

Farm Woodland News



**Farm
Advisory
Service**

*The newsletter for participants in Farm Woodlands Schemes • Issue Number 38 **Autumn 2022***

Industry Updates

Resilience & Tree Health

An Update on Carbon Markets

Woodland Carbon Code Update

Scottish Land Commission Report

Also in this issue:

Finest farm woodlands rewarded
in Scotland's Tree Oscars

Timber Market Update



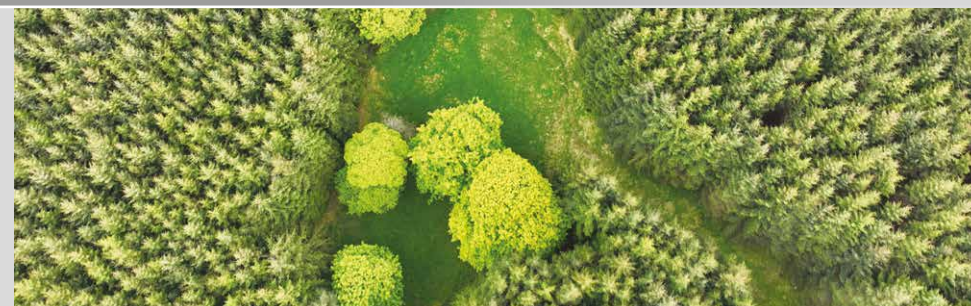
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2022 continues to be a year like no other. The demand for forestry products, for new woodland creation, and for management of existing woodlands continues to rapidly increase, and the industry is working hard to keep pace with demand.

In this edition of Farm Woodland News, we have a celebration of Scotland's Finest Woods, with the award ceremony having just taken place at the Royal Highland Show – for the first in person awards event since 2019, and a promising sign that we are gradually returning to normal again following over 2 years of disruption following the global COVID-19 pandemic.

We also have two key updates on Carbon Markets – one from the viewpoint of a forestry agent, explaining how these markets currently work and what a farm woodland owner should look out for in this rapidly evolving market, and a second update from the experts at the Woodland Carbon Code – the quality assurance standard for Woodland Creation projects in the UK – giving us a key update on



the new Woodland Carbon Code Version 2.2, summarising what is changing in the code's rules and eligibility criteria, and why.

Industry updates are also featured covering topics such as the current Forestry Grant Scheme statistics and key changes to these grants, a timber market update (like all markets this year, it's been a lively period), and an update on tree health and resilience.

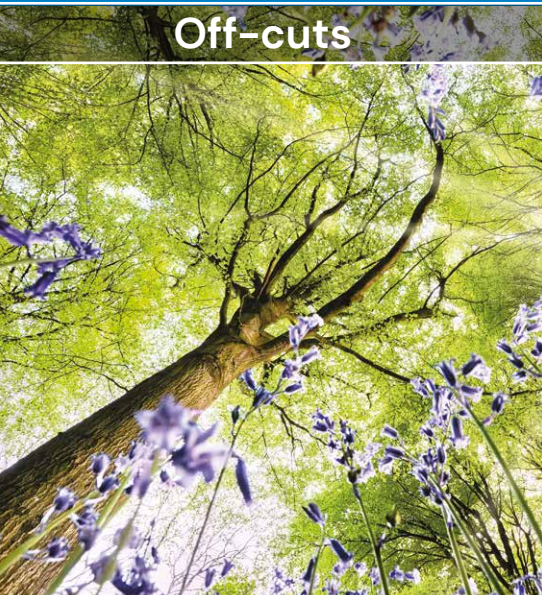
Finally, we have an overview of the recently published Rural Land Markets Insights Report, which was undertaken to identify and better understand trends within the rural land

market, and how these are being influenced by the increasing demand for natural capital investment.

As always, the Farm Advisory Service is here to help. Visit the FAS website to sign up to online events download guidance information and listen podcasts. On-farm events have now resumed, and there is a fantastic programme of events already published for the year ahead – with many more still to come.

