

The Highland Council
Planning, Development and Infrastructure Committee

2 November 2016

Agenda Item	15
Report No	PDI/ 70/16

The Future of Forestry in Scotland

Report by Director of Development & Infrastructure

Summary

This paper introduces the Scottish Government's 'Future of Forestry in Scotland' Consultation document, highlights key proposals and provides a copy of the Council's draft response for members to consider.

Committee is invited to consider the consultation document, and approve the draft response.

1. Background

- 1.1 The Scottish Government has launched a consultation on "The Future of Forestry in Scotland". This consultation seeks to complete the devolution of forestry so that the management of forestry in Scotland is fully accountable to the Scottish Ministers and to the Scottish Parliament.
- 1.2 Currently Scottish Ministers determine strategy and policy for forestry in Scotland, the management of Forestry - (the National Forest Estate) has remained with the Forestry Commissioners, a UK Non-Ministerial cross border public authority.

2. The Consultation

- 2.1 The consultation specifically seeks views on the following proposals:
 - bringing the functions and staff of Forestry Commission Scotland into the Scottish Government as a dedicated Forestry Division;
 - creating a forestry and land management Executive Agency called Forestry and Land Scotland, formed from Forest Enterprise Scotland. This will focus initially on the management of the National Forest Estate with the potential to expand its land management remit in the future.
 - setting out priorities for cross-border co-operation: forestry science and research; tree health; and common codes, such as the UK Forestry Standard.
 - creating a new legislative and regulatory framework for forestry to replace the Forestry Act 1967; and
 - assessing the impact of these proposals.
- 2.2 The Committee is asked to consider the consultation document which can be found online at <https://consult.scotland.gov.uk/forestry/future-of-forestry/> and approve the draft response (**appendix 1**). The Highland Council draft response to the consultation has been prepared in consultation with officers in the Planning and Development Service. Scottish Government is inviting responses to the consultation by Wednesday 9 November 2016.

3. Key Points

- 3.1 The Council partially agrees with the proposals in the consultation but would like additional information on the management of the National Forest Estate (NFE) through a new Executive Agency. We strongly recommend that further detailed proposals are drawn up and consulted upon at a later stage.
- 3.2 We support the need for ongoing cross border co-operation as it is essential that these areas of work particularly research and plant health, remains a cross-border responsibility.
- 3.3 We support the transfer of powers currently held under Section 1 of the Forestry Act 1967, in particular the promotion of the interests of forestry and the development of afforestation.
- 3.4 We support the requirements to protect biodiversity; to contribute to the delivery of climate change targets and to restore native woodland and manage deer numbers. We particularly endorse the requirement to empower the transfer of land and woodland to communities and indeed would suggest strengthening that community focus.

4 Implications

- 4.1 Resource Implications: There are no direct resource implications for the Council linked to this paper.
- 4.2 Legal, Equality and Risk Implications: There are no legal implications for the Council arising from this report. The consultation seeks views on the impact of the proposals in respect of equalities, business and regulation, privacy and the environment.
- 4.3 Gaelic Implications: No Gaelic implications
- 4.4 Climate Change/ Carbon CLEVER Implications: There are no climate change implications arising from this paper. Support for climate change objectives is referenced within the consultation document and our draft response.
- 4.5 Rural Implications: As this is a consultation document there are no immediate rural implications however if staff are moved /transferred then there may be implications for FCS staff working within the Highland area.

Recommendations

Members are asked to comment on and approve the draft response to the Future of Forestry in Scotland Consultation.

Designation: Director of Development & Infrastructure

Date: 17th October 2016

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Consultation Questionnaire - The Future of Forestry in Scotland – A response from The Highland Council

Thank you for the opportunity to comment on this important consultation document. As pointed out in the background document, the forestry sector is important in the Scottish context.

Forestry is one of the primary land uses in Highland. There has been decades of significant expansion of forestry and woodland cover, albeit it at a declining rate over recent years. More recently, an increase in timber reaching rotational felling age; increases in timber prices and processing capacity have resulted in considerable harvesting activity. This, along with the felling of large areas of woodland due to tree health issues has resulted in the accelerated restructuring of many of the forests planted between the 1950s and 1980s. Windfarm development has also seen large areas of permanent woodland removal, particularly in North Highland.

