

Submitted to Future Grant Support for Forestry  
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Ministerial Foreword - Forestry in Scotland is a sector that we can be justly proud of.

## 1 - Introduction and Rationale for Providing Grant Support for Forestry

1. Do you agree that grant support for forestry should continue to be improved and developed as a discrete scheme within the overall package of land support?

Yes

Please explain your answer in the text box.:

It is imperative that forestry support for new woodland creation and sustainable forest management is improved. Trees and forests are an important element within any Climate Change mitigation strategy – whether through direct carbon sequestration or through replacing high embedded carbon building materials and fuels with renewable timber and biofuels.

The majority of land (most) suitable for conversion to new woodland creation will come from the sheep farming sector.

However, Forest Direct believes in balance within the countryside. We do not support whole farm blanket afforestation but believe that, in most cases, we can design a new woodland component to complement the farming business. We believe that a balance of woodland creation for carbon sequestration and woodland creation for timber production can provide economic stability and underpin the farming business for the long term.

As a private sector forest management company, already engaged in the woodland creation and forestry grant scheme process, we feel that it is imperative that forestry grants are discrete within the overall package of land management support. If the Scottish Government is genuinely engaged in fighting climate change and achieving the challenging targets of new woodland creation, then the Forestry sector deserves specialised grant support which is accessible by forestry agents and land managers.

Forest management and new woodland creation can be a complex, specialist and time-consuming process which can be off-putting to already busy farmers and other land managers. It is important that forest management companies can fully engage in the process to advise clients, to properly plan and apply for grant schemes and then support the implementation and execution of contracts and woodland management plans on behalf of the farming and estate sector.

2. Are there any changes that would allow for better complementarity between the forestry and agriculture funding options?

Yes

Please explain your answer in the text box.:

We feel that forestry funding must remain discrete and not risk being swallowed up within other land management grant funding schemes. Forestry must be funded separately and adequately to deliver the Scottish Government objectives for net zero and new woodland creation.

We worry that amalgamation of departments will risk dilution of Scottish Forestry responsibilities. We believe that forestry grants would be better handled by Scottish Forestry, rather than the hybrid of mixed system currently.

Whilst we appreciate that there is a Whole Farm issue to consider, we are concerned that this can be a distraction or undermine the true value that sustainable forest management and well-designed new woodland creation can bring overall. We feel that there could be better data sharing with less client referral back and forth between Government departments.

## 2 - Forests Delivering for Scotland's Climate Change Plan

3. How can the support package for forestry evolve to help tackle the climate emergency, to achieve net zero, and to ensure that our woodlands and forests are resilient to the future climate?

Please explain your answer in the text box.:

We believe that, in most cases, it is possible to design diverse new woodlands which will complement the farming business, the landscape and the environment.

We believe that a balance of woodland creation for carbon sequestration and woodland creation for timber production can, not only provide economic stability and underpin the farming business for the long term, but also provide biodiversity gains and resilience to the future climate.

[Redacted]

Subject to the owners' permission, then Forest Direct would be happy to discuss the financial appraisals of the above projects privately with Scottish Forestry as part of this consultation or afterwards.

4. Private investment through natural capital and carbon schemes can make a valuable contribution to climate change. Do you agree that the grant support mechanism should have more flexibility to maximise the opportunities to blend private and public finance to support woodland creation,

Yes

Please explain your answer in the text box.:

Forest Direct believes that private investment through natural capital and carbon schemes is making a valuable contribution to climate change already by encouraging some land managers to plan and implement ambitious new woodland creation schemes.

We agree that grant support processes could have more flexibility to maximise the opportunities to blend private and public finance to support woodland creation.

However, we need the FGS system and contract to be clear and with a stable and guaranteed level of support to allow the private sector funding to be committed and released swiftly.

We find that there is land manager/farmer fear and reticence about engaging in the new woodland creation process because of uncertainty about where the private sector funding is coming from, what level it will be and when it will arrive.