Ben Law,
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Off-cuts



New Award will grow foresters of the future:

A new Scottish Junior Forester Award has been launched today with the aim of giving children and young people an insight into a career in forestry. Aimed at 4–14 year olds, the new Award will equip young people with theory and practical skills so that they can help manage woodlands in their schools or communities. Scottish Forestry has worked in partnership with the Royal Forestry Society and John Muir Trust to develop the award.

Chief Forester for Scotland, Dr Helen McKay, joined primary school pupils from Royal Douglas Memorial Primary School to launch the Award. She said:

"This is such a positive and exciting move to get our young people connected with

forestry. It's so important that we increase the knowledge of trees and woodlands in the younger generation. We are facing a global climate emergency and trees can be part of the solution. If we get this message across to people at an early age, and build up their knowledge and understanding, we can build the foresters for the future.

I'm very pleased that this new Award provides a mechanism to bring forestry into the curriculum and will give young people a taster of how fantastic forestry really is. It's a worthwhile career with great long-term prospects. We are keen to attract more young people into the sector to play their part in creating and managing Scotland's forests, woods and trees."

The Scottish Junior Forester Award is

aimed at anyone in school, youth work or community settings in Scotland. It can be delivered by teachers, educators, and community organisations.



Image taken from RFS website



Industry Updates

Ben Law
SAC Consulting

Figures have now been released by Scottish Forestry for 2021, showing that despite a planting season badly disrupted by a spate of winter storms, Scotland achieved nearly 80% of the yearly woodland creation target.

A total of 10,840 hectares of new woodland was created in Scotland last year, with 42% of this being the delivery of new native species woodlands. Whilst there were enough woodland creation schemes approved by Scottish Forestry to hit their ambitious targets of 13,500 hectares of woodland last year, the forestry sector was hit badly by both the need to divert resources into tackling the millions of trees brought down by winter storms, and by the wider economic storm that is driving the cost of operations to new dizzying heights.

The total land area now covered in woodland across Scotland now stands at 19% – a significant way ahead of Wales, England and Northern Ireland with figures of 15%, 10% and 9% respectively.

Scotland once again delivered the bulk of new woodland creation across the UK, with 10,480 hectares planted in Scotland compared against 2,260 hectares in England, 580 hectares in Wales, and 540 hectares in Northern Ireland.

The forestry sector is facing continued high demand, with huge appetite for woodland creation continuing, but also now competing for the same small resource pool as many of these windblown areas affected by winter storms – some 8,000 hectares of woodland was damaged this winter by Storm Arwen, and many of these areas will require contractors to fell and make safe these trees, as well as replanting these after clearance.

In order to meet the continued growth of the sector and Scotland's ambitious planting targets, Scottish Forestry, the Scottish Government agency responsible for forestry policy, support and regulations, has implemented a new operating model in

Conservancy [regional] offices. Alongside continual improvements being made to working practices, this new model includes creating a number of new job opportunities, allowing Scottish Forestry to keep up with demand.

Update to FGS Claims and Payments Guidance (From Briefing Note 41: February 2022)

Scottish Forestry have changed the FGS Claims and Payments guidance to state:

Number of FGS claims you can submit and their Charter Times for capital claims processing.

- **You can only claim for the items set out in your FGS contract once your work has been completed.**
- **Claims processing can take up to 10 weeks (as detailed in the Scottish Forestry Customer Charter).**
- **The claim year-end period (from January to March) is when the majority of capital claims are submitted – please ensure, during this period, that you only submit one capital claim per FGS contract, and only once all your claim year activities have been undertaken and completed on site. This approach is in-line with good financial and audit key control principles; Scottish Forestry cannot accept a new claim whilst a previous claim, or associated variation,**

is being processed as the processing may impact upon future payments or modifications to your FGS contract schedule of works.

- **The Small Woodlands Loan Scheme can help with cash flow management for FGS woodland creation applications.**

Please also refer to the FGS Claims and Payments guidance to see details of how activities that are dependent on the completion of associated works must be claimed (e.g. gorse removal associated with initial planting).