All of these activities have impacted on Highlands communities in a number of ways including landscape change, impacts of timber transport upon road infrastructure, and fluctuations in forestry related employment. The Highland forest estate, particularly the National Forest Estate, makes a significant contribution to the provision of access to the regions world class environment.

In drawing our response together, we remain committed to the three principles of sustainability relating to forestry as laid out in the Scottish Forestry Strategy, which revolve around the health and wellbeing of people and communities; competitiveness and innovation in the business community and their contribution to the Scottish economy and; a high quality, robust and adaptable environment.

Our responses to the specific questions raised in your consultation follow below.

New organisational arrangements in Scotland

1) Our proposals are for a dedicated Forestry Division in the Scottish Government (SG) and an Executive Agency to manage the NFE. Do you agree with this approach?

Not entirely

Please explain your answer.

In practice, we partially agree with the proposals, but there is considerable detail missing, particularly in respect of the management of the National Forest Estate (NFE) through a new Executive Agency.

We are supportive of the broad principle of separating out the regulatory, policy and engagement functions into a structure aligned with the Environment and Forestry Directorate. However, our preference would be that this Division would be set up as a separate agency rather than being amalgamated within the Scottish Government structure. This is partly because of the risk of, over time, reducing the level of forestry expertise within the new Division (see our response to question 2), and secondly to permit more effective engagement with the private/public and third sector in formulating future policy directions. However we accept that amalgamation within the SG structure may improve ability to influence future policy direction and enhance integration with other policy objectives such as; land use management, biodiversity, climate change, and community empowerment.

We are less convinced by the proposal to establish Forestry and Land Scotland in place of Forest Enterprise Scotland (FES). This is principally because of the lack of clarity at this point in time of the future role of the new organisation in respect of its new role to "maximise the benefits of publicly owned land" to the nation. We suggest that further detailed proposals are drawn up and

consulted upon at a later stage. We welcome the opportunity to comment on and help shape this new organisation.

2) In bringing the functions of FCS formally into the SG, how best can we ensure that the benefits of greater integration are delivered within the wider SG structure?

We can see the potential benefits that may flow from greater integration with other policy areas and so hopefully there may be better co-ordination across the wider land-use sector. This we see as particularly important in bringing the “policy alignment” sought by the Land Use Strategy for Scotland 2016-2021.

One of the risks associated with the separation of the new Division and the creation of FaLS is the lost opportunity to transfer staff skills and knowledge between the two organisations, which used to happen as part of a “tour of duty” within the Forestry Commission. Potentially, this lack of previous career experience between practical forestry and policy creation, leads to a lack of on the ground awareness by those who eventually end up working in policy-making circles.

What additional benefits should we be looking to achieve?

There needs to be continued integration between what will be the new Division and the Agency in order to produce regional district plans that are aligned with the latest policy developments. Further links will also need to be built between Land Use Planning, Climate Change, Biodiversity and Community Empowerment objectives.

3) How should we ensure that professional skills and knowledge of forestry are maintained within the proposed new forestry structures?

Recruit graduate foresters and provide structured career development thereafter.

The number of students specialising in forestry is declining with the notable exception of the Scottish School of Forestry at Culloden. That decline is partly down to the reduced demand from the Forestry Commission who have adopted a position of recruiting staff who have a broad base of experience and management knowledge, onto which practical forestry skills are either acquired or developed through a range of continual professional development . Career pathways should be structured to ensure that those managing the commercial forest enterprise have appropriate and directly relevant commercial experience.

The organisations should promote and support the achievement of Chartered status for forestry professionals through the Institute of Chartered Foresters and Chartered status should be a pre-requisite for entry into higher grade posts.

4) What do you think a future land agency for Scotland could and should manage and how might that best be achieved?