We find that there is an unwillingness or inability for some land managers to commit to the planning and survey costs required by the grant application process. Some form of upfront planning grant could reduce the worry that survey costs are lost if a grant application failed and would allow forest management companies to bring forward more opportunities for new woodland creation.

5. How could the current funding package be improved to stimulate woodland expansion and better management across a wide range of woodland types, including native and productive woodlands?

Please explain your answer in the text box.:

Forest Direct Ltd would welcome a streamlining of the current funding package to make it less complex and to bring the funding level up to 2023 levels. The grant rates have not been changed since 2016.

As mentioned above, some form of upfront grant funding for project development work/environmental survey/pre-FGS application consultation/outline woodland design (as provided by the Forestry Commission in England) could stimulate woodland expansion and lead to better designed and better prepared FGS applications.

In addition to the funding package, streamlining of the application and approval process would be welcomed. The consultation process is becoming more intense and Scottish Forestry is under-resourced to deal with the potential increase in FGS applications.

We require a discrete and robust government forestry agency who can interpret and support Scottish Government policy for woodland expansion for sustainable timber supply and climate change mitigation.

We then need the Scottish Government forestry agency to robustly promote woodland expansion and to fairly arbitrate if there are environmental and social stakeholder objections. Our experience is that a minor objection or disbenefit can sometimes stall an application which will provide huge economic, environmental and social benefits. The Scottish Government forestry agency, as the expert body, should have the authority and confidence to review and adjudicate on such matters.

We are concerned that the majority of new woodland creation is moving to native woodlands because this is most attractive to private funders (carbon money). We believe that this is being driven by land managers requiring more private money because FGS grant rates have not been raised since 2016 and are inadequate following a period of hyper-inflation.

This trend should be reversed as soon as possible by a revision of grant rates. The forestry industry saw a pendulum swing to broadleaved woodland planting in the 1990's due to a skewing in the funding mechanism. This led to reduced commercial tree planting for sustainable timber production and would have a detrimental effect on the amount of Carbon sequestered.

As stated earlier, Forest Direct believes in balance in the countryside. We try not to promote either pure conifer or pure native broadleaved planting for woodland creation. We believe that mixed woodland creation designed with soil type and site conditions steering tree species selection provides the best solution for the land manager and the environment with a balance between native and productive woodlands.

We deal with a great many clients who do not have >100ha woodlands on their property but do have a desire and potential to increase their woodland area. The current funding package could be improved for better management by providing some contribution to the production of a Woodland Management plan (<100ha) as opposed to the available funding for Long Term Forest plans (>100ha).

6. Do you agree that it should be a requirement of grant support that woodlands are managed to ensure that they become more resilient to the impacts of climate change and pests and disease?

Yes

How can the grant scheme support this?:

Yes – Forest Direct agrees that it should be a requirement of grant support that woodlands are managed to ensure that they become more resilient to the impacts of climate change and pests and disease.

However, as with everything in the countryside, we believe that the requirement should be balanced. We are already committed to species diversification particularly in the use of various minor conifer species.

We do not believe that Sitka spruce should be regarded as undesirable or a pariah. It will be a major requirement of the UK timber processing industry for some time to come; and it establishes well on a range of upland sites even in the face of growing uncontrolled deer populations. In addition, because of its fast growth rates, Sitka spruce will continue to be a valuable part of woodland creation for carbon sequestration.

We do feel that more information on future impacts of climate change, pests and diseases will enable us to make more informed and better decisions on where Sitka spruce will continue to thrive and where alternative species can be used successfully.

We believe that more research is required on alternative species, to look at commercial alternatives to Sitka spruce in terms of soil and site requirements, growth rates and availability of young plants.

In addition, we believe that if it becomes a requirement of grant support that woodlands are managed to ensure that they become more resilient to the impacts of climate change and pests and disease, then if alternative species fail or are found to be less resilient in the face of deer pressure, then grant funding should extend to provide a contribution to replacement costs.

Our experience is that it can be difficult to persuade some landowners to move away from tried and tested species choice when they may be liable for the full replacement costs if the novel species proves unexpectedly susceptible to late frosts, deer, voles, etc etc.

