

# Prospects for new productive woodland in Scotland: insights from stakeholders



A report to Forestry Commission Scotland

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# Summary

## Introduction

- 1 This study was commissioned to identify constraints and options for increasing establishment rates for new productive woodland in Scotland, in response to the recommendations of the Woodland Expansion Advisory Group. The need for the study relates to recent grant adoption levels which indicate that 73% of new woodland is planted under the Native Woodland option. The specification for such woodland makes it unlikely to contribute to future timber production to meet the needs of society and a home-grown forest products sector.
- 2 The study was based on a series of interviews with stakeholders, i.e. owners, managers, agents, advisors, regulators, consultees and policy-makers. The report describes their objectives, interactions, perceptions, experiences and opinions – the factors that inform behaviour. As a qualitative study it seeks to identify trends, explanations and opportunities, rather than to provide a precise representation of a complex situation.
- 3 The context for the study is a situation of diverse cultures, and some evident tensions and frustrations. In particular the situation is characterised as a series of divisions along the following dimensions: farming vs. forestry; production vs. conservation; international companies vs. local communities; and annual cash flows vs. capital investment. Many of these factors also broadly map on to a geographical division between upland and lowland land use; and between the Highlands, and central and southern Scotland. While some of the divisions are cultural (i.e. based on values), others are structural – for example many farmers are cash limited, and are not in a position to view land management as an investment.

## Stakeholders

- 4 Relevant land owners and managers can be classified broadly as: farmers (in this context largely but not exclusively upland), estate owners, inward investors, and new 'hands-on' landowners.
- 5 Other stakeholders include agents and advisors. Many combine these roles, acting at times as consultants paid by the owner, and at other times as advisors paid by government or NGO programmes. They include (inter)national forest management companies, independent consultants, agricultural advisors and NGOs. In addition, regulators (local government and Forestry Commission Scotland); consultees and policy-makers are relevant stakeholders.

## Issues affecting productive woodland creation

- 6 Four sets of factors were identified which influence decisions about whether productive conifers, native broadleaves, or other forms of woodland are created. These are: grants (and other factors affecting cash flow); regulation (the process for approving planting applications); communication (advice, information, knowledge exchange, extension); and policy support and leadership.
- 7 Financially, current **incentives** favour native woodland creation over productive. Native woodland creation rewards land managers with more cash more quickly, compared with productive woodland creation. Carbon finance also favours native woodland. Investors see forestry as an attractive investment, including productive forestry; they are also influenced by tax relief and markets. Farmers are generally more concerned about short-term cash flow, and perceive competition between forestry and farming grants. They can however be attracted to woodland creation grants when winding down their farming business, and previous Challenge Funds have demonstrated the responsiveness of farmers to changing grant levels. Apart from the amount of grant, the complexity of the process, current uncertainty while the Scottish Rural Development Programme (SRDP) is reviewed, and rigid conditions also discourage those unfamiliar with forestry, and make them reliant on agents, who in turn may be attracted to the easiest option (often native broadleaves).
- 8 The **approvals process** for a planting application is characterised by forestry stakeholders as trying to keep a wide range of stakeholders happy and therefore lengthy, unpredictable and biased against production. The underlying cause of risk and delays in the approvals process is the strong opposition from a range of consultees to productive conifer schemes. The speed of the process depends partly on the ability of applicants to provide the necessary information and evidence. Conservancies are seen as unwilling or unable to support productive schemes, although improved evidence, planning and guidance could give them a clearer steer. Widespread concerns about business risk are aggravated by high profile cases of community resistance or protected species discovered on the site, which have stalled applications.
- 9 An analysis of linkages between owners, agents, advisors and regulators shows that the **advisory system** replicates the farming/forestry split. As a result, agents and advisory bodies are not always attuned to owners' objectives. The agricultural advisory system is constrained by lack of forestry expertise, and foresters are often characterised by other stakeholders as failing to understand the agricultural perspective. Forestry advice tends to support those owners who are already interested in forestry. Characteristics of knowledge exchange which most effectively influence farmers include: a proactive approach; provision of free advice; direct personal contact; knowledge of local social networks and issues; introducing woodland topics into seminars and other media focusing on more mainstream farming issues; working

with farmers' needs and objectives; and working through trusted intermediaries. Stakeholders welcomed more integrated advice, but also identified the need for a fundamental change in culture and education. There is demand for a stronger role for FCS in the provision of advice, but FC staff are resource-constrained and their regulatory role under SRDP is not understood or welcomed by all stakeholders.

- 10 A wide range of stakeholders complained of a lack of **leadership** by FCS and the Scottish Government. In their view, forestry is the only land use with a national strategy, with a clear aspiration for woodland expansion, and yet politicians and government are not demonstrating their commitment to it both at the policy level and in terms of land use decisions made on the ground.

## Options for increasing productive woodland

- 11 Options based on grants and incentives include:

- Revise the levels of grants for the Productive Conifer and Native Woodland schemes
- Develop a grant system that responds to specific circumstances, but is also easy to administer
- Address the bureaucratic problems with SRDP, especially relating to prompt payment of grants
- Find ways for carbon finance to support commercial planting

- 12 Options based on the approvals process include:

- Establish agreed timeframes for each step in the process, so long as this does not lead to unnecessary EIA determinations
- Give FCS greater power to support schemes in 'preferred' areas through improved evidence, planning and guidance

- 13 Options based on advisory and outreach systems include:

- Invest in knowledge exchange
- Learn from success
- Review the role of FCS conservancy staff to allow them to advise and guide applications
- Develop models based on 'trusted intermediaries'

- 14 Options based on leadership and policy include:

- Provide political leadership so that there is more of a presumption for, rather than against, productive woodland creation
- Support integrated land management
- Bolster the timber industry and encourage positive perceptions of productive woodland



15 The importance attached to each recommendation depends on how woodland expansion policy is to be implemented. While attention to grants and political leadership is needed whichever route is taken, the balance between smoother regulation and enhanced advisory systems will depend on policy decisions about where to place the emphasis. To achieve more productive woodland creation through current routes (relying to a large extent on whole upland farm purchase and planting), it will be necessary to reduce the tensions and risks associated with the approvals process. To achieve more productive woodland creation through a wider range of landowners and land use systems, it will be necessary to invest in a more integrated advisory system, based on direct engagement with land managers, drawing on positive experiences as demonstrations, and working through trusted intermediary organisations.



# 1. Introduction

The Scottish Government has over the last few years aimed for a sustained annual planting programme of around 10,000–15,000ha, of which around 40% should constitute native and mixed woods and around 60% softwood production forests (Forestry Commission Scotland 2009). Disappointing results prompted the establishment of the Woodland Expansion Advisory Group (WEAG), which published its final report in June 2012. This included in its vision "*a more inclusive and diverse approach to creating these woodlands, and for them to be more productive and resilient*" (WEAG 2012a, p. 3).

In its response to the final report (WEAG 2012a), the Scottish Government indicates that:

*Forestry Commission Scotland (FCS) will work with representatives of the wood processing industry (including Confor and UKFPA) to examine reasons why woodland owners and managers can be reluctant to design timber and woodfuel production into woodland creation schemes, and to develop proposals for overcoming barriers. (Scottish Government 2012)*

This study was commissioned to address this aim: to understand why landowners and managers are less likely to create productive woodland, and options for addressing those reasons.

Existing work has already addressed the question of reluctance to establish new woodland, and/or to manage existing woodland productively, across the UK (Lawrence and Dandy 2014, Stubbs 2011). This study addresses specific gaps in relation to new productive woodland under the existing incentives regime in Scotland.

The specific objectives are:

- to understand perceptions of 'productive woodland' and 'native woodland'; and identify terminology and definitions that avoid simplistic distinctions between 'productive' and 'native';
- to identify barriers to creating woodlands with production in mind [presented here as 'issues'], and
- to identify actions which may overcome these barriers [considered here as 'options'].

This report is based on an empirical qualitative study, which employed one-to-one semi-structured interviews with 33 stakeholders, including 11 agents, 6 landowners (or their employees), 10 FC staff, and 6 outreach advisors. The qualitative approach allows respondents to answer in their own words, and to express views and perceptions that throw light on a complex topic. Land use decisions are taken on the basis of such views

and perceptions so these are important aspects of the research. Further information about the research methods is given in appendix 2.

All responses were provided under conditions of confidentiality and anonymity. Much of the report that follows is based on quotations from these interviews; they are formatted in italics, and are included with permission. Where relevant we have indicated the type of stakeholder who provided the quotation. However because most of the respondents come from a relatively small community of forestry practitioners in Scotland, we have removed all numbering of sources, to further ensure anonymity.

## 2. Woodland expansion

### 2.1. Rates of woodland expansion

**Currently around 6,000 ha of woodland are created per year; only 16% of the area approved for creation comprises productive conifers**

Since the Forestry Commission was established in 1919, woodland cover in Scotland has increased from 5% to 18% of total land area. The rate of woodland expansion peaked around the 1970s when around 25,000 ha were planted each year, consisting almost entirely of conifers for production objectives. Since then, the rate has steadily declined to current levels of around 6,000 ha per year during the last decade, and the proportion of this that is broadleaved has increased to around 75% of the area created each year (See Figures 1 and 2, pp 19-20, in WEAG 2012a). As a result, the proportion of broadleaves in the existing forest resource has increased to around 22%, with conifers declining to 78%. Because the majority of conifers, and only a small proportion of broadleaves, are planted for timber production, these trends broadly reflect shifts in the aims of woodland creation towards non-productive objectives.

Beyond these longer-term trends, a closer look at the statistics on grant approvals under the Scottish Rural Development Programme (SRDP) reveals patterns in the geographical distribution and type of woodland created, which supplement the anecdotal knowledge of stakeholders expressed during interviews and help to put their views in context.

Data was accessed from the Scottish Government Rural Payments & Inspections Directorate (RPID) database on 20 June 2013 and analysed to determine the numbers of schemes and areas approved for each of the eight grant options available under SRDP. The data has been aggregated from the start of SRDP in 2007 until June 2013 (although the first grants were not approved until 2009), and includes a few schemes approved for future planting. (Note that the data does not cover the final six months of SRDP, during which time a disproportionately high number of schemes were processed before the deadline of 31 December 2013.) It has been broken down according to the eight RPID

regions in Scotland.<sup>1</sup> The findings tend to confirm the broad patterns expressed by stakeholders.

To date 32,800 ha of woodland creation has been approved under SRDP (Tables 1 and 2). By far the largest number of schemes, and the largest total area approved, is for Native Woodland planting, representing 73% of the area of new woodland approved (including the small number of additional schemes under the Natural Regeneration option). In comparison, the area approved under the two Productive Conifer options (Low Cost and High Cost) is 16% of the total area approved in Scotland (90% of which is the Low Cost option). Areas approved under the Mixed Conifer/Broadleaves option are 6% of total area, and under the Productive Broadleaves option just 1% (345 ha). The Central Scotland Mixed Woodland option accounts for roughly half of all planting in the regions where it operates (Ayrshire, Clyde Valley and Forth), although the option only represents 4% of the area approved in Scotland as a whole. A further 22 ha is planted under the Northern and Western Isles Native Woodland option (and is recorded in Table 2 under Highland Region).

Regarding size of individual woodlands, of the roughly 2,000 schemes approved across Scotland, 60% were less than 5 ha in size. At the other extreme, 85 schemes (4%) were over 100 ha and accounted for 42% of the total area approved (Table 1). Focusing on individual grant options, the sizes of Productive Conifer schemes varied across the range, from 5 ha to over 100 ha. In contrast, the majority (62%) of Native Woodland schemes were very small (less than 5 ha), although in both cases roughly half of their respective total area approved was under a small number of schemes of more than 100 ha in size.

## 2.2. Location of new woodland

### **There are regional differences in extent and type of woodland creation**

Of the 32 800 ha that have been approved under SRDP, 38% is located in Highland Region, and around 10% in each of Argyll & Bute, Borders, Dumfries & Galloway, and Grampian Regions. The lowest levels of planting are across the Central Belt in Clyde Valley, Ayrshire and Forth Regions (Table 2).

The regional variations in uptake of the different grant options broadly reflect the understandings expressed by stakeholders, who tend to contrast woodland creation in north-west of Scotland, which is predominantly native, with south Scotland where the highest concentration of Productive Conifer schemes are located. Around half of the total area approved under the two Productive Conifer options is in the two southernmost regions: Borders and Dumfries & Galloway, with a substantial amount also in Argyll &

<sup>1</sup> For a table showing local authorities in each RPID region see:  
<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/RuralPriorities/WhatRegion>  
For a map of RPID regions see:  
<http://www.scotland.gov.uk/Topics/farmingrural/SRDP/RuralPriorities>

Bute. Only 410 ha of Productive Conifer were approved in Highland Region, representing just 3% of woodland creation in the region and one-quarter of the area of Productive Conifer approved in Borders Region.

Half of the area approved under the two Native Woodland options is located in Highland Region (although this figure partly reflects the large size of the region). The rest is scattered widely across Scotland, with relatively large amounts in Argyll & Bute and Grampian Regions.

These regional differences were seen by respondents as related to site suitability, distance from markets and potential for conflict with other land uses. The interest in native woodland grants is widely seen as strongest in the north and west of the country, where the surplus income from grants alone is attractive to existing owners on marginal land where farming is not particularly productive.

Dumfries & Galloway and Borders Regions were both flagged up as areas with good grazing land and high afforestation rates, creating potential for conflict between farming and forestry. The area of native woodland creation in is in fact slightly higher than that in Productive Conifer schemes, in both regions, a fact that contrasts with the focus of public attention on the productive schemes in those regions. Conflict arises on both 'lower' agricultural land, and 'upper land' which attracts conservation interest:

*The irony is, it [can] be much easier to get a planting plan through consultation and realised on some grade 2 or 3 arable-ish land than on the moorland, what we call the squeezed middle, the upper lands because that's where you run into the Hen Harrier problem.*

### **Most stakeholders see significant amounts of land for productive planting only becoming available from whole-farm sales**

Many respondents were dismissive of the potential for farm woodlands to contribute to productive forestry, because areas of land were too small and/or difficult to harvest. For some, the only option for substantial increases in productive forestry is on a few estates which are aiming to diversify, or (more usually) whole farms.

*If we're talking about 100 hectare bids and upwards, that is the province of existing larger estates and the new owner occupier who buys the whole farm, to plant most of it – that's the category we should be looking at.*

*You do get whole farm sales here; where they don't have family who want to carry on, they sell up. The larger forest management companies will try to buy them off, if they get wind of it, before it goes to open market.*

For others this approach is not going to be sufficient, and attention needs to shift to changing attitudes on existing farms:

*So... if you want to get that degree of woodland creation activity, you've got to get more people that own the land to think differently about what they're going to do with the land that they've already got and not just the once a generation, when there's a transition from one generation to the next.*

## 2.3. The native/productive distinction

The first objective of this study was to understand perceptions of 'productive woodland' and 'native woodland', and identify terminology and definitions that avoid simplistic distinctions between 'productive' and 'native'.

### **The native/productive distinction is seen to be grounded in cultural attitudes and histories of land management, reinforced by the grants and advisory systems**

Expansion of productive woodland is typically characterised by stakeholders in two contrasting ways: a) encouragement of large-scale planting of productive conifers on (former) farmland in the uplands, typically by inward investors, and b) integration of trees onto farms in ways that complement agriculture rather than substitute for it, typically by cash-poor farmers benefiting from grant surpluses. Stakeholders acknowledged that, as a policy objective, the latter approach should help to overcome the native/productive distinction, while the former is likely to reinforce it.

A few 'intermediate' examples were given which lie between these two extremes and help to break down the distinction, such as productive broadleaves, conifers planted for multiple benefits, and agroforestry. Several respondents commented on the perceived cultural divide between farming and forestry, which acts as a barrier to more integrated forms of land use. One respondent said:

*... this native versus productive [distinction], I think it is a mindset, the division is largely in the mind... we've got to narrow that gap, bridge that gulf which is largely [a] psychological and mental gulf, but it's enshrined by the grant system which draws that distinction.*

### **Some stakeholders questioned the prevailing narrow definitions of 'productive'**

One respondent argued that "*the perception is that productive is Sitka, and that's something we must change*". Others highlighted how some broadleaves, such as ash and birch, are well established as productive in some parts of the country. It was pointed out that silver birch is used in Deeside for floorboards, furniture and fuelwood, and its omission from the Productive Broadleaves model was seen as a perverse outcome of the grant regime, which should be reviewed. Another respondent argued: "*we must try to get away from this idea that native woodland is some scrubby habitat for just the birds and the bees, valuable though that is*".

Another respondent suggested that definitions of productive and native could be quite different in the future to how they are defined now:

*... who knows what would be a productive piece of wood in 100 years' time? It might be a great big hairy oak that's got limbs all over the place because everyone likes the limbs, or it can be a big straight one but with a bit of shake in it, so who knows?*

Similarly, it was argued that the common definition of productive needs to include woodfuel:

*I think there's also the prevailing mentality that productive means joinery and construction and if it doesn't qualify then it's not good enough for that. Whereas of course if you look forward with timber technologies etc., the cost of gas and oil and hydrocarbons then actually, why are we denying that wood fuel is a production? ... Even on poor ground, say grow it for wood fuel, it doesn't qualify, and it seems to me that we're using a 1950s/60s type definition for what will be harvested a century after when that idea was around.*

Overall, respondents recognised the native/productive distinction as a problem, but one that is largely structured by the grants themselves. While some respondents challenged what is commonly understood to be 'productive', others argued for the promotion of existing intermediate forms of silviculture: productive broadleaves, native conifers, mixed woodland, and to a lesser extent agroforestry. The feeling among stakeholders was largely that this is not an issue of common speech, but rather that the language of the grant system needs to be revised.