The consultation document and indeed the wording of this very question, raises concerns as to whether the role of the new agency FaLS will continue to have an emphasis on Forestry and raises the question as to what extent its resources both staff and budget, will be diluted in the pursuit of managing the remaining 27% of land in various public ownerships in Scotland, of which nearly 4% is owned by Local Authorities in Scotland.

It is worth reflecting on why we have a Government Agency managing woodlands on behalf of the nation. The key justification behind the use of public funds in this way is to address where there are opportunities to max additional public benefit which cannot be sustained by the private sector for example -

- Access and recreational opportunities
- Managing the most prestigious and special woodland landscapes e.g. Glen Affric Pinewoods

- Creatively working with agriculture and crofting to find partnership ways of generating small-scale woodland on farms and crofts
- Managing its asset base in such a way that local communities can be involved in woodland management through ownership/lease or local agreement.)
- Support (where necessary) supply of round wood timber to processing sector
- Support environment and climate change targets

There is today less of a compelling argument to champion the position of the supplier of roundwood to the processing sector (we note the use of the phrase “guaranteed provision of timber” within the consultation document). Selling timber to the industry is of course necessary. The FES and its successor body will need to generate income, (currently around £61m in the last reported year 2015/16) but with the reduction of planting by both state and private sector in the last decade or so, FaLS can no longer be seen to maintain a **guaranteed** supply position as is suggested in the consultation and indeed, FES’s own projections forecast an income decline from timber sales to £54m over the next two financial years because of this reduction in supply from their own estate.

We believe that the processing sector should be encouraged to make its investment decisions based on the known wood supply figures of both the public and private sectors and if necessary, should consider vertical integration opportunities including creating woodlands in their own right rather than relying on the state to carry the cost and take the commercial risk on their behalf.

So by way of a summary response to this section, the new agency FaLS should focus on those areas of woodland management where market failure/maximizing public benefit is most evident as outlined above. In order to resource this, it should continue to manage the forest estate, marketing timber on a commercial basis, slowly withdrawing from arrangements that underpin log supply.

The consultation document makes no mention of how FaLS is to be resourced both in funding and in staff terms and so until there is further clarity on that point, we reserve judgment on what additional responsibility the new organisation should have in terms of managing other public land. We would urge the Government to consult again on the detailed proposals for FaLS once they are further developed.

Effective cross-border arrangements

5) Do you agree with the priorities for cross-border co-operation set out above, i.e. forestry research and science, plant health and common codes such as UK Forestry Standard? Y/N

Yes.

It is essential that these areas of work particularly research and plant health, remains a cross-border responsibility. Tree diseases do not respect geographical boundaries and there is insufficient research expertise based solely in Scotland to address the needs of the sector as a whole.

If no, what alternative priorities would you prefer? Why?

6) Do you have views on the means by which cross-border arrangements might be delivered effectively to reflect Scottish needs? e.g. Memorandum of Understanding between countries? Scotland taking the lead on certain arrangements?

We feel strongly that the organisation Forest Research should be retained in an appropriate legal structure to allow call off contracts or memoranda of understanding to work between Scotland, Wales and England in order to continue to support this important area of work. Where there is particular expertise in Scotland or where say, there is a particular prevalence of a disease in Scotland, it may well be appropriate for Scotland to take the lead. However, often the expertise may lie elsewhere in the UK or perhaps overseas, and it is important that *the best* expertise is retained, rather than to default to country arrangements as the first response.

Clearly there will be cost implications with such an arrangement, but individual countries will be able to see the direct benefit to their country from the new Forest Research agency.

Legislation and regulation

7) Should the Scottish Ministers be placed under a duty to promote forestry? Y/N

Yes.

What specifically should be included in such a general duty?

We support the transfer of powers currently held under Section 1 of the Forestry Act 1967, in particular the promotion of the interests of forestry and the development of afforestation. As noted earlier in our response, we would suggest that the production and supply of timber and other forest products, should be caveated with the requirement that this is achieved only insofar as such supply is carried out at commercial rates, perhaps supported by a target rate of return. The establishment and maintenance of adequate reserves of growing trees should be a responsibility largely discharged by the new Division; i.e., the responsibility for woodland creation should lie largely with the private sector. This we accept will rely heavily on availability of targeted funding for creation of productive woodland.