Felling Permission Applications

Fast-tracking of Felling Permissions for storm-damaged trees, and their expedited processing during the period following Storm Arwen, has now come to an end. Owners and land managers should be mindful that, with relatively few exemptions, it is an offence to fell trees in Scotland without formal permission in place (a Felling Permission from Scottish Forestry), even if these are windblown trees.

If you are in any doubt as to whether you require permission to fell your trees, further guidance can be sought from Scottish Forestry's "Felling Permission – Application Guidance" <https://forestry.gov.scot/publications/678-felling-permission-application-guidance/viewdocument/678> or from your local Scottish Forestry Conservancy Office. ■



Resilience & Tree Health

Sergei Kositzki
(Forestry Consultant)

There are several threats to our woodlands and the forest industry it supports, that we as landowners & managers need to be aware of. The first is from pest & diseases, the fungi and insects that can harm our forest resources. The second major threat comes from climate change, the shifting environmental conditions that can put our forests under stress. The two issues are closely related, many of the predicted changes in climate can also create more favourable conditions for pests & diseases. Some of the current pest & disease threats are summarised below:

Great spruce bark beetle: The great spruce bark beetle (*Dendroctonus micans*) was first found in the UK in the 1980's and has been moving northwards over time. It is present in southern Scotland and is advancing into the central belt area. It primarily affects spruce (but can also affect pine). Symptoms include dead & dying crowns and resinous bleeds and entry holes on the main trunk. The good news is that if the beetle is detected, a highly specific predatory beetle can be released to control the infestation.

Although the beetle has been present for in the UK for several decades, a warming climate could potentially increase the activity of the beetle as they begin to take flight more often (and spread further) as temperatures rise above 22.5 degrees. If this increase in activity is met with a parallel rise in the number of stressed host trees in the wider environment (i.e.: through drought) then the problems caused by this beetle could grow.

European spruce bark beetle: The European spruce bark beetle (*Ips typographus*) was



first found in the UK in 2018 and was promptly eradicated, however in the summer of 2021 several outbreaks were picked up in Kent and Sussex. The beetle has been causing a huge amount of damage in Continental Europe where it has been preying on Norway Spruce, populations of the beetle build up in stressed trees and then attack healthy trees on mass. The level of damage has huge economic and landscape affects, and in many countries has become a pressing political issue. The beetle is of great concern in the UK as our timber industry relies heavily on Spruce. The European spruce Bark Beetle also prefers stressed or weakened trees, which underlines the fact that we need to pay great attention to the overall health of our woodlands.

Phytophthora ramorum: This is a fungal disease that primarily affects Larch, it is more severe in the west of Scotland due to the wetter climate. Symptoms include crown and

branch dieback, sap bleeds, and ginger looking needles during the spring & summer months when needles would usually appear green and healthy. If ramorum is found a 'statutory plant health notice' is issued which requires the affected area to be felled so that disease spread can be slowed or halted. Although an infection is not ideal, timber can still be sold and processed if the correct licenses are in place. Ramorum has caused heavy losses in the more Westerly regions of the UK, and in many areas has heavily impacted the surrounding landscapes.

Phytophthora pluvialis: This disease was first found in Cornwall in September of last year and has since been found on several sites in Wales, Scotland & England. In the UK it is affecting Western Hemlock and Douglas Fir.

Symptoms include dieback and resinous cankers on the stem and on side branches. Research into the spread and severity of *P. pluvialis* is being carried out to determine impacts and responses, and measures have put in place around current areas of infection to help limit the spread and impact of the disease.

In terms of climate change there are few broad trends that we will have to deal with in Scotland. The first is that summers will become warmer, in the drier eastern areas of Scotland this will put some sites under more drought stress. Winters will also become milder with a decrease in the number of frost days, at the same time winter rainfall is predicted to increase. Additionally our future forests will need to be able to cope with a higher frequency of intense weather events such as drought, high intensity rainfall events, and storms.