### 3. Stakeholders

As noted in WEAG Discussion Paper 15a, any hypothetical assessment of the availability of land for woodland creation needs to be modified according to the needs and aspirations of the landowners and managers currently working the land (Stubbs 2011, p. 5). In this section we look at those needs and aspirations, taking into account not only the owners and managers, but also the other stakeholders who influence decisions and outcomes.

A very simple classification of such stakeholders is: owners; agents and advisors; regulators and consultees. In this section we explore distinctions within these broad groups and how they are perceived to relate to the issue, not merely of woodland creation, which has been thoroughly addressed elsewhere (e.g. Lawrence and Dandy 2014, Stubbs 2011), but specifically *productive* woodland creation.

As with any stakeholder analysis, people do not always fit neatly into one category or another. Within each category, many stakeholders had experience of working in other



categories. A number of agents came from agricultural backgrounds; FC staff had worked as agents in the private sector; independent agents had started their career in a large forest management company, and *vice versa*, and so on. Each interview therefore offered opportunities to explore the topic from different angles as respondents reflected on their changing experiences.

## 3.1. Owners

To avoid duplication we take Stubbs' (2011) classification of owners as the starting point. He makes a fundamental distinction between existing owners, and new owners (which he terms 'land acquisition woodland creators') who acquire land with the purpose of changing land use. In the former category we focus on farmers, and estate owners. Tenants and crofters were mentioned very little by respondents but where important points were made we have included those under farmers.

Among the 'land acquisition woodland creators', Stubbs distinguishes forestry industry management companies (hereafter FM companies), NGOs, and community and voluntary groups. (Because this study focused on larger commercial schemes and opportunities, NGOs and community groups were under-represented in our sample of respondents.)

In the context of land ownership, respondents suggested that 'Investors' was a better label than 'FM companies', who typically only manage the land on behalf of an internal investor (e.g. a pension fund) who is the owner of the land. While the FM companies do sometimes own forest land, we focus on their role as 'Agents and advisors', and describe them in the following section (3.2). We have also followed respondents' suggestion that an important distinction should be made between investors and more 'hands-on' new owners whose objectives extend beyond just profit maximisation.

Both farms and estates, whether remaining with an existing owner or newly acquired, may employ a manager (or factor or estate forester); such employees were not usually discussed as a separate type of stakeholder, but were generally taken to represent the landowners' views and interests. Again, where distinctive points were made about managers rather than owners, we have included them in the relevant section.

### 3.1.1. Farmers

Numerous comments were made about farmers' apparent lack of interest in woodlands, and the cultural divide between farming and forestry:

*There's no integration, nor ever will be, farming is farming, forestry's forestry, we've had 30 years of farm woodland schemes and suchlike and I think the fence between the two is still as rigid as ever.*

This theme has been adequately addressed in the WEAG papers (e.g. Stubbs 2011, WEAG 2012b) and we focus here on comments which shed light on attitudes towards



forestry production as a land use objective on a farm and the importance to most farmers of short-term financial return.

### **Mixed opinions about whether farmers are against productive woodland**

Hill farmers were frequently characterised as preferring to stick with what they know: *"he just puts his head down and gets on with it"*. One respondent who came to farming after another career, and felt that she was not 'typical' in planting new woodland, found that others tended to say, *"we're here to farm, we've been brought up and trained to farm, we're farmers not foresters,"* a common view echoed by many. She was adamant however that *productive* woodland itself is not the problem: *"No, no, because production is in their DNA. They would understand that. It's just that they had never thought about woods."* An agent with considerable experience of this issue agreed: *"They're not necessarily reluctant to plant trees per se, it just isn't on the radar at all"*. And another official felt that the potential for productive woodlands on farms should not be dismissed: *"The farming industry is changing, if you look at some of the comments in the WEAG report, a number of farmers suggested that they could have up to 10% of their land as woodland"*.

Others appeared to disagree with this generalisation and saw 'typical' farmers as interested in woodlands only for amenity shooting, and shelter. Although most respondents talked about 'farmers' as a generic category, one or two presented a more finely differentiated picture of farmers, personalities and motivations. This may be influenced by the age of the farmer, but even among younger farmers there are some who are *"open to new ideas"* while another may be *"very fixed in his ideas and taking an NFU line"*. Another respondent suggested a distinction between arable and hill farmers:

*Your arable farm, they're not anti-forestry, they might have the odd little copse or whatever, they might actually plant a few trees to make it look nice but you're talking a small, small area. I think it's more the upland farmer that would be anti-forestry and that's really because historically forestry was seen as the big bad guy marching over the hill, stealing all the land.*

### **A polarised situation is inflamed by the press**

The farming/forestry split was seen as quite polarised. One farmer advised using the word 'woodlands' rather than 'forests': *"you mention 'forestry' and it comes with baggage. It's a turn-off - they shut their ears."* The implication is that it is the productive 'forestry', rather than woodlands with their association with multi-functionality, which inflamed opinion. Likewise, two foresters shared what they felt were the extreme views of the farming sector:

*[Forestry] is seen as a competing land use, it's seen as something that takes land away from farming. There's all these connotations, you only have to see some of the things that go into the press, it's seen in a very negative light.*

*The letters page in the Scottish Farmer shows the anti-forestry attitude among farmers. The kinds of things they say is unbelievable. ... Forestry is treated like it's the nuclear industry.*

### **Most farmers operate under shorter timescales, which strongly determine their attitudes to cash flow and risk**

Apart from 'culture' (the view that 'its just not what farmers do') the biggest factor influencing farmers' attitudes towards tree planting in general, and productive planting in particular, was seen to be ways of thinking about money, in particular the need for cash in the short term, and the consequence this has for their attitudes towards potential future revenue from timber. Thus, we heard: "*Farmers aren't used to thinking 30 years ahead*". Similarly: "*They aren't thinking in terms of long-term historical investments, it doesn't mean anything to them. They think about cash flow on an annual basis.*" One respondent framed this in terms of risk:

*They don't think at all with the same mentality as the traditional estates. They don't have capital. ... The scheme needs to be almost 'underwritten', showing exactly what they'll get, every year. They take risks every time they put the cattle to the bull – but they understand these risks.*

Forestry risks are on a different timescale, and unfamiliar. An estate owner explicitly contrasted the annual cycle of farming with his own ingrained timescales:

*I think a lot of famers do work year to year, whether they're arable, plant it in the spring, harvest it in the autumn or put the cows out to the bulls and we'll get our crop next year and that will be that. These 40/50/100 year cycles [for forestry], they're quite difficult, I was brought up with looking that far ahead and that far back as well, I enjoy it.*

### **Ageing farmer population as opportunity and loss**

The average age of farmers is increasing and several respondents noted the difficulties farmers have in persuading the younger generation to take on the family farm particularly given the uncertainties of recent decades. With an average age, according to one respondent, of over 60, many are winding down their businesses, unable to hand over to their children who are not interested, and are amenable to planting up some of the land or selling it for forestry. The mixed impact of this trend was widely noted. One respondent said: "*The only way I would have thought, to get to those sort of people, is to buy the farm from them which causes a bit of controversy!*"

### 3.1.2. Estate owners

#### **Estate owners have different priorities from farmers and are typically less motivated by grants**

As noted in the previous section, estate owners are often contrasted with farmers in terms of attitudes to woodland and integrated land use, timeframes and access to capital. In many ways they are seen to epitomise integrated land management with a strong commitment to maintaining historic landscape values. They have particular financial criteria:

*... the landed estate... which has been in the family for many generations and probably will be for many more generations – they've got long-term continuity, they're very interested in the capital value of their property, very interested in the inheritance tax aspects of their property and they are in a forestry cycle, where forestry is a significant part of their estate business management in an ongoing way.*

One agent felt that traditional estates represent "*the biggest land bank*" and hence offer the greatest potential for woodland creation (productive and non-productive): "*Every estate has a proportion that could be planted up – about 20% that could be made available*". However, another agent highlighted a cultural barrier for traditional estate owners towards realising this potential, in particular for productive planting. He argued that, for the last 10 years, commercial conifers have been regarded as "*not the thing to do*". "*We've got to go into the traditional estate's way of thinking. We've got to reverse that [attitude]*".

An estate owner also highlighted his preference for multi-purpose woodland management rather than new commercial conifer planting:

*... we're concerned with woodlands rather than forest because most of my woodlands are around a hectare, maybe a couple of hectares at most... the idea of covering the hill in trees is against our better nature. ... If you're really looking for productive conifers to keep the industry going, then it needs to be large scale. Talking to people like me – forget it, because I'm not going to plant 500 acres or 1000 acres because I quite like things the way they are.*

The estate owner is more often in a position to choose the objectives of forest management, and seek grants only if they support those objectives. This is in contrast to many farmers whose land management decisions are influenced by the grants themselves, particularly by the surplus income they can provide in the short-term.

#### **Estates occasionally employ their own forester but this is increasingly rare**

Both estate owners and foresters described the role of the estate forester as declining. One owner said: "*He's exceedingly part-time, we've got one man left on the estate as an*

estate worker” who works one day a week doing forestry. One estate forester described his profession as a ‘dying breed’. He added:

*There are about twelve left in Scotland. Many get poached [by the large FM companies] who come in by the back door. The estate forester might not feel confident about the harvesting contracts, so he invites [the large company in] who then convinces the owners to shift all the management to them.*

Whatever the pros and cons, there is a clear sense that agents, and particularly the large companies, are becoming increasingly influential on estates.

### 3.1.3. New ‘hands-on’ landowners

This category includes relatively wealthy individuals and ‘hobby’ owners who buy a large farm and want to put their mark on the land. As one agent put it: *“They love owning woodlands and perhaps spending time actively managing them.... There is a huge range within this category”*.

Unlike those in the previous section, they are motivated by finance, but not to an extent that compromises their ability to pursue their particular vision or goals, and have a direct influence on the land. One respondent characterised this kind of land manager:

*He or she arrives and they want to put their mark on the land. Now, we came here, we bought this 215 acres 20 years ago, we built a house and we set about planting some woods, a very tiny scale but I wanted to make something of this property... I was trying to add value to the property and I was trying to create something of real value for the next generation.*

Depending on how wealthy the new owner is, grants may or may not determine their decisions which may take into account a range of values. One emphasised that ‘scrub’ or non-productive forestry are *“usually the bits that make estates fun and one has to remember that quite often land ownership is to a degree, about fun. I think we lose that.”*

### 3.1.4. Inward investors

#### **Productive forestry is seen as a good long-term investment for wealthy individuals or institutions**

The long-term returns from forestry production are seen to provide sufficient incentive for inward investors. Investors were characterised as either wealthy individuals or companies with funds to invest: *“It’s bankers from the city or even bigger investors than that... their accountant is suggesting that it would be a good thing to do”*. Part of the attraction is the non-taxable status of forestry, as discussed in Section 4.1.1 below. Productive forestry is seen to add to the capital value of the land. Meanwhile, the grants help by covering costs in the short-term. Thus, one agent said:

*If I were rich enough to be a major investor and I had a big portfolio of assets ... I would certainly be wanting to put a bit of that [into forestry]... It's got an incredibly good track record over the last 20 years... forestry has exceeded returns from commercial property, residential property and the stock market over the last 20 year run.*

### **Inward investment usually involves change of ownership and a focus on maximising profits**

Most commercial conifer planting of any significant scale is driven by inward investment, involving a change of ownership and a focus on profit maximisation. One agent said:

*The main point is that they don't already own the land. It is just an investment to them. It is almost wholly motivated by maximising return. Therefore, factors like species distribution, and the finer details of the grant schemes, are important to them [only] because this affects the income.*

One forest investment agent highlighted the profit motive of his clients: "Our clients are very clear, they're very focused, it's easy and good to work for them because there is no confusion about what they're trying to do, [its] very straightforward". Later he added:

*... our job is to... do everything that's possible to increase the net return on each one of those funds. That's not just forestry, it's all the potential renewables, telecoms masts, planning applications, whatever we can do to increase the return and we are rewarded and remunerated proportionally so if we can increase the value, then we do well, if we decrease it then we suffer, quite rightly.*

One possible consequence of such drivers is a certain detachment between the owner and the land, with the risk that local negative impacts are not taken into account in investors' decisions. While it is the job of the regulators to address these concerns through the approvals process, some agents claimed that investors do take an interest in the wider impacts: "It's very rare for them not to care about the wider benefits of the scheme. They may say in their annual reports that they own/create woodland."

#### **3.1.5. NGOs**

Two NGOs were included in the sample. Their conservationist remit leads them to focus on the promotion of native broadleaves. Even where opportunities for productive broadleaves exist, the native broadleaves are seen as the priority and the most appropriate route to reforestation. In some cases, NGOs are contracted by landowners to manage new and existing woodlands, for example the new plantings at Over Kirkhope in Ettrickdale are managed by Borders Forest Trust.

## **3.2. Agents and advisors**

Those who advise landowners on forest creation and management fall broadly into three categories: independent agents (small businesses); large FM companies; and agricultural

advisory bodies. For each, the bulk of their work consists of private woodland management: management planning, preparing forest plans, grant applications, organising and managing contracts for planting, harvesting and timber sales, and dangerous tree surveys. In addition, a small amount of outreach work is conducted by agents, when public funding is provided, but usually as a small proportion of the full range of their activities.

Other stakeholders in commercial forestry include agents with specific niches. For example, land agents market farms and estates that may be suitable for inward investment for forestry; carbon brokers link owners with an increasing range of 'impact investors', including companies seeking to demonstrate their commitment to corporate social responsibility. A significant component of business for the large FM companies also consists of the purchase of land for woodland creation on behalf of clients.

Other stakeholders engaged in outreach include NGOs with a range of primary objectives. The Soil Association is contracted by the Scottish Government to deliver a series of seminars for the Future Proofing Scotland's Farming programme. The Scottish Government commissioned The Woodland Trust to promote the Central Scotland Mixed Woodland grant option, who subcontracted part of the contract to an independent forestry agent.

### **Large FM companies have substantial influence in Scotland**

The situation regarding forestry advice in Scotland was contrasted with England, in having a small number of 'big agents' (i.e. FM companies) and "*very few small independent guys*". Arguably this situation impacts on the kind of forestry carried out in Scotland, because larger companies focus on larger schemes. The sizes of schemes that large FM companies deal with are typically between 100 and 1000 ha. Smaller schemes are of little interest to their investor clients, and would still require delays and uncertainty to obtain approval. One agent said: "*less than 50 ha they don't bother with, except when times are hard*".

Independent agents have also had a number of successes in gaining contracts to advise or manage large productive schemes on existing land ownerships, and influencing the design of the scheme. As several of our respondents explained, where the landowner is focused on longer-term financial horizons, and/or has an interest in productive forest land use, independent agents can be highly successful in facilitating this.

### **The business model of the large FM companies is seen to encourage operations but not necessarily commercial planting**

New owners who focus on investment, whether individuals or institutions, almost always contract FM companies to manage the land purchase, planting applications, grant proposals, planting contracts and woodland management. Independent agents, many of whom had also worked for the larger companies in the past, emphasised a difference in business model. FM companies tend to charge fixed management costs, which was



described by one independent agent as a 'loss leader': *"the reality is the bulk of their money comes from the contracting"*, i.e. the mark-up they make by subcontracting the operations. Another agent explained how this encourages FM companies to recommend operations, which arguably may not always be necessary from the point of view of the owner: *"Their business model is working on an on-cost or a mark-up system, so they rely on turnover in a business. They would want owners to do a lot of road building, do a lot of fencing and planting."* This approach differs from that described by independent agents who charge for their time, rather than as a commission on contracts. It was implied by some respondents that the FM company business model may place a distance between the owners' objectives and the rationale for land management decisions, although we did not ascertain the extent to which this was the case.

### **Agricultural advisors occupy a separate niche**

A separation between the forestry and farming advisory systems was revealed by some respondents. One respondent explained how SAC Consulting, the main advisory provider for farmers in Scotland, employs only a very few foresters:

*SAC is still predominantly, in my view, an agricultural organisation and perhaps the broader elements of land management aren't always given the weight that they should be. The main core of the organisation is agriculture, then you've got all these other peripheral interests which are therefore, in a variety of ways, regarded as secondary, less important, not real farming.*

### **The increased emphasis on regulation excludes an advisory role for FCS conservancy staff and can undermine support for productive schemes**

The advisory role of FCS has been lost under the current SRDP arrangements, a situation which was criticised by some respondents:

*... before SRDP, we were very proactive, on a lot of occasions I've seen me sitting down with a farmer [with] a cup of coffee, there's the application forms, "I'll talk you through how you fill it in"... and you've got some very good schemes as a result of that because we're effectively independent, we don't have a vested interest in making profit, we're there just to provide a service.*

Speaking more generally, one NGO representative suggested that FCS will always struggle to engage with farmers because of their perceived regulatory role:

*[FCS] are doing a lot of regulatory work, they're doing a lot of SRDP case work, so they're short staffed, I don't think they've got that culture of engaging with landowners and because they're a regulator, they're never going to be able to get through the farm gate as we can.*

Others noted the dual roles of advice and regulation, and saw a need to separate them but maintain them.



### 3.3. Regulators and consultees

The regulatory role for woodland creation is played primarily by regional FCS conservancy offices, and is enacted through the approvals process for applications to create woodland. Once approved, the conservancies have a second role as a potential funder of a scheme through approval of SRDP woodland creation grants (See Section 4.2). As outlined in the previous section, their role as advisors has been greatly reduced since SRDP began.

The approvals process includes one or more consultations with a group of statutory consultees (typically including SNH, SEPA, RSPB and the relevant local authority and/or national park authority), and also non-statutory consultees including local residents and community groups. Together the consultees are a powerful set of stakeholders who greatly influence the outcome of woodland creation decision-making.