We support the continuation of the requirement to maintain international standards of good forestry practice, in terms of sustainable forest management.

8) Recognising the need to balance economic, environmental and social benefits of forestry, what are your views of the principles set out in chapter 3?

We support the requirements to protect biodiversity; to contribute to the delivery of climate change targets and to restore native woodland and manage deer numbers. **We particularly endorse** the requirement to empower the transfer of land and woodland to communities and indeed would suggest strengthening that community focus. This would build on the already excellent work done through the Forest Authority and Forest Enterprise through for example, the delivery of the National Forest Land Scheme and through which nearly 6,000ha of forest land have already transferred into community ownership.

Emphasis has been placed on the importance of enforcing restocking of felled areas in order to ensure continuity of timber supply in the future. This emphasis should be extended to ensure that compensatory planting is secured where development involves woodland removal. The SG policy on the Control of Woodland Removal is currently proving ineffective in securing appropriate levels of compensatory planting, largely due to the ambiguity of the acceptability criteria which is open to exploitation. A review of this policy may help to address this issue.

The proposal to remove the current restrictions in the 1967 Forestry Act and to include a legislative provision for the **'flexibility to use NFE land for a variety of purposes'** raises concern, particularly in relation to renewables. A reasonable balance needs to be placed on the competing objectives of renewable energy development and maintaining/increasing future public woodland benefits..

Assessing impact

9) Are there any likely impacts the proposals contained in this consultation may have on particular groups of people, with reference to the, "protected characteristics" listed in chapter 4? Please be as specific as possible.

We can see no specific impacts on protected groups in respect of these proposals.

10) Do you think that the proposals contained in this consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

As the proposals are largely a continuation of the same powers and responsibilities held at the UK level, but transferred to Scotland, there should be no detrimental burden placed on businesses, the public sector or the voluntary or community sectors, that exceed anything that is currently in place. The suggested proposals for NFE to slowly withdraw from existing guaranteed timber supply contracts will have implications for timber processors and this impact would need to be evaluated.

The continued permanent loss of woodland associated with development will affect national targets to see a net increase in woodland cover. This will place greater reliance on funding to encourage the creation of new productive woodland

11) Are there any likely impacts that the proposals contained in this consultation may have upon the privacy of individuals? Please be as specific as possible.

We can see no specific impacts on individual privacy in respect of these proposals.

12) Are there any likely impacts that the proposals contained in this consultation may have upon the environment? Please be as specific as possible.

We don't see additional significant burdens caused by this new legislation but support the use of the Strategic Environmental Assessment process to check nonetheless.

Conclusion

13) Do you have any other comments that you would like to make, relevant to the subject of this consultation, that you have not covered in your answers to other questions?

Our concluding comments relate to three areas.

The first is the general impression conveyed by the consultation that somehow the balance of social, environmental and economic strands of forestry are shifting with perhaps now more emphasis being placed on the economy aspect. Whilst we are very aware as a Local Authority of the importance of forestry and the processing sector to the economy of the Highlands, we equally see the important benefits of community engagement; the maintenance of the woodland ecosystem and special areas of importance in terms of native woodlands in the Highland Region. We hope that the new legislation retains that balance in the future.

Secondly, the proposal to repeal the Forestry Act 1967 and replace with a new and updated statutory framework is fully supported by the Highland Council who would welcome the opportunity to contribute to any changes.

Finally, we are fortunate in Highland to have the Headquarters for Forest Enterprise Scotland located in Inverness and supporting around 40 high quality jobs. Whilst we note that the detailed arrangements for the location of the new FaLS organisation is not mentioned in the consultation, we would urge the Scottish Government to maintain the current location of these headquarter jobs in Inverness.

I thank you for the opportunity to respond to this consultation and hope that you find our comments helpful in your deliberations.

Yours sincerely