Integrating resilience:

The word 'resilience' has become a common term in the forestry world, but what does it mean and why is it important? In simple terms a resilient forest is one that absorb and adapts to disturbance (i.e., Climate change, Pests & Diseases). Once we understand

what resilience means, the 'why is it important' question answers itself; we want productive and biodiverse forests that can withstand change!

There is no one single solution as to how this is achieved, but it all starts with good management that takes account of the local site conditions as well as the broader changes that are on the horizon. Some of the main adaptation strategies in the manager's toolbox include choosing site appropriate species & provenance, and diversifying species choice.

Another strategy is to use a wider array of silvicultural systems, clear-felling in exposed upland sites but moving towards thinning and continuous cover systems in lowland areas. The solutions will vary by landowner, objective and area; but active and considered management in the key component in building resilience. The risk of not giving due consideration to climate change and pest & disease risk is high; landowners and managers should be integrating resilience into future planning.

Tree diseases can be reported here:
<https://treealert.forestresearch.gov.uk/> ■



An Update on Carbon Markets – June 2022

Ben Law
SAC Consulting



1. What are Carbon Credits, and how do they work?

Carbon Credits are, in their simplest form, a method to quantify and assign an ownership to one metric tonne of carbon dioxide equivalent which has been removed from the atmosphere in the form of a certificate, or “credit”.

This method to quantify carbon capture and to assign ownership to this “capture”, then enables the measurable offsetting of an individual or company’s emissions, and also facilitates trading of these units for those that may have units to spare (or those who generate units for sale).

Carbon credits are a great example of natural capital financing, which is where financial investment is used as a means to conserve or enhance the value of the natural environment.

Two examples could be a farmer planting a shelterbelt or riparian woodland which would otherwise not have been financially viable for them without this additional income generated by selling carbon credits generated by their new woodland, or it could

be the funding of a restoration project of degraded peatland on an estate which is financed by carbon credit generation. Both of these projects would allow the carbon buyer to claim offsetting of their emissions, and for the seller to secure funding which would otherwise be unavailable through other means.

As a principle, this is a great concept. Businesses and individuals who are conscious of their impact on the wider environment have a means to make measurable mitigations to balance their emissions, and the payment for these mitigations then can be used to deliver a “greater good” to the environment and to rural businesses.

2. How big a part of farming and crofting are they likely to become?

At present, it’s hard to say how big a part carbon credits will play in the future for farming and crofting. Carbon markets are still relatively young within the UK (the Woodland Carbon Code for example was only established in 2011), and these markets are evolving rapidly as demand and policies change and adapt. Policy will be key in this discussion, both now and in the future. We’re

seeing a huge increase in focus from every area of the market– everyone is now paying far greater attention to our impact on climate change (with this brought into sharp focus with last years’ IPCC report and COP26 being hosted in Glasgow), and this is driving a number of changes– increased appetite for woodland creation being one of these.

All costs are rising faster than income at present, particularly the costs of labour, fuel, fertiliser and fencing, and the pace of these cost rises is faster than the grant rates can adjust to even come close to these costs. As such, for many smaller projects, these only really become financially viable with the injection of carbon capital during early years.

As more consumers and companies also look to measure their own carbon footprints, we’re also seeing more suppliers being asked to provide carbon footprints for their produce. It wouldn’t be a huge leap to assume that we’ll see farmers being asked to provide these carbon footprints more regularly in the future, nor would it be outrageous to suggest that some sectors may be asked to make the effort to bring emissions down, or offset any emissions which cannot be reduced.

Carbon markets are currently very influential within the UK market for rural industries, but the main influence these rapidly climbing carbon prices are having is that they are driving up the land purchase prices for those looking to buy potentially plantable land.

This is causing real conflict in land use as farmers are having to compete for land against overseas buyers and investment firms when looking to buy farmland– a worrying situation for the rural communities dependant on farming and crofting for their livelihoods.