The regulatory role is seen by conservancies as the application of objective criteria for approval, guided by the UK Forestry Standard and if available the regional Forestry and Woodland Strategy. One conservancy staff member was keen to highlight the objectivity required of the job:

*In assessing an application, I don't in any way perceive that it's my job to get any trees planted whatsoever. It's an important point because my job is to make sure that whatever schemes do go forward are appropriate for the local area. Quite frankly, if nothing appropriate comes forward and nothing gets approved because that doesn't fit with what the policy guidance is, then I'm perfectly happy with that. ... it's more important that what we do get planted is appropriate and correct for the location.*

As discussed in Section 4.4, not all respondents accepted this position, and instead argued for conservancies to take a more proactive role by interpreting what is 'correct for the location' in ways that recognise the Government's targets for woodland creation.

## 4. Issues

Our interviews produced a wealth of knowledge and experiences, which we have grouped under four themes, representing four broad factors which influence decisions about whether productive conifers, native broadleaves, or more intermediate forms of woodland are created. These themes appear to be robust; we have tested them against stakeholders, and applied them to both the 'Issues' and 'Options' sections of the report. In summary, the four factors are:

1. the *grant system* and its role in shaping the overall balance of financial incentives for different kinds of landowner. This factor underpins the majority of woodland creation decisions.

Two other sets of factors then depend on the proposed change in land use.

2. If, as is currently the case, woodland expansion depends mainly on whole farm sale and planting, the principal constraints to wider adoption of productive planting lie with the *approvals system*, through which the opponents of new conifer schemes exercise their influence.
3. If woodland expansion depends on a shift in approach to support greater adoption of integrated farm forestry, including forests for production, then the principal constraints lie with the structure and content of the *advisory and extension system*.

Finally, an overarching bundle of issues can be described as:

4. *political support and leadership*. This influences the other three factors: the level of grants; the extent to which the forestry sector 'stands up' to its opponents, and the resources allocated to advice and extension to encourage integrated land use.

Thus it can be seen that both '1' (grants and incentives) and '4' (political leadership) are required whichever route is taken; while the balance between '2' and '3' will depend on policy decisions about where to place the emphasis, which in turn will need to respond to land availability and evolving cultures associated with land ownership.

## 4.1. Grants and incentives

### **Land managers can be characterised in terms of their approaches to long-term investment and short-term cash flow**

The roles played by long-term investment and short-term cash flow in decision-making around woodland creation vary greatly between types of land manager. As outlined above, respondents tended to divide these into two ends of a spectrum: farmers, for whom short-term cash flow is the priority, and inward investors who seek to maximise the internal rate of return over the long-term and for whom grant surpluses are a significant factor but not as important as the future timber revenue. Between these groups are those managing forests for multiple benefits such as traditional estates, typically benefiting from inheritance tax relief, and seeking to enhance the capital value of their land and break even on forestry operations, but at times subsidising forestry from agricultural surpluses or off-farm income sources. Where land managers fit in this spectrum largely determines the extent to which woodland creation grants influence their land use decisions. As one respondent put it:

*Who would accept less money now for greater money at the end of the rotation? It's the entire difference between someone who is investing for a long-term asset return and someone who is engaging in land use change for a short-term cash flow benefit derived from a surplus on the grant. Large estates can do that because they will own it in 40 years, and pension funds, but not many others.*

In this section we explore the importance of the available grants and other financial incentives to decisions made by different kinds of land manager. First, we consider forestry investors and estate owners, and secondly we look at farmers, typically those managing hill farms where conifer production normally takes place. We then report respondents' views on SRDP as a whole: what it does and does not fund and how it has been administered.

#### 4.1.1. Forestry investors and estate owners

##### **Cost benefit analyses suggest that native woodland creation is a better investment than productive woodland creation**

For most respondents, the simple answer to the problem of productive conifer planting is to change the grant rates. Several respondents indicated that the short-term incentives favour native over productive woodland. The difference in the Initial Planting Payment is typically around £860/ha, and one respondent pointed out that you would need an owner with a particular interest and who saw it as a 40 year investment, and a family to pass it on to, to make it worthwhile.

One respondent referred to a study at Glenhighton Farm in the Borders which analysed two woodland creation scenarios on newly purchased open land to explore the costs and benefits of productive versus native woodland. The costs to year five were lower for native woodland (around £140,000 instead of £200,000); the grant income was higher for native woodland (around £240,000 instead of £200,000 including Farmland Premium); the Farmland Premium was paid out for 15 years for native woodland instead of 10 years. Meanwhile the conifers produce an income in year 35 but when this was discounted its significance fell compared to the differential in establishment costs. This example was supported anecdotally by other respondents: *"It does vary regionally depending on whether there is more or less of a deer or rabbit problem, but conifers are less attractive"*.

The grant levels have thus skewed decisions away from productive towards native schemes. Respondents felt this also applied to productive broadleaves, which are in any case rarely pursued, partly owing to lack of suitable sites but also because the short-term cash flow is less favourable, while the long-term benefits will not be realised until after the land manager's lifetime. One respondent described how a motivated and experienced agent tried hard to push for a productive broadleaved scheme, but it fell through at the last minute because the cash flow was less favourable in the short-term. Another respondent described how there were occasions where it was obvious that land managers had chosen to plant native woodlands on sites suited to productive conifer, in particular in north-west Scotland but occasionally in the south, *"because they think they can make more money out of it in the short-term"*. The respondent felt that this was an acceptable outcome given the land manager's cash flow situation and objectives.

### **Carbon finance also favours native woodland**

Carbon finance also favours native over productive schemes even though productive conifers, when they are growing, are believed to sequester three or four times the amount of carbon per hectare. This bias towards broadleaves is particularly because carbon in wood products removed from the site is not permitted within the Woodland Carbon Code for calculations of additionality. The carbon stored in roots and stumps left after timber harvesting are also not included, although these are not entirely oxidised during decomposition. This situation frustrates agents wishing to promote productive woodland creation. One agent explained:

*Any time we have a scheme of more than 10 hectares, which is [the] threshold, we consider could we sell the carbon credits, and the schemes stack up for productive conifers but not for native woodlands which are already financially attractive.*

This is likely also to apply to other Payments for Ecosystem Service (PES) schemes: *"There is a perception that firms are trying to be green, wanting to be planting nice native woodland; they don't want to be associated with these nasty Sitka spruce forests".*

### **Regional variations in distance from market have a considerable effect on viability of productive woodland schemes**

As well as biophysical factors affecting the suitability of sites for productive woodland creation, the differential in timber price between north and south Scotland is as much as three times, due to the location of most sawmills in the south and the Caledonian pulp and paper mill in Ayrshire (WEAG 2012c). Respondents noted that productive schemes are less viable in the north for this reason, and hindered further by the lack of suitable roads for timber extraction, which is a large part of the explanation for the limited number of productive schemes in the north of Scotland.

### **Investors see forestry as an attractive investment**

On the whole, for inward investors, productive forestry was seen as an attractive investment, in particular at the moment with other assets not performing so well, *"land is a good thing to have"*, but also, over the longer-term, forestry has had a good track record over the last 20 years. One agent explained that many major investors, including pension funds, would consider putting 5-10% of their portfolio into forestry. For many such investors, there is no confusion about what they are trying to do: it is to maximise their rate of return.

### **Woodfuel demand is difficult to include in appraisals**

Several respondents believed that the future demand for woodfuel was likely to be high, with one respondent adding that it was difficult to include in investment appraisals

because it was hard to predict the price. He felt that the future demand was certainly there, and should be asserted more clearly to potential investors. However, a new investment return model is needed that takes into account long-term timber and short-term biomass from thinnings. One forest investment manager felt that woodfuel is not seen as a driver, but for the first time it is now in the backs of land managers' minds as an additional potential benefit of productive woodland creation.

### **Inward investors seek to maximise income from timber production, but short-term grant surpluses are still significant in their decisions**

The inward investors will seek to maximise the income from timber production, but importantly the short-term grant income, and possibility of accruing a surplus during the first few years, still plays a significant part in the investment appraisals and can determine precisely what kind of forestry they pursue.

Speaking more generally, another forestry investment agent took the view that the current grant levels were adequate; instead, for him, the barriers to productive woodland creation lay in the approvals process (as discussed in Section 4.2):

*... we don't think the level of grant funding is a problem, we're not asking for more money. I think the grant rates are absolutely fine as they are. I think there's a skew clearly towards native broadleaves and if they want to do less of that and potentially more conifer, swap the grant rates or even them out or even just reduce broadleaves alone and keep conifers where it is, it doesn't matter but money is not the issue. The problem is in the horrible process that you have to go through...*

### **Estate owners vary greatly in how grants influence decisions**

Estate owners with substantial incomes from farming, tourism, mining, or non-land use related business are able to make decisions on what and where to plant without being driven by differences between grant models. Thus, one traditional estate owner said:

*... if I want to plant a wood that attracts a grant, then I'm very happy to have it, if it doesn't, then I tend to say "sod it I'm going to plant it anyway, I want my wood up there and if I'm not asking for a grant I can plant what I want, where I want it".*

Other examples were given of traditional estates on good quality farmland, which were happy just to break even on their forestry operations, and create a balance between multiple objectives, in particular landscape attractiveness while providing some timber into the future. One example invested £100,000 in forestry, subsidised from a very profitable farming operation, to get the forestry operations back on track after a period of neglect. One of the main motivations was the big appreciation in the capital value of the woodlands.

In contrast, another traditional estate owner in Perthshire, also with a large cash income available to invest in forestry, described how forests he and his father had planted

followed the requirements of the time: 'sterile' forest was created in the 1970s, driven by tax incentives; under the former Woodland Grant Scheme (WGS) they planted spruce and broadleaves with significant areas of open ground, while under SRDP the diversity and open ground is greater still.

An example was given in the Borders, where a London-based family trust bought land which combined farming with forestry: a productive broadleaves scheme at lower altitude and native woodland on the higher ground, both supported by carbon finance:

*... and that is a family looking after its wealth... shrewd investors who are taking a view that a part of their portfolio would be well invested in a property of that nature and taking the view that they will make money... [even though] it will be at least 20 years, and maybe 40 years before they saw the return.*

### **Estates may limit the amount of forestry in their portfolio to reduce risks**

One estate owner with more than one-third of his land under forestry, of which around 80% is productive, described how he is approaching the limit for woodland expansion, and hence the amount of forestry in his family wealth, and is diversifying his portfolio further. His main concern is the lack of insurance cover available for major weather events due to climate change, which would damage the crop and cause a collapse in timber prices. The uncertainty around future timber prices was seen to be caused by other factors as well, although his outlook was 'lukewarm positive'. The risk would be more acceptable if his portfolio was only 10-15% forestry (and he noted that pension funds may only invest in 5-10% forestry).

### **Tax relief continues to be a driver of woodland creation for longer-term investors**

Forestry is supported by a range of fiscal incentives, although they no longer directly support woodland creation per se. Income from timber sales is exempt from Income and Corporation tax, and growing timber is free of Capital Gains Tax, while commercial woodlands qualify for 100% Business Property Relief from Inheritance Tax after two years of ownership (FCS 2006). During the 1980s, Schedule D tax relief provided a considerable incentive for private investors to plant productive woodlands. With its removal in 1988, the quid pro quo was a greatly increased grant rate. One respondent argued that, in the intervening years, it has become more beneficial to buy a mid or late rotation productive forest than to plant a new one because the investor will not have to wait as long for their tax free timber return. Planting rates are well known to have declined since then.

Nevertheless several respondents noted that inheritance tax continues to be important for the longer-term investor and estate owner, including decisions regarding woodland creation. Wealthy individual investors are most likely only investing part of their portfolio in forestry; they see the value in a land-based asset that is going to be relatively secure. As well as grant surpluses in the short-term, reduction in inheritance tax liabilities may



be more relevant to them than what the forestry is going to be worth in 40 years time based on yield class of Sitka spruce, which may not be a big determinant in their decision-making.

### **Grant rates still influence decisions of new long-term investors**

Wealthy individuals buying a property and looking to create woodland will be able to cover all their establishment costs, which may be several hundred thousand pounds, and possibly also make a substantial cash surplus, by choosing particular grant options over others, and this inevitably influences the decisions made on what kind of woodland to plant. If a full investment analysis were conducted, including the long-term income and capital values, it might well show that schemes that require more investment now would be a better asset in the future. However our respondents affirmed that many such investments are in fact viewed in a fairly short-time frame.

#### **4.1.2. Farmers**

##### **Competition between forestry and farming grants**

A common response from respondents, on hearing that we were researching the barriers to productive woodland creation, was 'the Single Farm Payment' (SFP). Forestry was seen to struggle to compete with direct payments under SFP. As a result, one forest investment manager said his company only get involved in the poorest land that trees can grow on. Such land can only sustain a couple of sheep per hectare; it is not suitable for productive broadleaves, but can produce yield class 22 Sitka spruce. The policy goal of integrating forestry and agriculture is hindered as a result. Since SFP is under Pillar One, farmers are seen to be able to ignore SRDP (including all forestry measures) if they want to. Farmers are most likely to be attracted to the least productive forestry grant model, which does not require them to plant on better land thereby competing with agricultural production.

Respondents shared the view that productive woodland creation would be enhanced by raising the grant levels, and while this made sense to many respondents as a means to redress the balance between productive conifers and native woodlands, it was criticised as a way to encourage productive broadleaves on what may be unsuitable sites: *"It is bonkers to spend more public money on productive broadleaves."* Typically they would need Grade 2 or 3 agricultural land, on which land managers can grow grain profitably without subsidies, or incidentally produce five times the Sitka yield.

##### **Farmers are primarily concerned about short-term cash flow**

This point was made by most respondents, who had a common perception of the needs of most farmers, particularly hill farmers, to address their immediate financial needs:

*They aren't looking for a future income; they are looking for a quick return.*

*Farmers aren't used to thinking 30 years ahead.*



*Would a farmer plant a crop which is going to take him 40 years to grow and he's got pretty much no idea what the price is going to be at the end? Well he wouldn't culturally; it's just absolutely not what he would do.*

*There's a whole group of people there who have inherited land from their father or grandfather who have the direct learning point of 'don't do it' [i.e. plant trees]. Unless they get a bounty that will pay for their children's school fees, then it's difficult to persuade them to think long-term rather than short-term, when thinking about land use change.*

One agent explained how the long-term income from small areas of forestry in a larger farming enterprise may be insignificant:

*The full scale of it, realistically if you've got 2-300 sheep, a couple of hundred acres of cereals and 100 cattle, you are doing that 14 hours a day, 365 days a year, a shelter belt that is clear felled once in 50 years and replanted the year in which you harvest and sell the timber, may actually be quite a nice bonus on the accounts but in terms of the total turnover, the total time involved, is trivial. Average out the income, the workload, whatever, over a period of 5 or 10 years and it's insignificant.*

### **Farmers are attracted to woodland creation grants when winding down their business**

A common scenario described to us was that of a farmer approaching retirement, with no one in the family willing to take on the farm, who will either sell off a parcel of land, or the whole farm, which will then be available for forestry investment. Alternatively they establish native woodlands on the land and may make a substantial surplus on the grant. Either way, the income contributes to their pension fund, and/or secures the long-term viability of the remainder of the business.

### **Risks of failed establishment**

Respondents shared concerns that some farmers may not appreciate the penalties of failing to deliver on native woodland schemes. The initial figures may have looked impressive, but typically they have tended to maximise the cost benefit at the outset by using the minimum spacing, which leaves little room for error. With FCS now only a step in the grant process audited by RPID, local woodland officers may not have the opportunity to be as pragmatic about failed schemes as they have in the past. The risk is that expensive beating up is required, or grants need to be repaid plus interest.

### **Forestry is a permanent land use change**

The more general point about woodland creation was made by several respondents: that woodland creation on farms represents a permanent change in land use, which discourages farmers, who cannot then return to agriculture when, say, the price of a

crop is particularly high. The reduction in size of the agricultural landholding may affect their SFP, with a loss in the capital value of the whole farm. However, an agent with long experience of advising farmers doubted that this factor was important in farmers' decisions: in his view, smaller schemes are often carried out on the least productive part of the farm so the net effect on production is low, while creation of new game woodlands for shooting probably add to the capital value of the property. Similarly, there were several examples given of trees being integrated onto farms in ways that supported the farming enterprise. An example was given of a flooded area on a Borders farm where sheep were drowning regularly, but where fencing would have been too expensive. The area was planted up, and fenced, using grants, which solved the problem, and provided Farmland Premium income as well.

### **The Challenge Funds demonstrated the responsiveness of farmers to grant levels**

Several respondents contrasted farmer responses to current productive woodland creation grants with their experience of Challenge Funds under previous grant programmes. Currently the uptake of the similar Central Scotland Mixed Woodland (CSMW) model is considered to be very successful. One local agent described how the area of woodland he created on farms last year was double that of years before the model was introduced and nearly all of it is using this model. Farmers come to him with requests for work without the need to actively promote the model to them.

