; joint inspections; applicants encouraged to deal directly with consultees at pre-submission stage.

This work is now being taken forward. It is hoped that these improvements will make it easier for people to apply for grants, simplify the approval process and reduce the number of transactions between the FC and applicants prior to approval of applications or claims for grant.

The Review Team also recommended that the process improvements to existing systems were only part of a necessary **migration towards more fundamental, longer-term changes to the delivery of grants**. It is envisaged that these proposed changes will centre on a new GIS-based computer system with associated application management systems and e-business facilities. However further work on these longer-term proposals is required, particularly in relation to future working relationships with country agricultural and rural affairs departments.

For Scotland, administrative change will also depend, to some extent, on the outcome of the Scottish WGS/FWPS review.