3. What are the options facing crofters/farmers?

For those who qualify for carbon credit sales and who register their projects at the outset, there are a multitude of options. Carbon Credits can be sold in two basic

forms – as a Pending Issuance Unit, which is a prediction of carbon sequestration, or as a Woodland Carbon Unit (or Peatland Carbon Unit depending on what activity these are generated from), which is a carbon unit of 1 tCO₂e which has been delivered already and has been confirmed to have been captured by a third party auditor.

It is possible to register a project yourself (although some help may be needed from a consultant or advisor with some of the science and calculations), or it is more common to register a project with a consultancy firm or a carbon broker firm.

Farmers and landowners can generate units by either planting trees or restoring peat at present, and these units can then be either retained, sold up front, sold at a later date, or used to offset the owners’ own carbon emissions. It is possible to use two or more of these options in combination, and the decision on what and how to sell should be made carefully and only after all factors have been fully considered.

4. What do you say to farmers and crofters who are faced with the choice of keeping or selling off any schemes they have or are planning on having?

Carbon credits can offer a great opportunity for farmers and crofters to fund projects through the benefits of natural capital accounting, but those looking to potentially sell units should go into this process aware of all the facts and options before signing any contracts. By their very nature, carbon credit agreements are long–duration contracts (in excess of 30 years), and a lot can change in that space of time– policy, grants, land and carbon values, and ownership (multiple generations of land managers may be tied in by same contract if not careful).

For a woodland carbon scheme, you are making a permanent land use change– any areas you plant will likely be in trees

forever more, so make sure a scheme is in the right place, and that you have clear objectives and goals, not just a desire to join a green goldrush.

Seek independent, impartial and professional advice from a consultant or advisor who understands your business and your objectives, and do not be pressured into any sales. Read your contracts, be fully aware of all the terms and conditions, and if you don't understand (or if you don't agree with any), raise it prior to signing. If you feel that selling carbon is right for you, only sell what you feel you can afford to do so – both present-day, and many years down the line too. A unit can only be sold once, so do not sell everything up front if you may later require units to offset your own business emissions.

Any scheme takes time to develop properly, to conduct surveys, carry out design and consultation, etc – do not expect (or try) to rush the process and deliver a half-baked scheme, rather take the time to develop a scheme properly, to identify your key



objectives and constraints, and to build a model which works for you.

5. The market's been referred to as the "wild west" – How important is effective regulation going forward?

As an industry, we need to draw clear distinctions between the regulated and accredited markets which exist in the UK (the Woodland Carbon Code and the Peatland Carbon Code), and those new and evolving markets such as soil carbon and blue carbon to name but two which have yet to evolve their own quality assurance standard. For the two established markets in the UK (WCC & PCC) there is effective regulation in place which ensures these schemes benefit from a high level of confidence in them which is recognised globally. Effective regulation prevents double-selling, quantifies and independently verifies the units generated by each scheme using professional auditors, and has strict eligibility criteria in place to ensure that projects genuinely qualify for carbon funding.

Where the "Wild West" comes in is the markets which are out with these established codes, where we have questionable practises being applied and claims being made without the science, the auditing or the quality assurance to back these up.

Effective regulation of these markets is vital going forward. Too tight a grip and the accelerating pace we're seeing across the industry and the delivery of so much good for the environment and economy at present (bringing us close to our tree planting targets amongst many other benefits) stalls and dies. Too loose a regulatory grip and we see the credibility of the units generated/sold being drawn into question. There must be a balance struck, and this must be constantly reviewed to ensure that in this rapidly changing world, these carbon markets don't lose their connection with the initial reason they were created – to fund positive environmental change and work to address our climate emergency. ■



Woodland Carbon Code Update

The world of carbon markets is complex and needs careful navigation to deliver woodland creation projects that make a reliable and credible contribution to climate change targets. In the last two years there have been a large rise in the number of registered projects under the UK Woodland Carbon Code (WCC), some of which have tested the limits of the all-important 'additionality tests' applied by the Code.