Historically the Grampian Forest Challenge Fund (GFCF), under the Scottish Forestry Grant Scheme (SFGS), was considered by many respondents as a considerable driver of productive woodland creation, and indicative of the extent to which farmers follow grants rather than particular forest management goals. The Fund required a minimum of 10 ha, and 70% productive conifers. One agent recalled *"Farmers were tripping over themselves to come into it, not because it was conifers but because it was good money... on marginal land."* The reason was entirely financial: *"Two of our clients basically planted the entire farm and they thought, 'I'll just retire five years early'".* Another farmer was reportedly about to retire, and saw this as an opportunity to reduce his workload by taking sheep off his marginal land. Importantly, the farmers receiving GFCF grants for productive conifers were seen as much the same kinds of farmers who now go for the Native Woodland scheme. One agent said: *"In terms of geographical spread and farm type, I can't think of any particular significant difference".*

The same agent recalled how, after five years, the Fund was changed to promote riparian and small native woodland, and *"overnight... Sitka spruce vanished – everyone started planting riparian woodlands – they followed the grant."* He understood the view that agriculture in Scotland is a 'nationalised industry': *"The profit is the subsidy... there is a subsidy for this so they farm it and they went into trees and they came out of trees just as quickly"*. The response of farmers to the Fund appeared to indicate the overriding importance of short-term cash flow on their decision-making. Some respondents

believed that woodland creation under the GFCF has devalued farmers' land by reducing the total area of the farm that can receive SFP, and many are now selling to woodland investors. One agent recalled how he had always mentioned this risk to interested farmers, but their response was: *"It's so far in the future; I'm not really fussed"*. The agent struggled to remember even one farmer asking searching questions on this topic: *"they were still taking the shorter-term view"*.

In contrast, the competitive nature of Challenge Funds was not welcomed by one agent, who recalled negative experiences of resources wasted on applications that weren't successful. He felt strongly that this should not be the way SRDP develops in the next round.

### 4.1.3. The grant system

#### **Changes to the grant system create further uncertainty and discourage investment**

Some respondents highlighted the uncertainty created by the frequent changes made to the grant system, and its various models, which is currently discouraging investment as the current SRDP draws to a close. One forestry investment agent stated: *"There's no longevity in all of this, so how do you plan for a 35 year rotation when you can't see three years down the road?"* Two respondents highlighted the difficulties for nurseries created by a grant system that keeps stopping and starting. Plans to withdraw the popular Central Scotland Mixed Woodland model were criticised by one agent.

An investment agent described the effect of uncertainty around the grants that may or may not be available in the next round of SRDP:

*You see the other thing we've got is the whole grant system is in the process of changing. So here we are in 2013. We expect on the most easy and straightforward case... that it will take 12 months minimum, so you're then in February/March '14. The grants change in '14; can you prepare and plant the site late '13 - 2014? Can you reserve plants to plant on that site, which are in short supply? They ran out of spruce last year and the year before, so there's no spruce around. So you almost have to commit to plant now for something that might happen in 18 months' time.*

He added: *"Budgeting now is hard enough because you know what the grant system's going to do but budgeting in two years' time is nigh on impossible"*.

SRDP funding for new planting is now closed for new applicants, because FCS has fully allocated the budget (although existing approved schemes will become active in 2014). Further schemes will have to wait until the next SRDP is agreed. This delay was reported as another source of discouragement: *"It all produces a shaky story for investors"*.

**Delayed payments and 'coupling' of operations discourage farmers from woodland creation**

Several respondents repeated well-known shortcomings in the grant system, including payments delayed by several months. The cost may be carried by farmers, or agents or companies, who may then charge the farmer or other client the interest while waiting for the payment to come through. This problem is felt particularly by farmers with limited access to capital.

Two respondents highlighted problems associated with 'coupling' of fencing and planting payments, so that grant for fencing carried out in the summer cannot be claimed until the planting is done in winter. Since around 60% of the cost of a new scheme can be fencing, this is a significant problem for farmers who cannot bankroll the sums involved.

**The grants are inflexible to specific circumstances, discouraging good practice**

Several examples were given of the cumbersome nature of a grant system that needs to cope with such a diversity of contexts across Scotland.

It is not possible to combine different grants in one application, so a scheme that is half Native Woodland and half Productive Conifers requires two applications. Similarly a site may provide opportunities for small pockets of productive broadleaves, but these cannot be incorporated into a larger scheme, requiring separate applications.

Grants are available for fencing but not for tubes, making it uneconomic to plant up small pockets, e.g. with productive broadleaves. There is no grant for fencing of natural regeneration, which in the worst case scenario, in the view of one respondent, means that *"people are paid vast sums to plant trees rather than let them grow the way nature intended them, probably on a site that doesn't suit them"*. There are currently no grants for pruning, which would be needed for good management of productive broadleaves. Silver birch is not on the list of species supported by the Productive Broadleaves model, although this species has established markets in places such as Deeside.

Nuances in the eligibility criteria can tip the balance between the relative viability of productive and native schemes. An example was given of a large site where the seller stipulated that the land should not be planted with Sitka. The agent encouraged the client to opt for the Productive Broadleaved option but they had to switch to Native Woodland, because the latter offered grant for up to 25% open land while the PB scheme offered only 10% which had a substantial impact on the cost benefit analysis.

The grant models are tariff-based and are suitable for small, intensive, difficult-to-establish sites, but respondents suggested that the surplus can be enormous – up to £1m – on non-intensive native schemes on estates of 1000 ha, where perhaps 700 ha is planted up, in the north-west of Scotland. Respondents took the view that these payments are clearly too high. Conversely, one respondent reported that although the grants are meant to be around 80% of standard costs in Less Favoured Areas, it might

only cover 50% depending on how the scheme is designed. There is not enough specificity in the grant system to cope with these differences.

### **The grant system is seen by many stakeholders as too complex**

In contrast to calls for more flexibility, other respondents criticised the complexity of the grant system. One agent felt that: *"Complexity and evil are synonymous... the system is way too complicated. It is a grant system that tries to please everyone."* In his view, forestry was not seen to fit well into a system of agricultural grants. SFGS was seen as worse than WGS, and SRDP was worse still. There appears to be a trade-off between simplicity and responsiveness to the specifics of individual cases, although this was not explicitly highlighted by any respondent.

Not every agent agreed that the bureaucracy surrounding the grant application process was a particular barrier to uptake of grants: *"No not really, we understand it – however they are slow to pay the money"*. In principle, farmers new to the process would struggle more than this agent did, but we encountered no example of a farmer who had applied for SRDP grants without help from an agent or advisor of some kind.

A few agents acknowledged that the range and complexity of the grants available to them is confusing:

*Because it's all done on computer, for many people it's quite hard to visualise. For me I find it very hard to see and you talk to someone who is working on it constantly and they say, 'yeah but you could get a better grant and get the same output by going down that channel because you've ticked more boxes' and that kind of knowledge, I'm not sure how prevalent that is across the forestry sector.*

### **The conditions attached to woodland creation grants may discourage investors**

Some investors have been reportedly put off by changes over recent years in the eligibility criteria of grants, with a trend towards larger percentages of the total area of the scheme to be allocated to open space and broadleaves. Recently, one agent had heard an argument that the open space around riparian zones should not count towards the open space covered by the grant: *"The ability to plant an actual crop is constantly being cut back. This can't go on because investors get fed up."*

### **Grants discourage integration of forestry and farming**

The lack of integration between the forestry and farming sectors is arguably the biggest barrier to woodland creation that seeks to meet multiple objectives on a given land holding. One agent argued that the roots of this divide are cultural and historical, and grounded in the particular legal system, taxation system and farming system in Scotland, such that it is unhelpful to make comparisons with other European regions. Despite these roots, the problem is reinforced by the structure of the SFP and the LFA subsidies:

*The current system is entrenched, and... there is nothing in this that is encouraging forestry or more integrated land management. It's very tunnelled and channelled. There isn't even a sliding scale now based on size, which WGS had – different levels of payment for different sizes of woodland to take into account higher unit costs.*

An example given by another respondent described how woodland creation can have the effect of increasing stocking densities on a farm, making them ineligible for certain payments under the SFP unless they reduce their stock numbers. This was sufficient disincentive for a farmer to abandon his plans for woodland creation.

## 4.2. The approvals process

### 4.2.1. Overview of the process

Approvals for woodland creation are administered by FCS conservancy offices. In this section we describe the process, to help understand the issues raised by respondents in the following section. We aim to give an insight into how it operates in practice (based on information from our interviews) rather than in the official guidance (see Forestry Commission 2009) and how, despite even the best efforts of the regulators and the applicants, the process can take up to two years to complete. Those familiar with the process can move directly to section 4.2.2.

#### **a) Determination and screening**

Under the Environmental Impact Assessment (Forestry) (Scotland) Regulations 1999, the first role of FCS is normally to respond to a determination enquiry submitted by a client (or more commonly their agent). A formal opinion is given on whether the scheme requires an Environmental Impact Assessment (EIA), and hence requires the consent of FCS. If consent is required, the applicant has to prepare an Environmental Statement (ES) (the main part of an EIA). In principle, if the client is more or less certain that they will not require consent, they can begin by applying immediately for an SRDP grant, but usually they approach FCS first, often quite informally.

If it looks like there may be a need for consent, FCS then screens the determination enquiry. They approach consultees (SNH, SEPA, the Local Authority, a National Park Authority if relevant, etc.) and ask them to make a judgement on the application, i.e. whether and why it needs an Environmental Statement. This consultation is agency-based, although it may involve the Community Council as well to represent local views.

Sometimes it appears so obvious to FCS that an EIA will be required that they effectively bypass the screening stage and directly inform the client that an Environmental Statement will need to be prepared.

In principle, FCS should reply within 28 days of a determination enquiry being submitted. If this rule was followed strictly, there is a risk that the need for consent would be handed out on a routine basis. Instead, most parties try to avoid this outcome



(in schemes where there is doubt about the need for consent) by dealing with specific issues separately in advance to avoid the often considerable effort required to complete an EIA, although this additional screening may take longer than 28 days.

If there is a risk of a specific negative impact in a designated area (SAC, SPA or SSSI), then the applicant will be informed that an Appropriate Assessment is required to address that particular issue (this is part of Natura 2000 legislation and not the EIA forestry regulations). If the applicant responds to the Appropriate Assessment in a satisfactory manner, then FCS can confirm that an EIA is not required. This might involve the applicant stating clearly in writing how they (or the company operating on their behalf) plan to follow the UKFS and associated guidelines on the site concerned, or address the possibility that eagles are nesting on the site.

### **b) Scoping**

When it is decided that consent is required, FCS proceed to the scoping stage. At the more challenging end of the spectrum are large productive conifer proposals from investment clients, which require EIAs to satisfy the multiple concerns of consultees. These can take up to two years to process, from the initial enquiry to the final stages of grant approval. One respondent from a conservancy office described how the applicant needs to be experienced, capable and committed, with sufficient resources, to take on schemes like these, i.e. one of the big FM companies. Once the requirement for consent is communicated to the applicant, there may be a delay while they obtain the commitment of their client to proceed with an EIA. Then FCS can start the scoping stage of the EIA.

An advertisement is then put in two newspapers, as required by the EIA process, allowing the public to raise concerns. In some cases, the applicant might also organise a drop-in day at the village hall. The statutory consultees are contacted more or less following a standard list. This is the first point at which the consultees have a formal role in the statutory process although they will have been made aware of the scheme before then, and might have already discussed it informally with FCS. FCS then prepare a scoping report clarifying the issues that need to be covered in the Environmental Statement and send it to the applicant. In complex cases, these can include multiple concerns about landscape, access, timber transport, species mix and visuals, and the presence of raptors on the site.

### **c) Environmental Statement**

Once the issues are clarified, the applicant prepares and submits an Environmental Statement report. A meeting is held at the conservancy office with the applicant, where FCS gives feedback, which is followed up with a written report sent to the applicant stating what needs to be upgraded in the ES. Meanwhile, experts in certain issues might be called upon by FCS for advice. A revised Environmental Statement is then submitted by the applicant. In complex cases it can take one year for the Environmental Statement



to be prepared that is broadly acceptable to FCS, allowing them to release it for consultation.

#### **d) Consultation**

It is then time for the formal consultation, which includes the public. The scheme is put on the public register, and advertised (e.g. on the community council website) stating that consultees have 28 days to respond to the ES. In some cases, consultees may be given an extension if necessary, because there is little to be gained by FCS rigidly adhering to the time limit if key consultees have not had sufficient time to respond properly: they could simply appeal the decision, which would extend the process even more.

In complex cases, a meeting is then organised for FCS to give feedback on the consultation to the applicant. At this point FCS might begin to respond from the point of view of an investor in the scheme (i.e. a source of grants) rather than just a regulator. This is seen to help speed up the process if, by this stage, it is clear to everyone that consent will eventually be given, by allowing FCS to explain how the design will need to be revised for grant support to be approved. FCS then provide the applicant with written feedback from the consultation and the meeting, who again revise and resubmit the Environmental Statement. FCS may consult with one or two key stakeholders before finally issuing consent.

#### **e) Consent**

FCS publish the decision in the same two newspapers that were used in the scoping stage. Everyone who made a response during the scoping or consultation stages is informed of the decision with a summary in writing of how the key concerns were addressed. The letter to the applicant carries the conditions of consent, which are designed to address unresolved issues in detail, e.g. the time for repeating surveys, or the need for a qualified archaeologist when digging is carried out. These conditions cannot be used to try and resolve issues that should have been addressed during the EIA process. They are legally enforceable when issued after an EIA process, but if issued where no EIA is required there is no legal requirement – compliance is instead dependent on good will.

#### **f) Grant approval and payment**

Up to this point, the formal process is concerned with regulatory permission. FCS is not yet an investor in the scheme. The next stage is to approve a grant application. (Once the applicant has a 'consent not required' letter they could plant it themselves without government grants and the permission this requires. Occasionally this happens, e.g. for compensatory planting where grants are not available.) Having made it this far, it is likely that a grant application will be approved for the scheme. The negotiation is over elements of the detailed design rather than whether the grant funding will be approved.

This often results in a reduction in the total area of planting, and also the area of productive planting, that is approved for grant funding.

The forecasted timber production and other economic benefits of a proposal are not taken into account by FCS during the regulatory process, which focuses instead on environmental impacts. Economic benefits receive attention during the grant approval stage. However, in practice these factors may be a consideration at the regulatory stage for other stakeholders with a remit to balance multiple objectives, for example the National Parks.

As a result of these procedures, the proposal may reduce in size considerably from the one originally proposed, with much larger proportions of broadleaves and open ground, due to archaeology, presence of raptors, or 'public interest'. All of these issues are likely to be resolved, if the client is prepared to do so, but it means less productive woodland cover, and hence less income. The trickiest issue from the applicant's perspective is often reported to be around birds: as a consequence of nesting, for example, it may only be possible to access the site at certain times of the year which can have a substantial impact on the viability of a scheme. Issues around water management are typically more straightforward, involving refinements to proposed forestry operations on the ground.

Up to this point, in complex schemes, a client could have spent around £50,000 on the approvals process. To put this in perspective, the site may have cost a few million pounds to purchase, and may eventually receive one or two million pounds in grant income. Hence, the main costs of the approvals process in such cases are not the expenses incurred direct from the approval process (e.g. preparing the ES). They are the loss in short-term income from grants, and long-term income from timber production (and hence the capital value of the site), resulting from reductions in the area of productive planting approved for grant support.

In cases where the applicant is an FM company acting on behalf of an investment client, it will probably be FCS who push the scheme towards greater diversity in order to meet a wider range of public benefits, rather than the FM company, who were described in one example as 'a bit rock and hard place'. It was suggested that FM companies sometimes submit ambitious proposals that they know will be reduced in size during the approval process, perhaps to satisfy their clients, or in the hope that it will give them more leverage during negotiations, although others suggested this strategy can be counterproductive by sending a message to consultees that the applicant is unwilling to consider the public interest.

#### 4.2.2. Issues regarding the approvals process

##### **The process is seen to be 'stacked against production'**

For big schemes of around 100 hectares, the client is either a large traditional estate or a new investor. In either case the approvals process is seen by many agents to be "stacked against production". One agent described how you have to prove that forest

creation is not going to have any negative impacts. What is needed, he argued, is a reversing of the burden of proof. Another respondent said:

*We've gone away from creating simple forestry. We've gone to a situation where everybody's got to be totally happy, and it's like wind farms, that situation is virtually an agenda for nothing to happen.*

The public attitudes to productive conifers during consultations are well known, and were reiterated by several respondents. They emphasised how afforestation in places such as the Flow Country continues to shape opinions, and the idea that native broadleaves "don't carry that baggage with them". One forester explained:

*Generally speaking, the view most professional foresters would take is that it's quite likely that the local population, if you come forward with a productive scheme, aren't going to be that keen.*

While conifer afforestation is well-known to have a negative image, one respondent said that as soon as the word 'productive' is mentioned in relation to woodland creation, regardless of whether it is broadleaves or conifers, both statutory and non-statutory consultees tended to 'tar it with the same brush'.

One agent criticised the process of public consultation, which he saw as adversarial, a 'viewing of extremes'. He felt the way public consultations are analysed is to count up the number of voices for and against and the side with the most voices wins. In his view, it makes no difference whether those voices are informed in any way. The views are only 'weighted' in the sense that the loudest voices get heard. Several respondents were happy to accept the need for consultation, as expressed by one agent: "But what's hurting it is we don't mind the debate, I fully accept that changing farmland to forestry is a very significant land use change but there are so many illogical thoughts in this..."

### **The cost, effort and uncertainty discourage investors**

Several respondents quoted a figure of around £30,000 for the cost of approvals for larger schemes. One agent described how, in the past, farmers would get permission for forestry on their land and market it with this as one of the selling points, which created a market differential. The cost of the approvals process to the applicant was much lower: "It might have cost £1K to get approval whereas these days you'll need more like £20-30K."

Referring to Argyll, one agent proposed that uncertainty around the approvals process was one of the main reasons that few parcels of open land with potential for woodland creation are coming on the market compared with 20 years ago, despite known land availability. Under WGS, landowners had more confidence to sell land knowing it would have a market in forestry.

One forest investment agent described a scheme that was a test case used by Confor to show to FC how difficult it was to get even 35 ha planted. It took around 18 months to gain approval, and involved: *"huge debates with SNH about hen harriers and all sorts of strange things, where in fact it's within 250 metres of a wind farm"*.

