**Changes to Capital Item Rates and Securing Future Plant Supply**

This briefing note follows a recent review of FGS standard costs that has resulted in a number of changes to capital item rates that were introduced 24th June 2019.

The revised rates and introduction of two new capital items, detailed within this briefing note, will only apply to new FGS applications that were submitted on or after 24th June 2019. Approved contracts or applications submitted before this date will not be able to be varied/adjusted.

This note also provides advice on plant supply and preparing for the 2019/20 planting seasons and beyond.

**1. Revised Rates**

The revision to the FGS standard capital items for Deer Fence applies to the following two options:

* **Deer Fence = £7.60/m** *(an increase from £6.80/m)*

(associated with Woodland Creation).

* **Deer Fence = £9.50/m** *(an increase from £8.50/m)*

(associated with Woodland Improvement Grant - Habitats and Species)

**2. New Capital Items**

Two new Capital items have been introduced and the rates associated with them are as follows:

* **March Stock Fence rate** **= £2.75/m**

(associated with Woodland Creation; WIG Habitats and Species; and WIG WIAT)

Any sections of a new stock fence that is proposed in an FGS application, that has a shared responsibility with the neighbouring land owner, should use the new March Stock Fence capital item, and will require an FGS [Shared Boundary Agreement form](https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/forestry-grant-scheme-capital-items/stock-fence--fgs-/) to be completed and signed by both parties. The boundary agreement should be submitted with your FGS application as part of the supporting documents.

The specification/requirements for the March Stock Fence are the same as the Stock Fence.

If the FGS application includes sections of fencing that have full and shared responsibility, then the application can include both fencing types; the stock

fence item, for section(s) with no shared responsibility, and the March Stock Fence for the section(s) with shared responsibility.

Please ensure your application, and documents supporting future capital claims, clearly identify the location of the different fence types (capital items) on a map using different coloured lines for each fence type.

Refer to the ‘*what details should I show on the application map*’ section of the [General mapping guidance](https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/forestry-grant-scheme-full-guidance-menu/general-mapping-guidance/#78476) and the [Example – Woodland Creation options map](https://www.ruralpayments.org/publicsite-rest/fscontent/repository/portal-system/mediadata/media/resources/fgs_wc_options_template_a4l.pdf).

* **Initial Planting using Ploughing** **rate** **= refer to table below**

(associated with the Woodland Creation for:

Conifer; Diverse Conifer; Broadleaves; or Small or Farm Woodland)

|  |  |  |
| --- | --- | --- |
| **Woodland Creation Option** | **Payment rates for Initial Planting using ploughing in****standard areas** | **Payment rates for Initial Planting using ploughing in****target areas** |
|  | **Initial plantingpayment rate (£/ha)** | **Annual maintenance payment rate (£/ha/year) for five years** | **Total payment rate (£/ha)** | **Initial plantingpayment rate (£/ha)** | **Annual maintenance payment rate (£/ha/year) for five years** | **Total payment rate (£/ha)** |
| Conifer | 1680 | 208 | 2720 | 1920 | 234 | 3090 |
| Diverse Conifer | 1890 | 336 | 3570 | 2160 | 378 | 4050 |
| Broadleaves | 2520 | 528 | 5160 | 2880 | 594 | 5850 |
| Small or Farm woodlands | 2100 | 400 | 4100 | 2400 | 450 | 4650 |

The standard Initial Planting capital item rates are based on the use of mounding and associated costs per hectare for the ground preparation element. On reviewing current practice it was found that a proportion of schemes were implemented using ploughing techniques. As there is a significant difference in the cost for these two techniques a new Initial Planting with Ploughing capital item has been introduced to reflect the cost of ploughing and ensure the standard cost models remain valid.

The new rate for Initial Planting with ploughing is applicable for all types of ploughing, both shallow and deep, carried out using agricultural ploughs, forestry ploughs or the Rotary (helix) plough.

If you are using any of the above types of ploughing then please answer ‘yes’ to the new ploughing question in RP&S and select the new capital item. Both standard and ploughing capital items can be selected within the same

application and the quantity(area) entered should reflect the planned use of these techniques.

Where an application includes both standard and ploughing capital items then please ensure your application, and documents supporting future capital claims, clearly show the different areas of the Initial Planting capital items on a map using a continuous coloured line drawn as thinly and accurately as possible. Use coloured shading to differentiate between the two types of initial planting capital items.

**3. Securing plant supply for the next planting season**

We know that the 2018 planting year was a record year and the GB tree nurseries have responded to the challenge and supported the planting of over 11,000 ha in Scotland.

As a result some tree nurseries have completely sold out of a certain species in 2018 and are already well sold ahead for 2019

Given the high demand for new planting in 2019 we expect that there will be similar pressures on tree availability

To try to allow all parties to plan ahead we would advise that agents planning new planting schemes in 2019 or 2020 contact nurseries well in advance to discuss and agree plant supply arrangements.

**4. Queries**

If you have any queries then please contact your local Conservancy or our National Office on 0131 370 5250 or Scottish.Forestry@forestry.gov.scot