Since the spring of 2021, Scottish Forestry, on behalf of the rest of the UK, has been working with stakeholders to strengthen the WCC so that it remains the "gold standard" for all woodland creation carbon schemes.

In this question-and-answer session we ask Pat Snowdon, Head of Economics and Woodland Carbon Code at Scottish Forestry, what the main changes to the Code are and what this means for future applicants.

Pat, why do we need to strengthen the WCC?

"Nature's carbon sinks – including our woodlands and peatlands – offer huge opportunities to help tackle climate change.

It is essential that investors, land managers, the carbon market, and the wider public, have trust in the capacity of nature to reduce our GHG emissions. I don't think it has escaped anyone that woodland carbon credit schemes have significantly increased over the past few years. In Scotland we have seen over 500 new projects register for the WCC in the last two years, which is a fourfold increase".

"During this time we've seen growing interest from a wider range of forestry projects. We welcome this interest and want to grasp the opportunities that such projects bring, including in commercial forestry, but have found that in some cases projects are testing the limits of how eligibility rules for the WCC currently operate. It was clear that we needed to review the rules of the Code so that it remains credible in the carbon market".

"Maintaining the WCC's credibility is vital to sustain investor confidence and to grasp major opportunities in future from investing in new woodlands, particularly those where conventional revenue streams are inadequate to drive investment. Otherwise, buyers of carbon credits are less likely to invest, and that means knock-on effects on woodland creation and climate change targets."

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DID YOU KNOW?

- The UK is the second largest net importer of forest products in the world, second only to China.
- UK Forests store around 1 billion tonnes of carbon, the equivalent of around 4 billion tonnes of carbon dioxide.
- The carbon stored in UK forest soils accounts for almost 70% of the carbon stock. Carbon stock in UK forests is estimated to have increased, from around 3.2 billion tonnes of carbon dioxide equivalent in 1990 to 4 billion tonnes of carbon dioxide equivalent in 2020.
- The total area of native woodland in Great Britain is estimated to be around 1.51 million hectares (49% of all woodland in Great Britain).
- Forest products contribute to reducing and replacing polluting and carbon intensive materials. Certified wood-based fibers (such as Lyocell) used in textile production are very resource efficient. In comparison, cotton requires on average 130 times more water and polyester emits on average 170 times more greenhouse gasses.
- Using wood for construction saves about 40 percent of carbon emissions in comparison to concrete, and about 30 percent in comparison to steel. Overall, global carbon dioxide emissions could be reduced by up to 31 percent if builders used wood instead of steel and concrete.



You've changed the additionality tests – what is “additionality”?

“Additionality is one of the key pillars of integrity in carbon markets. For woodland carbon projects, the term additionality is used to mean carbon sequestration over and above that which would have happened if no payments had been made for carbon credits.

“This principal is critical to the credibility of the WCC. Buyers of carbon units want to know that their input has enabled more carbon sequestration than would otherwise have happened under existing legal, financial and business circumstances.”

“Under the financial additionality test, a project is only ‘additional’ if it requires carbon income to be financially viable. Where new woodlands have little or no revenue opportunities, it is much easier to show that payments for carbon credits are needed to make them viable. However, where a project has significant revenue opportunities, say from timber production, it is vital that due diligence is applied as to whether carbon payments are needed”.

“The purpose of carbon markets is to drive additional action towards climate change targets. Without additionality, they have no purpose.”

What are the new measures you have introduced?

“Being brief, we’ve changed the additionality tests in three key ways. Firstly we’ve simplified the current system of tests to make it easier for projects and validators to use them. Secondly, we’ve standardised the tests so that they are applied more consistently”.

“Thirdly, and very importantly, we’ve made changes so that high up-front land values don’t skew the calculations associated with the additionality test. We’ve replaced the purchase price of the land with published data on income foregone as a measure of the value of land. Our analysis shows that this results in more sensible and credible outcomes from applying the test”.

How did you formulate the new additionality tests?