The same agent described the difficulty he has in attracting investors, given the uncertainty and costs involved:

*Put yourself now in a position of being an investor: "We'd like you to buy this farm please, it's going to cost a couple of million pounds, you may get a planting scheme on it, you might not, it may take 18 months, it may take two years, it might cost £25,000, it might cost £125,000 for the approval process, you may end up with a scheme that we've outlined to you here which is what we think we're trying to achieve which is a maximum productive conifer percentage, minimum broadleaves, minimum OG but it may turn out that your productive area is only 40% of the net area, so your actual cost per productive hectare will increase two or three-fold at the end of the scheme because you don't know what's coming out at the end of it, so would you like to go ahead?"! That in a nutshell is why people aren't doing it.*

Despite the uncertainty, he tries to give realistic advice to investors: *"we think there's a 40% chance of you getting approval on this; in what form it comes we've no idea"*. He went on to explain that he is not actively trying to acquire new land for commercial planting, and diverting attention to investment in existing plantations. Often the client covers the costs associated with a failed application but in some cases the agent has to pay: *"agents are finding that they've done a heap of work for a client and are not able to invoice the time out to that client because they haven't managed to deliver a scheme"*.

One agent explained how land that is unsuccessful in seeking approval for woodland creation becomes 'blighted':

*And quite often you don't buy the single farm payment allowance, the entitlements, so you're left with a piece of unentitled land which is already blighted because no-one said you could have trees on it.*

The problem is not that forestry is an unattractive investment:

*We have never known a time when there's been more money looking to come into forestry. [...] but they're not going to spend a reasonable chunk of money buying land and have it sit for two years with no idea whether they're going to get anywhere, that's not winning any Brownie points at the moment.*

### **The process is driving land managers towards native woodland schemes**

One forester stated that there are plenty of examples where the expense, uncertainty and risk associated with productive conifer schemes discourages potential applicants, and influences their decisions in favour of native schemes:

*That then leads to the perception that if you want an easy ride, your best option is to go in with native woodland because you're much more likely to have a greater degree of certainty that it will actually happen within a reasonable timeframe.*

It was pointed out that native woodland schemes may also require EIAs: *"to be fair, even when you do native woodlands now, there's always the prospect of having to do an EIA or bird survey and all that stuff".* But the process will most likely take longer for conifers: *"the whole thing could drag on longer and longer, bearing in mind for instance landscape design, when you have to go back and forth and back and forth between various experts before they agree".*

### **The uncertainty and delays were contrasted with the situation 20 years ago**

Several agents reminisced about a simpler process: *"It was not like the old days of a 1:10,000 map and you drew a line on it and send it in and 28 days later you got the approval. This [now] is a huge timescale".* Later he added: *"Yes, they might make the consultation easier but they've always said that and they never do: consultation in 2010 compared to consultation in 1980 is just chalk and cheese and are we any better for it?"*

### **Approvals are often decided by the extent to which competing interests can assert their own values, whether through evidence or political means**

Several respondents gave examples of conflicts between woodland creation and the environmental lobby. One respondent referred to an area of largely unproductive land in South Lanarkshire, which he felt was effectively regarded as a 'hen harrier reserve'. The decision appeared to come down to whether one or two hen harriers provided as much public benefit as the forests that could be established there, i.e. a valuation of the benefits of competing land use options: *"this is the classic business of the balance of ecosystem services".*

Likewise, the possibility that a site has golden eagles was seen by several foresters interviewed as an argument that is given too much weight in the approval process, backed up by the system of legal designations as much as by scientific evidence:

*There's massive areas of Ayrshire where there's just bald rolling hills that apparently are all now regarded as Special Protection Areas for eagles, because it might be eagle territory, so planting out there is... why go there? It's just a headache. So people don't want to try, because you won't get approval. You'll have the RSPB saying this might be eagle country.*

One agent observed that the evidence-base available to environmental groups is improving:

*The statutory consultees have got the resources now I think to give due diligence to applications as they come forward, and the other sad thing is of course, the wealth of information that's come to the statutory consultees from wind farm operators, on*

*vast areas of countryside now, is providing them with information on birds and things they never had a clue how to resource 20 years ago.*

There is a case for better evidence to support decisions around the impacts of woodland creation on particular values. Improved models have greatly helped all stakeholders with decisions concerning golden eagles. Similarly with landscape, one respondent suggested there is a need for more access to landscape architect skills.

### **The root cause of perceived risks and delays is seen as the underlying opposition to productive planting**

One agent noted that the problem with approvals is both the process itself, and the scale and unpredictability of the opposition to productive planting that is channelled through that process. Very strong views were expressed by several agents about the negative character of the opposition, and we have reproduced some of them here to highlight the level of frustration:

*What really depresses me as a forester is that nobody has anything positive to say about any of these schemes. We're trying to plant trees, we're not putting in industrial waste unit plans or something, we're trying to plant trees and create forests for God's sake ... I have never seen, in any pre-scoping meeting or application, anything positive from any of the consultees, I just don't, it doesn't happen.*

The frustration of private sector agents stems from the negative attitudes of consultees, still seen to be influenced by memories of forestry practice in the 1980s:

*They can't come away and say nothing, they have to say something. And its going to be negative, because nobody likes change, and nobody likes the idea [of]... ranks of conifers disappearing over the hill and so on, despite the sort of sea change in the way that industry is regulated and the amount of constraints we now have, that simply won't go away, so people are generally against it and look for a reason not to do it, rather than to support it.*

Perspectives like this suggest that the root cause of the risks and delays lies more with the opposition than with procedural aspects of the approvals process (see Section 4.4 below).



**The process is unpredictable due to unforeseen opposition**

An agent highlighted the uncertainty involved, building on an example where an eagle was discovered nesting on a site just after it was purchased (by another company):

*You can look at indicative forestry strategies, you can look at constraints plans, you can do all that sort of stuff and something will come out of left field that you didn't even know about, to scupper it or to change it so significantly that suddenly it's not commercial anymore, you've ended up with 40% broadleaf.*

Likewise, vociferous local individuals can have a substantial impact, and this is also unpredictable. As one forester explained:

*It varies and that's very, very site specific. What you'll find is it comes down to things like is there a particularly active person that lives very near that doesn't like the idea of it, in which case they'll be all over it. You might find there isn't, and therefore nobody bothers.*

In another example, a local opponent to a scheme was felt by other residents to be motivated by political ambitions as much as by genuine concern about the impacts of the proposal. The point is that the way in which local people will engage with a proposal is difficult to predict.

**The government tends to put greater weight on national level benefits than locals do**

One respondent noted that the benefits of productive woodland creation at national (and even international) level are recognised and given greater weight by government, such as timber production, maintaining the wood processing sector, rural employment and climate change. The public benefits associated with native woodlands are felt more locally and immediately, such as environment and landscape impacts: "*so its easier to square that in people's heads and it makes it more palatable as well*". He reflected that this conflict was felt across all issues of national development, i.e. what emphasis do you put on the views of local people when the benefits are largely felt at national level?

This is particularly the case for employment: several respondents made a convincing case that employment associated with forestry is around three times that of hill farming on the same unimproved land, and Confor has promoted this message. However, this is by no means a consensus. It appears that the employment effects of afforestation are contested partly because the spatial scale of impacts is not always taken into account. With reference to the Ettrick Valley, one respondent noted that:

*The sad part about that is that lots of statistics – you can get them from Confor – show that actually forestry is a bigger employer than farming. The trouble is so many people it employs come from a very long way off.*

Similarly, a farmer, encountered on a field visit to the Ettrick Valley, also pointed out that the forestry employment may be from Hawick or Selkirk, "*but it's not from right here*" in the Valley, and that is why the local primary school and other facilities have closed down.

Another agent did not support this argument:

*Forestry provides per hectare of upland forestry, I think three times the labour equivalent as upland hill farming, so it's quite useful to the economy. One of the arguments is that we don't put children into the local schools, well quite frankly 50 and 60 year old farmers don't put children into schools.*

**In a few cases, FCS can influence whether a scheme is native or productive, but this may impact negatively on the landowner**

FCS has some influence over the course of a planting scheme through the grant approval procedure. One conservancy team member explained their approach to influencing the productive/native balance on particular sites: "*We're trying to limit the size of native woodlands getting planted, there would have to be a productive element to anything getting planted over a certain size*".

From the agent's perspective, a few references were made to native woodland proposals on sites suitable for productive woodland, which were challenged by FCS. One agent pointed out that this intervention can have consequences for the landowner who may need to undergo further consultation and information gathering, and then receive less in grant surplus. He outlined the significance of these examples:

*Now that shows a few things, first of all it shows the effect that if the political will is there, they can change that woodland. The Forestry Commission said 'I want that to be productive', it became productive. The second thing that scenario shows is the consultation process can actually put owners off planting at all, he's gone through all of that, he's paid his agent thousands of pounds for nothing.*

**There is limited scope to speed up the approvals process as it currently stands**

While many respondents criticised the length and uncertainty of the approvals process, few specific proposals for streamlining it were offered. The proposed Applicants Charter, submitted to WEAG as a background paper, was not mentioned (see Section 5.2). One FCS employee, reflecting on his involvement in approvals for woodland expansion, concluded that "*you can't short-cut the process*". He added that sometimes FCS can make judgements that speed things up, for example by judging that a proposal does or does not need an EIA without consulting at the screening stage, although there is a risk that an EIA is then called by other stakeholders, or conversely turns out to have been unnecessary.

In response to criticisms from the private sector, one conservancy team member noted that typically, if there is just one issue to resolve, or the scheme is small and simple, the process is completed relatively quickly. The problems arise when there are several issues to address. Also, he highlighted that the delays occur on 'both sides':

*Very often an agent might be saying: 'It's taken 12 months'. Yes but we asked you to do that work 12 months ago. It's taken you 12 months to do the work. We haven't held out for 12 months.*

Also, the point was made that some of the evidence gathering can only happen at certain times of the year, in particular breeding bird surveys:

*If you happen to buy a property in October, you can't do a breeding birds survey until the following spring, early summer, and you've got to compile that information, start doing the design, you're already a year gone before you even start putting in the design.*

One agent suggested that if woodland creation was dealt with by the planning process it would focus the consultees' attention. The advantages to the investor would be that a clear answer is provided in a very short time:

*I think the only attraction from the planning point of view would be that there would be a rigorous timetable set on it and the consultees would have to respond by that point. If you don't respond, you've got nothing to say. That's how it should be.*

### **The speed of the process depends partly on the willingness of applicants and consultees to help provide the necessary information**

In response to private sector criticisms that the process is unacceptably slow, one FCS respondent argued: firstly, there is a reason for it all; secondly, it could speed it up a little if FCS had more staff, and thirdly, the private sector needs to accept that, as things stand, proposals must go through this process and they can help this along by being realistic in what they propose, by being better informed, and by cooperating rather than resisting. Another FCS respondent also stressed that early cooperation from applicants can speed up the process, and sometimes avoid the need for time-consuming EIAs:

*...my default position is going to be, if you can't provide me with sufficient information about this site, I'm going to have to err on the side of caution and call for a full EIA on the site because I have to take the precautionary principle... Whereas if you go away and do a lot of work and bring a lot of evidence to me, I've got good detailed assessments of these sites that lays out this information, then that might mean that the issues that I thought would be of concern sufficient to pull in EIA might not actually apply.*

Other respondents stated that it was in the interest of FCS and the applicant to avoid calling for an EIA if concerns could be addressed adequately through less formal channels that were arguably more focused on the particular issues at stake.

The ability to deliver the necessary information varies between agents. One forester felt that few independent agents will liaise with the RSPB for example unless they are from an ecological background.

A related proposal was that consultees are given more responsibility to provide evidence of the negative impacts that they claim a scheme may cause. By reversing the burden of proof, this would focus the attention of consultees on issues that genuinely matter. The approach might work best on sites already identified as 'preferred' for productive conifers in a Forestry and Woodland Strategy (FWS) that has recently been approved through its own consultation process (See Section 5.2).

### **Wind farms appear to have an easier ride through the approvals process, so why not forestry?**

A number of respondents suggested there should be a presumption in favour of certain kinds of planting. A contrast with the approval process, and political support, for wind farms was made:

*... a 50 megawatt wind farm as you know doesn't even go to the local council for consultation, it goes straight to the Scottish Government and they are almost certain to be approved. Scottish ministers have deemed that we will get these wind farm targets there by hook or by crook... Now if a presumption in favour of wind can be established and can so obviously work against huge local opposition, including the bird people and the local community council... all the people up the Ettrick Valley would be stopping woods in their tracks, but the same people that can stop a woodland in its tracks cannot stop a wind farm in its tracks because there is a presumption in favour. I rest my case.*

Other respondents were less certain that wind farms were approved with greater ease, and it was pointed out that they are also subject to EIA regulations, which represent an enormous cost, but the difference is that, unlike forestry, wind farms have such high incomes that the developers are easily able to pay for them.

### **Forestry and Woodland Strategies have become increasingly sophisticated and useful as policy guidance**

The current FWS documents, led by local authorities, are widely considered to be more sophisticated and useful than the original Indicative Forest Strategies (IFS) from the late 1980s. They operate through a spatial sifting that removes successive layers from the region to leave the areas that are suitable for particular types of woodland in particular places. It is intended to be fact-based, focusing on biophysical constraints: "*It's not just*

somebody's point of view". In some regions these documents are contentious, and/or limited to identifying opportunities rather than aspirations:

*The problem with that approach is that whilst it works to some degree, in that it basically tells you where you could plant trees, what it doesn't really explore is: 'but should you plant trees in those areas?' That is the question that's left unanswered.*

In response, the approach has been refined to address the qualitative 'should you?' part of the decision-making process, by adding a second stage which considers the specific impacts that may be caused by each of half a dozen different woodland types, and explores these questions at a sub-regional level with qualitative text that states the opportunities and constraints, and acceptable outcomes, for each forest type in each locality: "So it's giving you some sort of context to assess the proposal that comes forward, in qualitative terms rather than 'is it inside the NSA or not'".

Adoption of new sub-regional analyses, as proposed in the WEAG final report (WEAG 2012a, pp. 51ff), were seen by one FCS respondent to help make decisions on individual applications:

*I would use that in my decision-making process. It gives me a clear understanding of what the local authority's perspective is on what they want to see happening in their local area. And it's also clear to applicants as well. It's out there in the public domain.*

Importantly, they should also reduce the uncertainty from the applicant's perspective:

*... if they are complying with the guidance and the guidance suggests that the woodland type that they would like to do, like say productive conifer, is appropriate and they've demonstrated that it's addressed the restrictions within the policy guidance, there's no reason to believe that that shouldn't be acceptable.*

The respondent added that this is still theory, and it needs to be tested in practice. The guidance is seen to be sufficiently strong for FC to put the onus on individuals who object to a scheme to make their case in terms of an agreed local policy:

*... if you flip that on its head, it also means that if people aren't happy with a proposal, then they've got to relate it to the policy in some meaningful way, they've got to demonstrate what within the policy is it not complying with.*

### **Several respondents felt that FWS (or IFS) are unable to speed up approvals of individual schemes**

Criticisms of FWS came from both agents and FCS respondents. A forester from a region where sub-regional analyses have not yet been introduced suggested that an improved FWS would not help much to streamline the approvals process for the bigger schemes, which would still need to be decided on a case-by-case basis. Similarly, another respondent felt there was a risk that people get 'hung up' on them too much, given that

they are on such a big scale and are only very broad brush statements. The reality, in his view, is that there are typically sensitivities that need to be addressed within 'preferred' areas, and likewise plenty of opportunities for woodland within 'sensitive' areas.

When asked whether sub-regional analysis could contribute to decision-making, the respondent suggested: *"That's far too prescriptive; we've got to remain opportunistic"*. His point was that if a strategy document stated that the limit to productive conifer in a given catchment was 30% of land area, what would happen if a proposal was put forward that took it up to 32%? It would be looked at on its own merits, just as it would if the strategy hadn't been available. The proposal might have been an exemplar of integrated land use and it would still have been rejected.

Different people will make use of them or ignore them depending upon whether it suits their argument. One agent suggested that the FWS for the Borders was part of the evidence used to decide to invest in a large scheme in the Ettrick Valley, but the Strategy was pulled back by the local council who decided it was no longer correct. The agent's response was: *"Hold on, this is a published document, consulted on with a five year life span, we're now taking action on it and you've just pulled the rug out. Where's the logic in that?"* He felt that a decision like that needs to be debated through the consultation process: *"not just to say 'this area is no longer for forestry expansion' as a diktat"*.

### **Some agents benefit from existing online maps indicating suitability for new woodland**

The online 'Land Information Search' on the FCS website was mentioned as particularly useful for agents wishing to filter potential sites for woodland expansion, by showing designations, archaeological features, and ecological information. It was suggested by one agent that this resource was more useful than the FWS, partly because it was likely to be more up to date. It could in theory be improved, for example with soils data, although there was a risk that forestry decisions would begin to be made 'in a tick box way', with forestry expertise no longer valued such that clients are not advised properly.

Before it was available, one estate owner recalled wasting thousands of pounds of investment on an application for productive woodland creation that was eventually turned down when it was revealed to them by an NGO that it had been given a non-statutory designation as a wildlife site.

## **4.3. Advisory and outreach systems**

In previous sections, we have described the stakeholders and the incentives available to them. In this section we describe how stakeholders interact and communicate, in ways that influence the outcome of owners' decisions.



Various terms could be used for this issue: advice, extension, outreach, knowledge transfer. Current approaches favour the terminology of 'knowledge exchange' which recognises that relevant knowledge is held by a range of stakeholders, and that advice needs to be tailored to context and land managers' objectives. We imply the whole range of approaches in the following. Furthermore our use of the term 'system' is not to suggest that there is an organised and coherent approach; rather the opposite is evident.