### 3 - Integrating Woodlands on Farms and Crofts

7. Which of the following measures would help reduce the barriers for crofters and farmers wanting to include woodland as part of their farming business? Please select all that apply.

Clearer guidance on grant options, Flexibility within options, Intervention level, Support with cashflow

Are there others not listed above?:

As mentioned above, some form of upfront grant funding for project development work/environmental survey/pre-FGS application consultation/outline woodland design (as provided by the Forestry Commission in England) could stimulate woodland expansion and lead to better designed and better prepared FGS applications through the engagement of forestry agents to manage the application and delivery processes. Steering the grant subsidy towards better land management to encourage uptake of forestry.

8. Establishing small woodlands can have higher costs. What specific mechanisms would better support small scale woodlands and woodland ownership?

Please explain your answer in the text box.:

Forest Direct believes that a specific tiered grant system would be beneficial and acknowledge the lower economy of scale that small woodlands have. Generally, small woodland can suffer from higher costs in fencing and ground preparation which are exasperated by lower timber production, lower carbon sequestration and value.

Often FGS application and management costs can be the same as much larger schemes. Similarly, carbon verification and validation costs can be the same as much larger schemes. This means that the cost per hectare for small woodlands is much higher.

Small woodlands are often unable to make an economic case to become certified under the UK Woodland Assurance Scheme.

Yet, the small woodlands inherent value within the landscape, providing diversity, biodiversity, conservation and livestock shelter is usually very high.

### 4 - Forests Delivering for People and Communities

9. How can forestry grants better support an increase in easily accessible, sustainably managed woodlands in urban and peri-urban areas?

Please explain your answer in the text box.:

Forest Direct has found the WIAT grant option to be very complex and outdated as grant levels were set in 2016 and no longer provide a viable contribution towards costs due to inflation. In addition, the total amounts able to be claimed are capped further reducing the contribution towards costs particularly for access and pathway material costs.

However, WIAT has been used successfully as a targeted grant and could be streamlined and brought up to date.

10. How can grant support for forestry better enable rural communities to realise greater benefits from woodland to support community wealth building?

Please explain your answer in the text box.:

Forest Direct believes that grant support for forestry could better enable rural communities to realise greater benefits from woodland to support community wealth building by providing contribution to costs for the likes of:

Community ranger service to work with local land managers and agents;

Providing forestry apprenticeship and forestry training opportunities;

Providing employment and local business opportunities.

11. How can the forest regulatory and grant processes evolve to provide greater opportunities for communities to be involved in the development of forestry proposals?

Please explain your answer in the text box.:

The current FGS process (whether for felling licence or new woodland creation) requires community engagement through pre-consultation, statutory consultation and the public register.

Forest Direct feels that this is adequate for the forest regulation and grant processes. We require an equitable system and ask what opportunities are there for communities to be involved in the development of agricultural or other land management proposals?

It is not the fault of the forestry industry if a community does not engage well with their community council or does not look at the public register. Please see response to Q12 below.

12. How can the forestry regulatory and grant processes evolve to ensure that there is greater transparency about proposals and the decisions that have been made on them?

Please explain your answer in the text box.:

Forest Direct suggests that reliance on Public Register notices is becoming outdated and it is time to consider an alternative system utilising and encouraging community engagement via community councils. This may require diverting resources from management of the public register to provide more support to the community councils.

Forest Direct would support and be pleased to send proposals to the community councils via Scottish Forestry; engage directly with concerns or requests for information from the community council; and to attend a meeting, if required, within 3 months. We would hope that this direct interaction and information exchange would ensure greater transparency about proposals, allow amendments or mitigation decisions to be made quickly and speed up the FGS application process overall.

13. Forestry grants have been used to stimulate rural forestry businesses by providing support with capital costs. Do you agree that this has been an effective measure to stimulate rural business?

Not sure

a. How could this approach be used to support further forestry businesses?:

Forest Direct is not convinced that Capital Grants and Challenge funding has been targeted in the best areas to support woodland creation projects. From our point of view, to grow our rural forestry business, support with capital costs for welfare units, cold store units, all terrain vehicles, GPS/GIS training, drones, upgrading office space, swipes and post thumpers etc would be welcomed

b. How could this approach be used to support further skills development?:

Skills development will come from the acquisition of the GPS/GIS, drones, swipes, post thumpers and other equipment.