“Work began back in Spring 2021. We formed a stakeholder group covering forestry, carbon and land management interests. We also commissioned two independent reports from a respected economist and an international carbon expert to help underpin the process. The WCC team has carried out extensive analysis of options for revising the tests and road-tested these through numerous discussions with stakeholders.”

When do the new tests come into effect?

“We will introduce the new measures on 1st October this year. This gives projects that are already in train time to adjust. They could decide to change their species mix or reduce the amount of grant claimed for example. Projects can use the existing tests if they are able to complete planting and submit their documents for validation by 30th September.”

Could the new tests increase diversity in our woodlands?

“Yes, that is possible. Some planting schemes may decide to add more native and broadleaf species, in addition to the more high-yielding timber options, in order to justify the need for carbon payments. This would add diversity to these woodlands and bring extra benefits for biodiversity and resilience.”

Why are large scale productive forestry schemes unlikely to pass the additionality tests?

“The commercial timber market is performing strongly. Timber prices have risen substantially in recent years, and industry observers are pointing to a buoyant future. Many productive schemes will generate substantial revenues from timber sales, and we want to reassure the market that payments for carbon are material to schemes going ahead. Remember that for a project to be “additional” and pass the tests it must need the carbon credits to be financially viable”.

“We estimate that schemes that are the most financially viable through conventional funding – for example from timber – may not



pass the tests in the future if they intend to retain full grant support. This will of course depend on the site, given that financial returns to forestry vary in different locations. We will be investigating whether a bespoke test for large schemes backed by big investment funds is feasible in the future. This test would be more tailored to the metrics used by these funds in investment decisions. We will involve stakeholders again when we look at this in more detail.”

Have we changed the rules to counter big investors from buying up land for carbon offsetting?

“No, the key reason for this is to ensure the WCC remain credible otherwise the carbon market around woodland creation would be in big trouble. The new measures could have a cooling effect on the land market by reducing the risk of “over-bidding” in the land market where there is not a good case that any carbon income is truly additional.”

“The key here is to direct carbon finance where it is more needed – to woodland creation that otherwise would not happen. We want carbon finance to help deliver big opportunities in the forest sector – and other natural carbon sinks – to help push the world towards a low carbon future.”

This article originally appeared on the Scottish Forestry website. Further information on the Woodland Carbon code can be found at www.woodlandcarboncode.org.uk ■



Scottish Land Commission Report: A buoyant market for Forestry

The 'Rural Land Market Insights Report' was released in April by the Scottish Land Commission (SLC), the aim of the report was to identify trends in the market and help gain a better understanding of how the increased demand for natural capital investment is impacting and driving activity. The following summary of findings comes directly from the SLC report:

- High levels of recent demand for forestry and plantable land in Scotland have been driven by limited supply of forest assets, high timber prices and ambitious government targets for afforestation. Since 2019/2020 demand has increased substantially from institutional investors and financial institutions, with several new rural-investment funds entering the market, driven by increasing demand for environmental investments, and the strong long term returns from forestry.
- In 2021, the UK commercial forestry land market consisted of 67 transactions totalling 10,400 hectares (averaging 155 hectares), an increase from 61 in 2020, despite a reduction of 17% in the total area sold. Reflecting long term trends, Scotland provided 76% of the UK commercial forestry land market in 2021.
- The UK forestry market has experienced exceptional recent growth, with total recorded investment in commercial forestry land in 2020 and 2021 of over £200M, compared to £104M and £127M in 2018 and 2019 respectively. Average sale prices exceeded valuations by around 50% in 2021, a year that saw the largest ever annual investment in commercial forestry land (Scotland accounted for 76% of this activity).
- Per hectare values for UK forests increased by over 20% in 2021 to £19,300, with some younger second rotation forests selling for over £30,000 per stocked hectare due to high tree quality, investment potential and a forest road network. Larger forests (>100 hectares) attract particularly high prices.
- In 2021 there were 70 sales of land in the UK for planting (compared to 33 in 2020), sold for a combined total of £53M and totalling 6,480 hectares, an increase on the 4,460 hectares sold in 2020, with a further £23M invested in land for natural capital.
- Plantable land increased in value from an average of £6,200 per gross hectare in 2020 to £8,500 in 2021, with Scotland experiencing the sharpest rise in value of 54% on 2020 values (Scotland accounted for 62% of plantable land sales in 2021).
- Woodland carbon markets were a further important driver of investment in forestry through the ability to verify carbon units under the Woodland Carbon Code, especially from broadleaf/native woodland schemes on poorer quality land, where productive forestry is less viable.
- This sustained demand has resulted in an increase in off-market transactions for forestry and plantable land, with off-market sales accounting for as much as a third of sales in 2020 compared to 11% in 2019.
- While land availability represents a constraint to afforestation, the emergence of carbon markets in addition to a buoyant timber market and strong policy drivers, suggests growth in forestry and plantable land prices is set to continue.

