

Department for Environment, Food and Rural Affairs

FARM WOODLAND SCHEME AND FARM WOODLAND PREMIUM SCHEMES IN ENGLAND

Presented to Parliament pursuant to Section 2(3) of The Farm Land and Rural
Development Act 1988

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FARM WOODLAND SCHEME AND FARM WOODLAND PREMIUM SCHEMES IN ENGLAND

REPORT TO PARLIAMENT

1. Section 2(3) of the Farm Land and Rural Development Act 1988 (“the Act”) requires the Secretary of State for Environment, Food and Rural Affairs¹ to review the rates at which grants are payable under the Act for farm woodlands in England and to lay a report before Parliament at least once every five years. The last such report was laid on 12 July 2006. A further review having now been carried out, the present report is laid before Parliament in accordance with the Act.

The current grants

2. Annual grant payments under section 2 of the Act are still being made in England under the following schemes:

the Farm Woodland Scheme;
the Farm Woodland Premium Scheme 1992; and
the Farm Woodland Premium Scheme 1997.

3. The payments are aimed at helping compensate woodland owners for loss of income as a result of converting agricultural land to woodland. They vary according to the category of land concerned (including the nature of its agricultural use prior to conversion) and are payable only in respect of woodland that has been created with support under the Forestry Commission’s Woodland Grant Scheme.

4. The pilot Farm Woodland Scheme (FWS) 1988 (SI 1988/1291) was introduced in October 1988 and closed to new applicants on 1 April 1992. It provided for ongoing annual payments for up to 40 years, depending upon the type of woodland planted. The current rates of grant payable are set out in Schedule 1 of The Farm Woodland (Amendment) Scheme 1997 (SI 1997/828).

5. On 1 April 1992 the FWS was replaced by the Farm Woodland Premium Scheme (FWPS) 1992 (SI 1992/905) which provided for ongoing annual payments for 10 years (in the case of predominantly conifer woodland) and 15 years (in the case of predominantly broadleaved woodland), with ongoing commitments by grant recipients to maintain the woodlands for 20 and 30 years respectively. The FWPS 1992 was replaced on 1 April 1997 by the FWPS 1997 (SI 1997/829), which again provided for ongoing annual payments for up to 15 years and maintenance commitments for up to 30 years. The current rates of grant payable under the FWPS 1992 and the

¹ The functions of the Minister of Agriculture, Fisheries and Food (which related only to England) were transferred to the Secretary of State by virtue of article 2(2) of the Ministry of Agriculture, Fisheries and Food (Dissolution) Order 2002 (SI 2002/794).

FWPS 1997 are set out in Schedules 3 and 1 respectively to the FWPS1997. The FWPS 1997 closed to new applicants in England on 14 December 2005².

6. Current payment rates in England are listed in the Annex to this report. FWS payment rates are lower than FWPS payment rates because FWS payments are made annually for a longer period.

Review of Existing Grant Rates

7. FWS and FWPS payment rates have remained unchanged since 1997. Reviews have taken place in 2001, 2006 and a more limited review exercise was undertaken in 2009 due to changes in eligibility for the single farm payment. Although the primary purpose of the latter review was in relation to new applicants to the English Woodland Grant Scheme rather than historic payments, it was considered changes to payment rates for existing beneficiaries were not necessary as the levels of income foregone were not significantly different from those of 2005. A review of current payments rates was undertaken in June 2011 and concluded that there have been no material changes since the 2009 review.

8. Since both the FWS and the FWPS are now closed to new entrants in England, the key question is whether the present rates continue to provide those already in the schemes with a fair – but not excessive - contribution to offsetting income lost as a result of converting agricultural land to woodland. This has to be set within an overall envelope of affordability. People's decisions to plant new woodland will have been taken on the basis of FWS and FWPS payment rates applying when they joined the Schemes. For schemes that were entered into 7-23 years ago there can be no realistic expectation by the scheme holders of a material increase in payment rates. Moreover, the 2010 Spending Review Settlement maintains funding for forestry grant schemes at existing levels, offering little scope for increasing individual payments. On the other hand, given that the Independent Panel on Forestry is in progress, and that it has been asked to advise on how woodland cover can be increased, a reduction in grant levels at the current time would seem to be inappropriate.

9. Therefore we are not proposing to make any change to current FWS and FWPS payment rates in England at the present time. We will, however, continue to keep the rates under regular review. The next occasion for such a review will be in advance of the introduction of the next Rural Development Programme in 2014. The EC regulation is likely to require the substantiation, including independent verification, of all grant rates of which income foregone elements will be part.

² The Farm Woodland Premium Schemes (Amendment) (England) Scheme 2005 (SI 2005/3473).

Further reports to Parliament

10. A further report to Parliament under the Act will be made not later than July 2016.

Department for Environment, Food and Rural Affairs

11 July 2011

FARM WOODLAND SCHEME PAYMENT RATES IN ENGLAND

<i>Categories of land converted to woodland</i>	<i>Amount of grant payable (£ per hectare)</i>
Converted land formerly arable land- <ul style="list-style-type: none"> • if severely disadvantaged land before conversion • if disadvantaged land before conversion • if neither severely disadvantaged nor disadvantaged land before conversion 	120 180 230
Converted land formerly improved grassland- <ul style="list-style-type: none"> • if severely disadvantaged land before conversion • if disadvantaged land before conversion • if neither severely disadvantaged nor disadvantaged land before conversion 	110 160 200
Converted land formerly unimproved land	30

FARM WOODLAND PREMIUM SCHEME 1992 AND FARM WOODLAND PREMIUM SCHEME 1997 PAYMENT RATES IN ENGLAND

<i>Categories of land converted to woodland</i>	<i>Amount of grant payable (£ per hectare)</i>
Converted land formerly arable land- <ul style="list-style-type: none"> • if severely disadvantaged land before conversion • if disadvantaged land before conversion • if neither severely disadvantaged nor disadvantaged land before conversion 	160 230 300
Converted land formerly improved land- <ul style="list-style-type: none"> • if severely disadvantaged land before conversion • if disadvantaged land before conversion • if neither severely disadvantaged nor disadvantaged land before conversion 	140 200 260
Converted land formerly unimproved land	60