14. How could the FGS processes and rules be developed to encourage more companies and organisations to provide training positions within the forestry sector?

Please explain your answer in the text box.:

Forest Direct believes in succession planning and providing training opportunities for young professionals to take over from senior managers. However, apprenticeships/training/succession requires adequate time and financial resources to develop a credible and worthwhile training plan, to pay the trainees and the senior staff, and to monitor progress against the plan. Many small companies do not have an HR department to develop and monitor plans and training has to be "on the job" with senior staff. Some form of training allowance/FGS grant/Corporation tax break as a contribution to the additional costs incurred may encourage more companies to provide training positions and allow older staff to "wind down" and step aside to allow the next generation to come through.

## 5 - Forests Delivering for Biodiversity and the Environment

15. The primary purpose of FGS is to encourage forestry expansion and sustainable forest management, of which a key benefit is the realisation of environmental benefits. How can future grant support better help to address biodiversity loss in Scotland including the regeneration and expansion of native woodlands?

Please explain your answer in the text box.:

Forest Direct believes that probably the biggest threat to forestry expansion and sustainable forest management (and the realisation of environmental benefits) is from the uncontrolled Deer population. The forestry industry needs land managers to be encouraged to undertake better deer control and suggest that a bounty per head of deer culled should be discussed.

Any future grant support to better help address biodiversity loss in Scotland must acknowledge that FGS grant rates are generally unchanged since 2016. Inflation has been an average of ~3.4% per annum from 2016 to 2023. This has the effect of £1.00 in 2016 being worth over £1.30 in 2023 and does little to encourage forestry expansion and sustainable forest management.

16. Herbivore browsing and damage can have a significant impact on biodiversity loss and restrict regeneration. How could forestry grant support mechanisms evolve to ensure effective management of deer populations at:

Landscape scale?:

Forest Direct believes that a bounty per head of deer culled should be investigated. Greater culls will lead to less use of deer fencing and will be a measure of success.

Investigate the potential for Grant Contribution towards employment of a professional deer controller/wildlife ranger on a local or regional level. Possibly employed across a range of FGS grant recipients in an area where employment costs could be shared on a pro-rata basis.

Develop the FGS so that the fencing grant is only an option of last resort in the event of a Woodland Creation scheme failure.

Small scale mixed land use?:

Forest Direct believes that a bounty per head of deer culled should be investigated. Greater culls will lead to less use of deer fencing and will be a measure of success.

If deer fencing is the only viable option, then FGS should support this adequately (up to date prices). Fencing will reduce reliance of tree shelters and reduce the use of plastic in forestry and the wider countryside.

If you wish to make any other relevant comments, please do so in the text box below.

Please add your comments here.:

From experience, Forest Direct believes that Woodland Creation in Scotland has lost momentum over the last 3 years and has stalled more since the end of the pandemic than during it.

In light of the New Planting targets and journey to Net Zero, Woodland Creation requires a kickstart and some serious stimulation to get the land management sector enthused and engaged. We believe that strong leadership in forestry is essential with a proactive Scottish Government forestry agency.

We have lost the woodland creation momentum that saw the sector break planting targets year on year. We need to get the momentum back to underpin the investment and capacity building of the ground preparation and planting contractors, the forest plant nurseries and the forest management companies who will have to deliver the projects and then look after all the new woodland once it is planted.

When we have balanced new woodland creation, with the trees in the ground and sequestering carbon, then wood processors will have confidence in future timber supplies and continue to invest in innovative timber products, plant and machinery. Sustainability.

## About you

What is your name?

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Forest Direct LTD

Scottish Forestry would like your permission to publish your response. Please indicate your publishing preference:

Publish response with name

We may share your response internally with other Scottish Forestry policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Forestry to contact you again in relation to this consultation exercise?

Yes

I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

I consent