Very little has been written about forestry advice in Scotland (or the wider UK). Agricultural extension or advisory systems receive some attention in the academic literature but we could identify nothing that explicitly aims to describe or analyse the information, advice and training available to land managers, in support of woodland creation or management. It was also not explicitly identified as an issue to be researched in this study, but emerged as a prominent constraint. We have made some effort to describe the issues in detail here, as a first step towards identifying improvements, but we highlight the need for further attention to this area, because it was not part of the central focus of the study. In part this is a result of the remit to focus on 'larger' schemes, 20 ha and over, but a number of these are on farms, and without doubt more could be achieved with more outreach and engagement.

### **It is important to understand the linkages between owners, agents, advisors and regulators**

While decisions are most immediately affected by the specific grants levels and other factors that affect cash flow, there is also a strong influence from those who are in a position to advise or influence land managers. If owners are not aware of grants, or land management options, or the benefits that might accrue, no amount of adjustment to grant levels will make a difference. So advice has a key role in the system.

Figure 1 provides an impressionistic summary of the linkages between stakeholders. The thickness of a line provides a general indication of the strength of the connection, the frequency of interaction, and perhaps also professional familiarity and trust. We believe this diagram is valuable because we have found no other representation of stakeholder interactions in the creation of productive woodland.

### **The advisory system replicates the farming/forestry split**

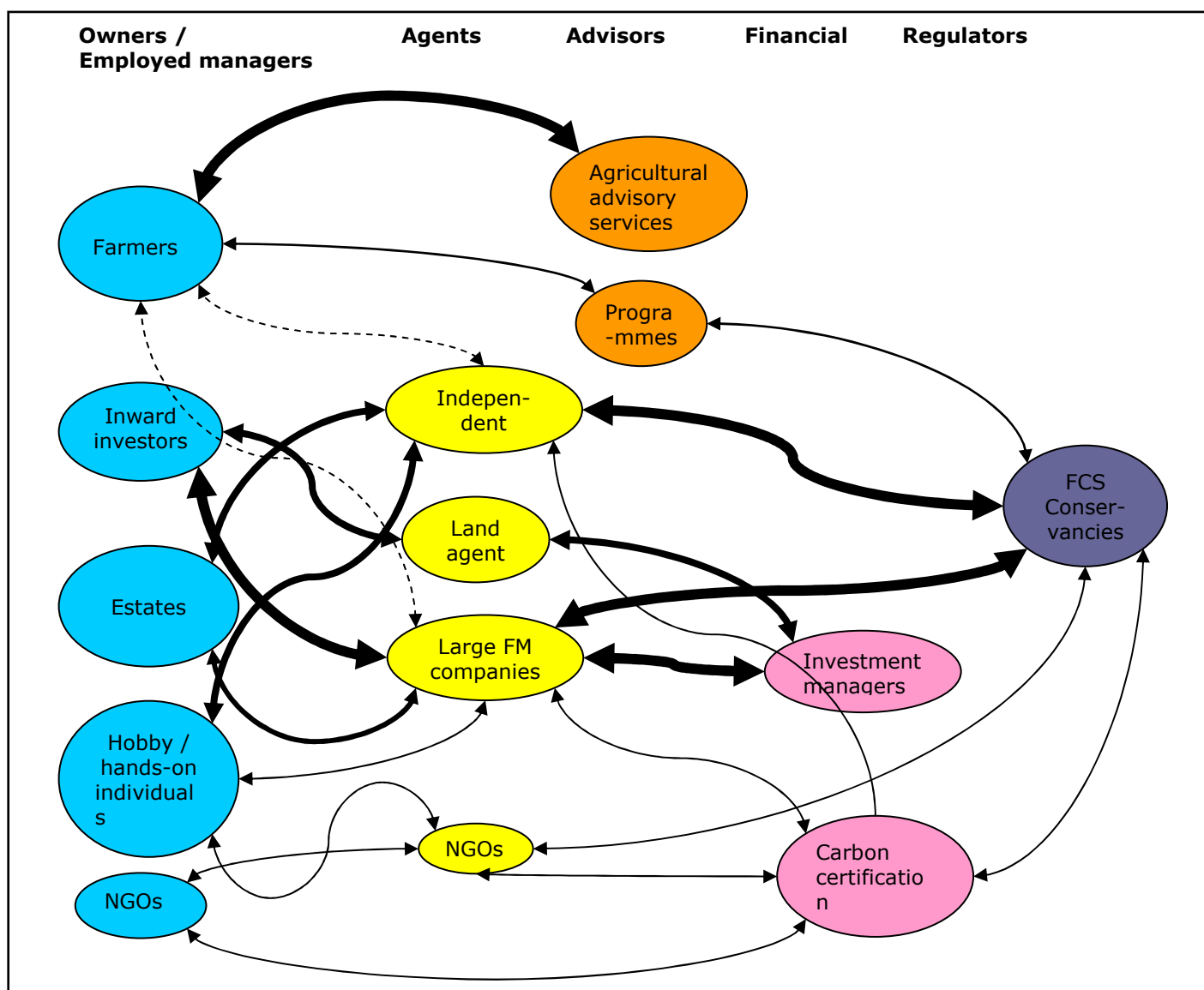
The diagram highlights the strong connections between farmers and agricultural advisory services, and between estates, investors and agents; and the relatively weak connections across these two groups. The advisory system itself replicates the farming/forestry split.

*Forestry consultants tend to come out of university or college. They may work for a while [the large FM companies], and then they go off on their own... they don't understand the [farming] business they are trying to work with.*

Similarly agricultural advisors can lack awareness of forestry options:

*I think a lot of farmers never really consider why they want a woodland, what they want the woodland for... and many of the applications are done by non-foresters and it's 'stick some trees in', 'some native woodlands in tubes, they're easy'. Nobody really says to the farmer, 'do you want shelter? Do you need shelter? What problems do you have on the farm? Can trees solve it? What about your nitrogen run off?*

Hence opportunities for promoting productive forestry among farmers are overlooked.



**Figure 1. Interactions and information flow between woodland creation stakeholders**

**Agents and advisory bodies are not always attuned to owners' objectives**

A wide variety of respondents described experiences where the agent was focused on different objectives from those of the owner. Again, this has led to missed opportunities for productive woodland. One farmer was equally critical of the agricultural consultants and the large FM company who she contacted:

*Native woodland was all that was on offer. [The agricultural consultant] never promoted [productive woodland] and I only discovered a few years ago that there was such a thing. [Company X] are used to dealing with massive big plantations and they didn't really get the picture of a small farm woodland and the shoot. And I happened to be sitting next to an independent woodland consultant at a government meeting, and he came out and he did it, and he was much more focused on the woodlands.*

In particular, in this case an opportunity for productive planting had been missed:

*The native broadleaves – it's a bit of a waste – because if it had been planted more densely then it would have been more productive and it would still have been game cover. It was 100% to do with the advice. And the advice I got from [large FM company] was rubbish. Absolute rubbish. I still feel bitter about it.*

Others agreed that agents were not always open to options which would suit both the owner and productive forestry objectives:

*I have seen in the past, that what the agent is wanting to do is not necessarily what the applicant would consider, or the owner, if he was sat down and had a chat with the owner [...] they would often say to landowners or farmers that 'you'll not get away with planting more than 2-3 acres of woodland and it has to be native because that's what the Forestry Commission wants'. Then we got involved with one of these landowners, he ended up planting about 35 hectares of broadleaf and commercial conifer, just because it's how you go about it.*

Several attributed this to a desire for an easier process: as described in previous sections, Native Woodland schemes are seen as more profitable and incurring less resistance. One respondent described: "a definite attitude that the Native Woodland scheme is a hell of a lot easier... There is a real tendency to take the line of least resistance... They [agents] tend to steer that easier route."

Another agent expressed a similar point:

*If it was in an area where getting approval for productive conifers would be difficult, problematical, a bit of a hassle, a long drawn out process because there's resistance to big areas of production... or whatever, there might have to be a huge amount of complicated landscaping, there might be more influence to say 'let's just go for a nice native woodland because... everyone loves it'.*

**Estate owners sometimes have difficulty finding the advisory relationship they want**

Estate owners are more familiar with the need to find advice for a range of land uses and so it is notable that several also indicated difficulties with finding what they wanted:

*We started with one chap from [large FM company] who was very much a Sitka large block sort of person and he was then moved onto other duties. [...] I've got a feeling I talk too much about trees and oaks and little things and tidying up after himself and I think that's not really what he wanted to hear, so I've now got a colleague of his who, when he first came to look round, had a big smile on his face and said 'this is why we went to college', I thought 'you're the right man for the job'.*

An independent agent described how estates often prefer his small-scale approach to that of some large companies:

*I tend to take over a lot of estates that were traditionally managed by [large FM companies]. They show no interest in things like that, too complicated and they can't be bothered, they want big scale planting of Sitka Spruce or whatever. ... I would say there's still a temptation to go for a one size fits all... in and out quite quickly, that's how they make their margin.*

**The SRDP is so complicated that owners are forced to rely on agents**

This tendency to 'steer' is compounded by the fact that agents are in an influential position partly due to their knowledge of the bureaucracy:

*From the applicant's point of view it's a one-off. When they delve into SRDP it's poorly set up. [The SRDP website] is really difficult to follow. [For] large scale schemes, the owner is almost forced into taking on an agent to get an application approved. So agents are automatically steering it.*

*The Forestry Commission has been badly let down by the SRDP because the SRDP is so complicated that people had to get consultants in to do it and those consultants were not promoting the forestry.*

**The agricultural advisory system is constrained by lack of resources, and for forestry expertise in particular**

A general level of discontent was expressed about the measures in place to provide advisory support to the SRDP as a whole. One respondent claimed: "They're all fed up with it." Several respondents felt that it would be valuable to increase the role of forestry within agricultural advisory bodies. Notwithstanding the excellent work of one forester, one respondent said: "the whole of that SRDP programme has been run without... expertise in forestry and woodlands."

The situation was compared with former FWAG groups, with higher levels of staffing by people from the rural farming community. This was felt to function better: *"they knew each other so there was a link"*. Outreach workers felt constrained by current levels of bureaucracy, unable for example to obtain a mailing list of current participants in SRDP woodland creation schemes so unable to contact them through mailings.

### **The Scottish Government funds advisory programmes for farm woodlands through existing organisations**

A number of programmes provide support to farm woodland interests and could be developed further as outreach channels for more productive forestry. In no particular order, those which were mentioned during our research include the following.

1. SAC Consulting is funded by the Scottish Government to deliver "one-to-many" advisory services, through seminars. It is funded by the Scottish Government and the Forestry Commission to provide an Advisory Activity Programme, and produce Farm Woodland News, a magazine distributed to all participants in the Farm Woodland Scheme.
2. The Woodland Trust was funded by the Central Scotland Development Trust to promote the Central Scotland Mixed Woodland option to land managers. Part of the work was subcontracted to an independent forestry agent working in the central belt.
3. Seminars are run by the Soil Association, funded by the Scottish Government, as part of the Future Proofing Scotland's Farming programme<sup>2</sup>. Of a total of 23 events over three years, three have a woodland focus. Those held to date have focused on site choice, tree care, timber extraction, and follows up with information packs. They pull together expertise from a wide network: for example, one included hardwood sawmillers, staff from Farming for a Better Climate, carbon experts, biomass renewables experts, FC staff to discuss tending and thinning broadleaves, and a booklet about managing small woodlands, put together by the Crofting Association to provide "really practical information". One organiser noted that the woodland events have been particularly popular: *"This is what farmers are wanting. Our woodland events are really popular, people travel from as far as Ayrshire. We could do more of them."*
4. Tweed Forum is an NGO funded by SNH among other agencies. They see themselves as an honest broker, which acts as an intermediary between the agencies and land managers. Their achievements contribute to Water Framework Directive strategic objectives, SNH biodiversity objectives, Forestry Commission woodland objectives, and local authority objectives. Their advice and support has resulted in the creation of woodlands that are usually smaller than those of interest to this study, although some are of 30-40 hectares. There appears to be good potential for building on the successes described in the next section.

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<sup>2</sup> <http://www.soilassociation.org/innovativefarming/futureproofingscotlandsfarming>

## NGOs have a distinct role as advisors

The focus of this study was larger woodland schemes, but it became clear that NGOs have an important role as advisors and even sometimes agents or contracted managers, for small to medium sized woodlands. These might be on farms, or on land belonging to NGOs or the new 'hands-on' landowners described in Section 3.1.3 above. Among others, both the Woodland Trust Scotland, and the Borders Forest Trust have taken on outreach roles, encouraging farmers to consider woodland creation. They do not aim to compete with commercial agents, and often withdraw from the process once a farmer has decided to apply for a grant. Both of these organisations, but not all, focus on native tree species.

## Factors were identified which influence the success of outreach programmes

The five people interviewed with experience of outreach programmes all felt that they reach farmers who would not otherwise be engaged. Reasons for this include:

1. Proactive approach: *"My feeling is that's absolutely crucial to our success – [the fact] that we're proactive in engaging land managers".*
2. Free advice: *"because we don't have to charge the land managers and farmers, we can go in and try and persuade them to do things they wouldn't normally do".*
3. Direct personal contact: *"If you walk onto a farm, you can get an immediate sense of what's happening. It's a matter of building the relationship, getting a bit of trust going and I can talk about things that have happened in the past as well."*
4. Local knowledge: *"[The] layer of information that's really missing is what is in [my colleague's] head... it's the social network, who's up for it, who's not, what's been done where, who's married to who, who's fallen out with who and that's the way things work."*
5. Seminars which include woodland topics on the back of other more attractive themes. Given farmers' generally low interest in trees, single-topic seminars are not attractive.
6. An approach which is rooted in farmers' needs and objectives. One respondent described why a seminar programme was so successful: *"It's the way she listens to 'what it is that you want?' and she gets feedback... She is reaching farmers all across Scotland."* A respondent involved in outreach described the approach she uses: *"If planting shelter belts is all they want to do it still makes a difference, it's like anything, encourage them to do what they want to do and you get a wee bit further down the line".*
7. Working through trusted intermediaries. For example, farmers rely on machinery rings, and have longstanding experience of the social networks involved. One respondent reported how the managing director of the Tayforth Machinery Ring in



Perthshire was interested in promoting woodland management and woodland expansion amongst his members. A quick survey elicited a 24% return, of which 44% indicated interest in planting new woodlands. He elaborated on how the trust develops:

*What we have with the machinery rings is a significant level of trust and credibility with the farmers, because if you need a fuel combine next week, you phone the machinery and that combine will be there at 6.00am on Tuesday, ready to get started.*

### **There is demand for a stronger role for FCS in the provision of advice**

Owners and advisors indicated that they would welcome more input from FCS conservancy staff:

*RPID don't care, RPID sees itself as policing agricultural regulations. Forestry Commission I think do care more but it's only going to work when it actually comes down to the Woodland Officer who's assessing the application, who has the time to care, to go back to a farmer and say 'Look, what's your objective? Do you have an objective for this woodland? Have you considered planting there for this benefit rather than that?'*

Nevertheless, not everyone sees FC staff as well-prepared for this role:

*What the Forestry Commission have been very poor at in the past is engaging with farmers because I think that farmers see Forestry Commission as part of Scottish Government, therefore officialdom, therefore arm's length approach... a lot of the woodland officers don't necessarily understand farming... so there's a credibility issue surrounding farmers and forestry.*

These views had their mirror image in those expressed by FC and others about agents' knowledge of forestry, especially those with an agriculture background. The removal of Woodland Officers from an advisory role has contributed to a situation where many SRDP woodland creation grant schemes are prepared by agents who lack training in forestry, as explained by one FCS employee:

*[Woodland Officers] spend a lot of time guiding [such non-specialist] applicants. It depends on the applicant and their motivation – they are trying to ensure that they put forward a case that will get them an SRDP contract, and some options are easier to deliver or understand than others. Some applicants... are not as confident ... [Woodland Officers] can't work directly with them any more to help build a case, pointing out possible silvicultural operations [or] appropriate species to inform the design. Some enquiries are from people who just want to know what to do and who to call to get it done. [Woodland Officers] have expertise and are at times restricted in how to use it.*

**FC staff are resource-constrained which impacts on perceptions of their expertise**

The recognition that more input and communication with the FC would be beneficial is countered by a widespread acknowledgement (from both public and private sectors) that resources are stretched:

*Just look at them now, perhaps overworked, [they] say 'yeah that's okay, it meets the rules, we'll pass it' and so people no longer have the contact directly with the Forestry Commission to discuss proposals, it all goes through an agent.*

*Woodland Officers already have lots of applications, and have much to do that isn't woodland creation – so doing [outreach and advocacy] would lead to trouble from their bosses.*

Some were less willing to allow excuses to be made, for example one agent said:

*When I started at university in forestry, in those days the Commission were at the pinnacle... But now - I had one [scheme] north of Stirling and the officer who looked after it was in Lanark! I eventually phoned the guy, [he'd] never actually been there. Come on! It's kind of gone to the point where in terms of practice on the ground, the Commission are... derided by a lot of the private sector... I dare say because they're short staffed and they don't have the expertise anymore.*

**The new regulatory role of FCS under SRDP is not understood or welcomed by all stakeholders**

The previous comments suggest some confusion about the role of Woodland Officers. While formerly they had an explicit role in advising, supporting and shaping applications, with the advent of the SRDP the role of conservancy staff was redefined to introduce a strict separation of advisory and regulatory roles. A number of private sector respondents felt that this change was regrettable. One NGO representative noted:

*Many people I talk to about this say it's a real shame that they now have this regulatory role, and they are not meant to be promoting or encouraging [woodland creation]. Its carrot versus stick, and they are now more on the 'stick' side.*

He observed that in practice there are different interpretations of this policy in different conservancies, but nevertheless, in general there is a perception that a Woodland Officer has a rule book in front of them in their office. Exceptions include two FCS Development Officers whose role is to develop, create, and work with groups and NGOs. This was welcomed by one respondent who works closely with farmers:

*[They] have been absolutely tremendous. At events, standing up and saying you can just pick up the phone – they are fantastic – really approachable. But does everyone know they can just pick up the phone and talk to the Forestry Commission? They talk to farmers and farmers like talking to them!*

**There is a need to understand better which media reach landowners, managers and agents**

A number of outreach and NGO staff commented on the use of mail shots and traditional media:

*... there's too much passive advice out there, loads of leaflets coming through their door, they just don't work, you've really got to go out there and proactively facilitate things if you want things to happen.*

One respondent contrasted this 'passive' approach with the success of practical training events, referring for example to one event entitled: "Trees a valuable resource - woodland management and biomass: A practical day with trees from planting to pruning and processing." The respondent explained: "Our events are billed as very practical. We're trying to sell it as a crop, something they maybe have on their farm and don't know what to do with it, how to best manage it." Good press coverage was also seen as valuable in supporting such events.

SAC Consulting issues Farm Woodland News, which is sent out to about 3000 farmers and 250 other land managers, agents, forestry companies, RPID staff and FCS officers. Produced twice yearly, it covers forestry topics which are relevant to farm woodland: latest developments with the grant schemes, tree breeding, practical silviculture, and other practical tips.

SAC Consulting also organises farm walks, looking at forestry and conservation activities on the farm, often combined with short presentations. These are widely advertised, including in the local media. The number of people attending each event is typically around 15 but sometimes up to 30. This is contrasted with beef days organised by SAC where 100 farmers can turn up. The attitude among farmers to the forestry events was reported as "we might go to that if we've got time" because it's not their core activity.

Practical events of this kind are regarded as effective, even if they are not high priority for farmers. However, we did not find any evidence for the impact on farmers' attitudes and behaviour from less hands-on forms of engagement.

**There is scope to increase 'learning from success'**

Several respondents agreed that having a good example on the ground was the best basis for outreach. Specific examples mentioned by respondents are included in Box 1.

**Box 1. Examples of successful outreach highlighted by respondents**

**Monitor Farms** The programme of Monitor Farms encourages those with farms typical of their local area to open their business to the local community, including farmers, veterinary surgeons, and bank managers in order to share knowledge on best practice through a combination of open days and meetings, to benefit the individual farm and the wider community. "The Programme operates as a Scotland-wide network of livestock, pig, dairy and arable farms, led by farmers, for farmers, to help improve productivity and farm business profitability. The concept, adopted from New Zealand, allows farmers to share experiences, find out how others have tackled problems, and adopt best practice. The emphasis is strongly on practical farming and good business decisions rather than theory." <http://www.saos.coop/what-we-do/monitor-farms/>. There are examples of woodland creation in Scotland which could be networked and used as the focus of seminars, in the same way as the Monitor Farms. It was suggested that a scheme called 'Monitor Forests' could build on the success of this approach.

**The Pontbren Group** is a group of 10 neighbouring small farmers and their families living in Wales. "The group is committed to farming at the highest possible standards of environmental management and animal welfare. They have invested a great deal of time considering the future of their farming enterprises and have identified a number of changes which they can make, individually and collectively, to improve their lot." <http://www.pontbrenfarmers.co.uk/index.html>

**Ringlink Scotland** is the UK's largest business ring currently with more than 2700 members. "As a co-operative, the business is owned by its members and revolves around the supply and demand of goods and services between its members. Established in 1988 the Ring has seen significant growth progressing from a company focusing entirely on agriculture into a diverse business which now includes haulage, construction, and forestry together with a variety of other business activities. Ringlink are focussed on providing solutions to its members in a variety of ways including: Agricultural Contracting; Provision of Labour; Commodity Supply." <http://www.ringlinkscotland.co.uk/>

**Ward Forester** is a partnership project of the Sylva Foundation, Silvanus Trust, Trees & Land CIC, Devon County Council and FC England. It focuses on Devon where it assists woodland owners in getting access to a professional forester to manage their woodlands in a cost effective way. "To improve the productivity of small woodlands Ward Forester maps clusters of woodlands under different ownership (wards), and brokers the placement of a professional forester with responsibility for finding best offers for any type of woodland operation." <http://www.wardforester.co.uk/>

**Stakeholders welcomed more integrated advice, but also identified the need for a fundamental change in culture and education**

As a number of earlier comments indicate, there was widespread agreement among independent agents and outreach staff that a more integrated land use culture would be desirable. Because the current split in advisory systems and cultures is underpinned by education, it is not just a question of changes in delivery:

*I think it's bigger even than [advisory systems]. It's more about the kind of educational system for people that get into these sectors and the fact that you're not getting effective guidance at that sort of level for people who are out in the field.*

Arguably, the task of creating a new culture of integrated land use needs to begin with the education system. As the links between land use stakeholders develop (through the kinds of initiatives described above), it may become easier for farmers and foresters to reach out beyond their current networks, and adopt new approaches, without fear of losing their livelihoods (as individual land managers) or their authority and influence (as experts and as a political lobby).

## 4.4. Leadership and policy

The fourth group of issues - leadership and policy - cuts across the other three issues detailed in previous sections. Responses indicated that it has a particular bearing on the approvals process, and the extent to which the industry in general, and FCS in particular, are willing or able to stand up to opposition from non-forestry interests.

Few respondents suggested specific ways in which the approvals process could be made simpler and more certain, and, as highlighted in Section 4.2, discussions tended to reveal that the problem lay less with the process itself than with the underlying opposition to productive woodland creation from consultees and local residents, and the risks attached to that. Several respondents argued that the government at all levels needed to be considerably more assertive in championing the cause of productive forestry, and hence show support and commitment to its own policy. As one agent put it: *"there is not enough 'banging on tables' by FC"*.

**Forestry is the only land use with a national strategy, and yet politicians and government are not demonstrating their commitment to it**

Several respondents pointed out that forestry is the only land use with its own strategy, which was widely consulted on and signed up to, yet its aspirations for woodland creation have not been pursued seriously. Some asserted that WEAG had in fact weakened the sector by changing the target from 25% of land cover to 10,000 ha a year. One agent asserted, *"with WEAG, they backed down entirely"*. He argued that if the government aspirations are to be met, then woodland creation has to happen

somewhere, and it will definitely impact on some people, so the government needs to be transparent about this. Similarly, another agent said:

*And yet we supposedly have a government strategy that says we're to achieve it and there's nothing coming down from the minister or his advisor, who happens to be the Commission... [saying] 'come on guys, this is what we need, we've got a target to meet'".*

The strength of feeling within the private forestry sector was expressed very clearly. One agent, referring again to the letters page in the Scottish Farmer, pointed to the anti-forestry attitude:

*Nobody is standing up to this and contradicting it. WEAG is a case in point. It was great, but it is basically saying 'we have these targets to plant forest – but, they are subject to these 24 recommendations'.*

His analysis was that well-known disreputable and cynical practices in the past, coupled with the threat of privatisation of the FC in the 1980s, led to a greater focus on access issues and non-market benefits: *"The result is that we have a terribly sensitive industry which has been criticised for 30 years."* He pointed to FC's Forest Life magazine, commenting that it rarely features stories about timber production. *"We need to send out the strong positive message that forestry produces a green sustainable product... forestry has the best story to tell, so why isn't it being told?"*

A lack of political support for existing national planting targets was raised by several other respondents. One agent said:

*... it's always struck me as ironic that we have a Scottish Forestry Strategy, we have these targets for hectares, percentages of productive, been repeated by the last four administrations and about eight ministers have all re-endorsed these targets. We don't have targets for black face sheep or any other crop; we don't have targets for hen harriers either. We have a target for forestry and we have a ministerial situation where to my reading, you can quote me anywhere on this, ministers are not prepared to stand up and back their own targets and say, 'No, we have decided there is to be 25% woodland cover, 60% of the new woods are to be productive, therefore this is going productive'.*

### **The forestry sector is not strong enough to compete against the farming lobby**

FC are reported to take the view that it is the job of Confor, and other proponents of the industry, to promote their position locally as well as nationally: *"[They] have got to go out there and persuade the local authority that they should come down in favour of woodland"*. One respondent argued:



*Now in all reality, that's never going to happen because we are not a strong enough lobby and the farmers will nearly always tend to win, if it comes down to a straight argument between a sheep farm and a forest.*

Another agent highlighted the difficulty in promoting forestry because the sector has relatively few resources:

*[Confor is] so badly underfunded, so our collective voice is silenced by the fact we can't cover all these articles that appear in the paper, we can't respond to them properly, we don't have a high enough profile.*

One respondent placed much of the responsibility on the Forestry Commission:

*Their job and their focus, I thought, was not only to regulate but to promote forestry. I've seen lots of regulation, I've seen no promotion. I don't see them getting in the position and saying, 'That scheme's a fantastic scheme, that's exactly what we're looking for. We're going to support you on that.' What they do say is 'Oh, I don't know, SNH aren't going to like that. What do you think SNH?' They're a post-box.*

### **There were contrasting views on the role of woodland creation targets**

One respondent argued that there has been a policy decision not to localise woodland creation targets, which are applied only at national level (and more as an aspiration rather than a target), and this has weakened their value as tools to assert the case for forestry during local consultations:

*The south of Scotland ought to have very high targets for productive forestry and areas of the Highlands ought to have very low targets but what happens is, an individual council says '60%, okay we'll see if we can get anywhere near [that]'.*

In his view this means that during consultations, FCS is unable to say: "No – *this is the target for this area and therefore your desire for whatnot is overridden by the governmental desire for forestry within this area,*" which would be harder for opponents to challenge.

In contrast, from a conservancy perspective, decisions on individual schemes are to be considered on their merits, and not driven by targets. In this respect, the roles of FC staff can be confused by outsiders. One regulator summarised his need to distance himself from policy: "*The FC is both champion and regulator – but it's not my role to be champion. My role isn't to reinvent, challenge or explore policy.*"

**Many agents were angered by the recent purchase of agricultural land by FCS, followed by the release of draft policy seen to restrict private sector woodland creation on farms**

Several agents gave similar critical accounts of the impacts of recent purchases of agricultural land by FCS, revealing their frustration with the Commission's lack of support for private sector planting:

*The other new one that's come out of the woodwork... is a problem that's been caused by Forestry Commission Scotland stirring up farmers, NFU in particular. They've been buying aggressively in areas they should not be planting trees, which is really good high quality arable land in Aberdeenshire... they've upset the farmers not surprisingly.*

He saw this as a self-induced problem that the Commission have placed on the industry generally:

*... no-one in their right mind in the private sector will be looking at the type of ground they're planting, you can't afford it, agricultural prices, £10-12,000 per acre for the better quality material, you shouldn't even be going there, and yet they are.*

These events were followed by the release of draft policy requiring the impacts of woodland creation on farms to be assessed by private sector applicants. The response was very critical: *"the open paragraph [in a previous draft said] something like 'tree planting can be detrimental to the local economy and environment'. How negative is that?"* The policy, if implemented, was seen to impose another layer of bureaucracy on proposed schemes, increasing the uncertainty and cost but it would not help a conservator to make a decision. Similar accounts were given by other agents. These events have reportedly reduced the willingness of politicians to champion forestry.

**Support for woodland creation in Scotland could be improved if existing woodlands were managed better**

A more general point regarding the need for leadership and vision in the forestry sector was made by one agent, who felt that we needed to 'tidy up our own shop window' before public attitudes were likely to improve, and hence also support for productive woodland:

*We're not maintaining and maximising the potential of our existing woods. If we were a nation of people who were so proud of our existing woods and if we poured our resources into them and they were all pristine, then we could say 'look at our back yard, why don't you let us do more?' To most people, our existing woods are a shambles.*

His point raises issues that go well beyond the remit of this study, but it is worth noting its relevance to the problem of productive woodland expansion: *"there's no easy way*

*forward to expand forestry at this point in time, in this country, until we start more carefully to look after the existing woodlands”.*

## 5. Options

As with the issues sections given above, we have organised the options according to the four themes, whilst recognising that they are interconnected: grants and incentives, the approvals process, advisory and extension systems, and political support and leadership.

### 5.1. Options for grants and incentives

These proposals were raised by interviewees during the study, and are focused on options that could work within the framework of EU funding through SRDP.

#### 5.1.1. Revise the levels of grants for productive and native schemes

The most obvious and consistent message from respondents was that the grant levels are currently more attractive for native woodlands than for productive conifers, typically with a difference in the Initial Planting Payment of around £860/ha. This was seen to be a large part of the explanation for the expansion of native woodland in recent years. In some cases, the differential has driven land managers towards native woodland on sites that were suitable for production, and it was asserted by respondents that a rebalancing of grant levels would have caused a proportion of them to shift to productive schemes. It is beyond the scope of this study to recommend what the new levels should be, and how they would be applied: suggestions included payment of an Initial Planting Payment that covered 100% of establishment costs, and increases in Maintenance Payments.

The impact would be felt particularly on farms and estates managed for multiple objectives (where the decision about whether to opt for productive or native woodland is more readily influenced by the prospect of a grant surplus in the short-term) than on sites purchased by long-term investors, for whom the case for production has already been made, even at the current grant levels.

FCS have recently sought to address the balance between the popularity of native and productive schemes by placing a cap on the area that can be approved under the Native Woodland and Central Scotland Mixed Woodland options, thereby limiting the amount of grant and Farmland Premium that is paid out. While this is an understandable and perhaps necessary response to the declining level of funding available for woodland creation under the current SRDP round, we did not find evidence that this measure has encouraged land managers to apply for productive options instead.

In terms of overcoming the native/productive divide, there are already options under SRDP which seek to combine the two extremes, or find a middle way. As shown in Tables 1 and 2, uptake of the Productive Broadleaved model has been low, and some

respondents questioned whether it would be a good use of public money to establish more productive broadleaves by increasing the grant levels because normally they require better quality sites and would therefore compete with agriculture. Uptake of the Conifer/Broadleaved Woodland model has been more successful. Such models which combine broadleaves and conifers were said to be acceptable to some environmental consultees, allowing them to support woodland creation proposals on sites where they would normally be opposed.

### 5.1.2. Develop a grant system that responds to specific circumstances, but is also easy to administer

Many respondents were critical either of the complexity of SRDP, or its lack of complexity. Thus, some asserted that SRDP has become too bureaucratic by trying (and failing) to please everyone. Others criticised a 'one size fits all' approach, and pointed to the inability of SRDP to respond to regional and silvicultural contexts, leading to perverse outcomes such as the excessive grant surpluses available for Native Woodland schemes in parts of the Scottish Highlands. This tension cannot be fully resolved to all stakeholders' satisfaction. Finding the right balance will require close attention to the opinions and experience of those who deliver SRDP on the ground.

A number of specific recommendations were made by respondents:

- Reimburse actual establishment costs rather than apply a standard cost approach, to avoid a situation where the cost of a fence, for example, varies depending on where it is located on a hillside.
- Reintroduce a sliding scale, with levels of payment linked to the size of woodland, to reflect differences in establishment costs.
- Expand species choice for inclusion within the productive schemes, particularly birch within the Productive Broadleaved option. The limited number of species permissible for this model was reported to have inhibited grant uptake. Similarly, potential biomass options were advocated, notably *Nothofagus*, *Eucalyptus*, red alder and birch.
- Introduce grants for the use of tubes instead of fencing to make it more viable to establish small areas of woodland, including small stands of productive broadleaves, and introduce grants for pruning, which could also encourage more PB schemes.
- Target grants to particular site types and geographical regions, e.g. with locational premiums. The Challenge Funds under the SWGS were widely considered very effective ways to promote productive woodland creation in certain priority regions. There may be scope for using Forestry and Woodland Strategies as a means to target areas particularly suited to productive schemes in the same way that opportunity mapping has been used to target sites for forest habitat networks.

### 5.1.3. Address the bureaucratic problems with SRDP, especially relating to prompt payment of grants

The problem of delays in payments, sometimes by several months, was raised by several respondents. The cost may be carried by farmers, or if it is an agent or FM company the landowner may be charged interest while waiting for the payment to come through. This situation is reportedly discouraging some land managers from applying for woodland creation grants.

The extent to which this problem can be tackled by FCS was not a focus of this research. However, specific suggestions were raised, which might be resolvable, including the prospect of paying upfront for establishment costs, or separating the reimbursement of costs for operations that occur at different times of the year, e.g. fencing, which is carried out in the summer, and planting in winter. Since around 60% of the cost of a new scheme can be fencing, this is a significant problem for farmers who cannot bankroll the sums involved. Respondents pointed to other government agencies which reportedly reimburse interim claims and ensure that claimants have *"got the money in the bank so you can pay the contractor – and that would help a great deal"*.

### 5.1.4. Revise the Woodland Carbon Code so that carbon finance supports commercial planting

Agents are increasingly seeking carbon finance as a means to tip the balance in the financial viability of woodland creation schemes. The Woodland Carbon Code provides a standard method for calculations of the net carbon balance resulting from a scheme (Forestry Commission 2013). The approach was reported to score the majority of native woodland schemes more highly than productive conifer schemes, because currently it does not include carbon that is sequestered in timber and removed from the site, and in roots and stumps left on site after harvesting. If these additional factors were included in the calculation, then carbon finance would have the potential to make a substantial difference to levels of productive woodland creation.

Carbon finance is part of the emerging financial sector of 'impact investment' whereby organisations invest in social and environmental schemes typically to improve their own record of corporate social responsibility. Efforts are being made to develop similar markets for other ecosystem services, such as biodiversity and landscape, although such initiatives are also likely to increase the incentives for native woodland creation rather than productive conifers.

### 5.1.5. Other suggestions

Some respondents referred to the strong fiscal incentives for productive planting prior to the removal of Schedule D tax relief in 1988 and suggested that similar incentives would have a similar impact if reintroduced (e.g. tax relief on the cost of establishment, instead

of income tax on timber production, in line with other types of business). Politically this is unlikely to be a realistic option.

## 5.2. Options for the approvals process

The overall problem was stated clearly by our respondents: there is a need to improve the predictability and efficiency of the approvals process, because it is discouraging investment in productive woodland creation. Responses revealed the high level of frustration across the private sector with the current situation, although most of the suggestions put forward concerned the need for stronger champions for the sector (discussed in Section 5.4) rather than details of the process itself.

### 5.2.1. Establish agreed timeframes for each step in the process, so long as this does not lead to unnecessary EIA determinations

Progress has already been made by Confor to address private sector concerns with the approvals process, particularly for productive conifer schemes, through preparation of a draft Applicants Charter, submitted to FCS as a WEAG paper in 2012 (Confor 2012). This document identifies the steps in the screening, scoping and consultation process, proposing acceptable time limits for FCS and the applicant to respond. If implemented, our research indicates that these proposals would make a difference, although, with complex schemes involving multiple issues, the savings in time may be relatively small compared with the time required by the applicant to complete the necessary surveys, often at certain times of the year, and prepare an acceptable Environmental Statement.

The draft Charter notes that in practice there is sometimes a blurring of the screening and scoping stages, such that the screening stage fails to inform a clear decision by FCS, thereby extending the process unnecessarily. The focus, they argue, should be on the main scoping meeting. Similarly, after the scoping stage, there should be a limit to the time spent by FCS in making an EIA determination. While these proposals will help speed up decision-making, our respondents indicated that there is a risk that FCS would be forced to make an EIA determination based on incomplete information and limited consultation, and hence issue unnecessary requests for EIAs, which could have been avoided by spending time to address specific issues instead. Conversely, FCS could decide an EIA is not necessary, only to have consultees object to the decision at a later date.

According to regulators, the process could sometimes be speeded up if the applicant (or the client) submits proposals from the start that are closer to those likely to be approved, and provides the necessary evidence in good time. The ability to make such a judgement depends partly on the experience of the applicant. However, while this may lead more quickly to a consensus, it would not help remove the unpredictability from the process, stemming for example from unexpectedly strong opposition from local residents, or discovery of birds of prey nesting on the site.



### 5.2.2. Give FCS greater power to support schemes in 'preferred' areas through improved evidence, planning and guidance

Some respondents suggested that there might be a case for a system that places more responsibility with consultees for providing the evidence needed to make a judgement on a proposal. The aim would not necessarily be to transfer the cost of approval away from the applicant; it would be to ensure that problems with a scheme are not seen to be raised unnecessarily by consultees, and are restricted to genuine concerns.

This shift in the burden of proof could be backed up by improved Forestry and Woodland Strategies (FWS), or more detailed sub-regional analyses, which have been agreed by statutory consultees through their own consultation process and have become local authority policy. Use of FWS could support a situation where there is more of a 'presumption to plant' on sites that are already identified in FWS as 'preferred' for productive woodland creation. Opponents to schemes in 'preferred' areas would need to cover or share the burden of providing the necessary evidence.

Related to this suggestion, as part of the FWS process, the relevance and impact of national planting targets could be increased at the local level by incorporating regional aspirations which make explicit each region's contribution to the national vision of 10,000 ha of new planting per year. If this vision is realistic, and if 60% of new planting is to be productive, southern Scotland will need to accept a much greater share than the Highlands. Clearer statements on the desired levels of productive woodland in each region would inform the negotiations between stakeholders when an FWS is prepared, and when individual schemes are approved. This suggestion appears to be compatible with the logic behind the proposed sub-regional analyses (WEAG 2012a, pp. 51ff).

Greater use of FWS, and/or sub-catchment analyses, with clearer aspirations at regional and local level, could be supported by guidelines that provide clearer criteria on the situations when certain types of schemes should be supported. In doing so, FCS might be in a stronger position to stand up for a scheme that is opposed by consultees, and/or negotiate a higher proportion of productive woodland within the detailed design.

This could follow the lead of Scottish Borders Council, which produced a 'Technical Advice Note' that now accompanies the Scottish Borders Woodland Strategy. It is designed to increase the confidence of potential applicants and guide them in making suitable proposals (Scottish Borders Council 2012). An evaluation of the effectiveness of this approach could help to inform its adoption across other local authority areas.

Respondents from FCS reported that research has a significant role to play in improving the tools available to all stakeholders to assess proposals, e.g. models to assess impacts of changes in forest cover on eagle populations. These can provide an agreed scientific basis to underpin negotiations between consultees, FCS and the applicant.

## 5.3. Options for advisory and outreach systems

Section 4.3 described how the advisory and outreach systems replicate the farming/forestry split. The challenge of integrating the two cultures requires intervention at various levels, from the education of future land managers to institutional changes in the provision of advice, and by practical interventions such as demonstration farms and seminars.

As noted above, the relevance of the advisory system depends on attitudes adopted towards the importance of farm forestry for delivering policy objectives. However a significant part of the status quo is maintained by the de facto advisory system; characteristics of the system interact with available grants and incentives, and the approvals process, and need to change together.

### 5.3.1. Invest in knowledge exchange

Advice, training, education, seminars and stakeholder engagement all cost money. The cheapest forms of 'knowledge transfer' do not appear to be the most effective. Respondents highlighted the need for proactive approaches with land managers, which include an understanding of their objectives and constraints, instead of relying on passive media such as leaflets and websites. They argued the case for more support and funding, as well as smarter use of existing communication channels and relationships.

There is a demand for many more advisors who can bridge the gap between the two communities and professions: farm advisors who are more aware of forestry and the woodland grant options, and woodland advisors with an agricultural background who can speak to and gain the trust of farmers. All of this requires investment – but this may well pay off. Other research shows that advice can be more effective than financial incentives, or can be the deciding factor leading to adoption of grants (Lawrence and Dandy 2014).

### 5.3.2. Learn from success

There is enough evidence to identify some features of an improved advisory system. Those highlighted by respondents included: a proactive approach; provision of free advice; direct personal contact; knowledge of local social networks and issues; introducing woodland topics into seminars and other media focusing on more mainstream farming issues; working with farmers' needs and objectives; and working through trusted intermediaries. Further work could provide a more comprehensive list and evidence. This is an area of active innovation: NGOs and government agencies are trying out new approaches, and there is scope for continuing to monitor participation and outcomes, to feed back into future programmes.

More specifically, there is innovation with new ways of engaging with farmers and trees. Respondents agreed that demonstration farms or estates provide the best basis for outreach (see examples in Section 4.3). As one respondent said: "*when you get it right,*

*everyone follows suit, when you get it wrong, everyone follows suit as well.*" As important as the on-farm demonstration, there is a need for owners to have the means to learn from them, through organised events and networks, which in turn may help to improve the exchange of ideas within existing social networks and facilitate farmer-to-farmer communication.

### 5.3.3. Review the role of FCS conservancy staff to allow them to advise and guide applications

Across a wide range of respondents, there was broad concern about the loss of this role for Woodland Officers in Scotland, contributing to a situation where many grant applications are prepared by agents who lack training in forestry. Meanwhile the work of the small number of FCS Development Officers has been welcomed. To develop and expand that role would require financial support, both for new posts and to give Woodland Officers more time to engage with applications. Checks and balances would need to be in place, to ensure a clear separation of roles between advisory and approvals, but this is already recognised among the FCS staff interviewed here.

### 5.3.4. Develop models based on 'trusted intermediaries'

A particularly promising development seems to be the emergence of models where advice and support is provided to farmers, through organisations and networks already known to them. Following models such as that based on machinery rings in Fife and Tayside, or NGOs such as Tweed Forum, new approaches can be designed.

## 5.4. Options for leadership and policy

### 5.4.1. Provide political leadership so that there is more of a presumption for, rather than against, productive woodland creation

As set out above, there is a strong set of views that it would be quite possible to support more commercial planting, with 'political leadership'. Responsibility for this is perceived variously as sitting with 'ministers' and FCS policy, and at conservancy level as well.

At the political level, successive ministers have been seen to endorse the Scottish Forestry Strategy and its vision of woodland expansion, but are seen by many in the private sector to fail to stand up to the farming lobby and other opponents of productive forestry. At the level of decision-making over individual proposals, conservancies are seen as 'post-boxes', passing applications on to consultees rather than actively supporting those that meet agreed local priorities. Meanwhile, no other stakeholder appears to be actively championing productive forestry at this level either.

Clearly it would help to communicate where responsibility for such leadership sits, and how it will address the concerns of the private sector. There is a level of impatience with

the *status quo*, although rapid change might add to current antipathy from other quarters.

#### 5.4.2. Support integrated land management

In simple terms, promotion of productive woodland creation can take place through a continued reliance on large conifer schemes on newly-purchased farms financed by inward investors, or through a change in the culture and practices of farmers and estate owners towards more integrated forms of land use. Obviously the latter takes time. But some respondents noted forcefully:

*You've got to get more people that own the land to think differently about what they're going to do with the land that they've already got and not just once a generation, when there's a transition from one generation to the next.*

Such a shift requires a comprehensive approach to creating a culture of integrated land management, arguably starting with the education system which helps to reproduce separate groups of professional farmers, foresters, managers and advisors. It probably also requires an active national debate in a wide range of media.

#### 5.4.3. Bolster the timber industry and encourage positive perceptions of productive woodland

The forestry industry has a fantastic story to tell about sustainable production, a green economy, and the provision of multiple goods and services valued by society. Several respondents felt that this message is not being promoted, by FC and others, to enable more positive attitudes to emerge within the interested public, and the NGOs who represent them, who, in turn, have such a key influence on the politics of land use change, and decision-making at a local level. It appears to some respondents that FC is at times apologetic about its core business, and since the 1980s the pendulum has swung too far towards a demonstration of the environmental and social benefits of forests.

Some respondents felt that a strong and confident timber industry would do much to incentivise productive woodland creation. Given the range of other factors set out above, it clearly would not achieve this alone, but is part of the bigger picture. Part of this challenge is to improve the quality of management of the existing forest resource. For one respondent, the way forward is to improve the quality of productive schemes so they begin to approach the multiple public benefits of native schemes. In doing so, it was argued, we may help create a sense of pride in our woodlands, and create a woodland culture in Scotland that sees wood production as a valued service, not just economically, but socially and culturally as well.

## 6. Conclusions

Four sets of factors influence decisions about whether productive conifers, native broadleaves, or other forms of woodland are created. They are: grants (and other incentives); regulation (the process for approving planting applications); communication (advice, information, knowledge exchange, extension); and policy support and leadership.

Options for addressing the shortfall in new productive forest are based on a combination of these four factors. They include revisions to the level of grants for productive and native schemes, and the flexibility of the system; more specific spatial planning and political support for applications in selected areas; investing in knowledge exchange and learning from existing examples of success; reviewing the role of FCS conservancy staff to allow them to advise and guide applications; and providing political leadership and support to integrated land management.

The balance of recommendations depends on how policy on woodland expansion is to be implemented. While attention to grants and political leadership is needed whichever route is taken, the balance between smoother regulation and enhanced advisory systems will depend on policy decisions about where to place the emphasis. These in turn will need to respond to land availability and evolving cultures associated with land ownership. To achieve more productive woodland creation through current routes (relying to a large extent on whole upland farm purchase and planting), it will be necessary to reduce the tensions and risks associated with the approvals process. To achieve more productive woodland creation through a wider range of landowners and land use systems, it will be necessary to invest in a more integrated advisory system, based on direct engagement with land managers, drawing on positive experiences as demonstrations, and working through trusted intermediary organisations.

## Appendix 1. Areas of woodland creation

**Table 1. Areas of woodland creation and number of schemes approved under SRDP (2007 to June 2013), by grant option and area range**

Area range	PC-LC		PC-HC		PB		NW		NW-NR		MIXED CON/BL		CENTRAL / ISLES		Total Cases	Total Area	% Total Cases	% Total Area
	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area				
0 - 1.99	1	1	0	0	0	0	366	334	27	27	152	155	31	27	577	544	29	2
2 - 4.99	0	0	1	2	16	53	404	1098	26	78	173	535	15	48	635	1815	31	6
5 - 9.99	24	167	6	38	9	67	116	812	19	136	79	604	17	126	270	1950	13	6
10 - 14.99	18	211	3	33	4	45	52	676	7	84	14	156	19	240	117	1445	6	4
15 - 19.99	7	119	5	86	3	48	42	737	4	75	4	67	12	216	77	1347	4	4
20 - 29.99	6	147	2	50	1	21	50	1251	6	148	4	146	8	182	77	1944	4	6
30 - 49.99	18	710	3	104	1	41	55	2132	7	288	3	104	3	123	90	3502	4	11
50 - 69.99	1	59	1	54	0	0	43	2524	1	68	1	52	0	0	47	2758	2	8
70 - 100	8	675	0	0	1	71	33	2739	0	0	0	0	3	244	45	3729	2	11
Greater than 100	15	2630	1	108	0	0	65	10628	1	120	2	210	1	117	85	13812	4	42
<b>Total</b>	<b>98</b>	<b>4719</b>	<b>22</b>	<b>476</b>	<b>35</b>	<b>345</b>	<b>1226</b>	<b>22931</b>	<b>98</b>	<b>1024</b>	<b>432</b>	<b>2029</b>	<b>109</b>	<b>1323</b>	<b>2020</b>	<b>32845</b>	<b>100</b>	<b>100</b>



**Table 2. Areas of woodland creation and number of schemes approved under SRDP (2007 to June 2013), by grant option and RPID region**

	PC-LC		PC-HC		PB		NW		NW-NR		MIXED CON/BL		CENTRAL / ISLES		Total Cases	Total Area	% Total Cases	% Total Area
	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area	Cases	Area				
Argyll	13	844			2	21	58	2317	8	68	7	41			88	3291	4	10
Ayrshire	8	376			2	49	18	182	2	5	9	83	21	393	60	1087	3	3
Borders	13	1478	5	127	4	17	157	1647	3	8	97	266			279	3543	14	11
Clyde	3	151			2	8	27	125			5	19	30	438	67	741	3	2
Dumfries & Galloway	29	1036	2	13	7	103	97	1770	3	54	38	147			176	3123	9	10
Forth	6	272	3	37	3	20	67	1166	4	42	35	131	34	468	152	2135	8	6
Grampian	10	78	3	50	4	40	372	2609	13	165	137	576			539	3518	27	11
Highland	12	334	5	76	9	77	344	11112	57	476	32	449	23	22	482	12546	24	38
Tayside	4	151	4	173	2	9	86	2004	8	206	72	318	1	1	177	2862	9	9
<b>Total</b>	<b>98</b>	<b>4719</b>	<b>22</b>	<b>476</b>	<b>35</b>	<b>345</b>	<b>1226</b>	<b>22931</b>	<b>98</b>	<b>1024</b>	<b>432</b>	<b>2029</b>	<b>109</b>	<b>1323</b>	<b>2020</b>	<b>32845</b>	<b>100</b>	<b>100</b>

Key: PC-LC (Productive Conifer Woodland – Low Cost), PC-HC (Productive Conifer Woodland – High Cost), PB (Productive Broadleaved Woodland), NW (Native Woodlands), NW-NR (Naturally Regenerated Native Woodlands), MIXED CON/BL (Mixed Conifer/Broadleaf Woodland), CENTRAL (Central Scotland Mixed Woodland), ISLES (Northern & Western Isles Native Woodland).

Data for both tables accessed 20 June 2013: Scottish Government Rural Payments & Inspections Directorate (RPID) database. The data has been aggregated from the start of SRDP in 2007 until June 2013 (although the first grants were not approved until 2009), and includes a few schemes approved for future planting. Note that the data does not cover the final six months of SRDP, during which time a disproportionately high number of schemes were processed before the deadline of 31 December 2013.

## Appendix 2. Note on research methods

This report is based on an empirical qualitative study, which employed one-to-one semi-structured interviews with knowledgeable stakeholders or 'key informants'. Semi-structured interviews are organised around an implicit set of questions but take the form of less structured conversations which cover the topics of interest and provide the opportunity for the respondent to go into more detail and related topics. Some of the interviews were recorded, with the respondent's permission; others were documented through detailed notes.

Such research is iterative. As the researchers build up a picture of the main themes, they may add further respondents to the sample, or explore additional questions in further interviews. The early interviews focused on opportunities and constraints for creating productive forests. As work progressed, the ways in which the diverse stakeholders interact with each other, through the agricultural advisory systems and the approvals process, were explored in greater depth.

The qualitative approach is used to achieve the depth of understanding required, for two reasons:

- 1 decisions are based on personal perceptions, beliefs and attitudes, which can only be understood through in-depth interviews.
- 2 there is a range of landowner/manager types, and land use types, in Scotland, and these need to be covered in as efficient a way as possible.

Samples for such research are chosen to focus on relevant stakeholders, rather than to represent any population statistically. Qualitative research relies on intelligent selection of respondents to cover all relevant perspectives from different sectors and parts of the country. In total 33 people were interviewed, of whom 11 were agents, 6 landowners (or their employees), 10 FC staff, and 6 outreach advisors.

Analysis was conducted by coding text in the notes and transcripts taken from the interviews, i.e. sorting it into themes. The material under each theme was then scrutinised to draw out the main views and experiences, and to relate those to the context of each respondent.

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