The full report can be viewed at www.landcommission.gov.scot ■



Cattle at Knockbain

Finest farm woodlands rewarded in Scotland's 'Tree Oscars'



Scotland's finest farm woodlands have been recognised in the annual 'Tree Oscars' for their role in providing shelter for livestock, diversifying farm incomes – and much more.

Allanfauld Farm, near Kilsyth, North Lanarkshire, was a double winner in Scotland's Finest Woods Awards 2022. Fourth generation family farmer John MacGregor and forester Andy MacIachlan jointly won the Young People's Farm Woodland Award and family farm owners A MacGregor (Allanfauld) Ltd were highly commended in the 'all age' award. Independent expert judges said it was an excellent example of integrated farming and forestry.

The 'all age' Farm Woodland Award and Lilburn Trophy was shared between Williamwood, Lockerbie and Knockbain Farm, Dingwall in Ross-shire. Williamwood, judges said, was "striving to improve woodland habitats in complete fusion with food production and taking these mission statements to the public via their holiday accommodation".

They continued: "A wind that hails from the Solway Firth gathers momentum but the woods and hedges of Williamwood allow stock to graze unhindered and benefit unquestionably from them.

Specific fields are used for keeping stock out longer with shelter and shade, grass growth has an extended growing season with improved herd health.

Without the woodland, the farmers Michael and Shirley Clarke said, "the farm would be exposed to the strong winds which blow from the Solway, the grass would not grow as well and we, our livestock and the wildlife would shiver."

Joint winner Knockbain Farm was also praised for the shelter provided by trees, which "undoubtedly increased the farm's capital value". Firewood provides heating through a biomass boiler for the farmhouse and income is generated through timber sales. Judges described it as "an outstanding example

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of what can be achieved in environmental, social and business terms by expanding woodland connectivity through new planting and establishment of hedgerows”.

At Allanfauld, judges said John MacGregor, who still works closely with his father, Archie on the 623-hectare farm, and Andy, Scottish Woodland Ltd’s Regional Manager for South West Scotland, had developed mutual respect and trust after almost a decade working together on planting.

They said: “Andy is primarily a forester with some limited knowledge of farming but a recognition of the importance of working closely with farmer clients and respecting their needs and interests.

“John is a farmer through and through with little interest in the details of forestry per se but with a very strong interest in knowing how new plantings can be designed to ensure they integrate well with his livestock interests. Andy and he have worked closely on all aspects of design, planting and follow-up management.”

The judges described John MacGregor and his father Archie as forward-thinking, adding: “Historically, this has been reflected in their focus on the improvement and marketing of their premium livestock enterprises. But, they also recognise the importance of diversification for improving the overall farm viability and have shown a willingness to incorporate new approaches.”

A Highly Commended prize in the ‘all-age’ Farm Woodland category was collected by Andrew and Jayne Adamson, of Netherurd Home Farm, Blyth Bridge, West Linton, Scottish Borders, owned by W Laird & Sons. Almost 40 hectares of the 253-hectare farm is woodland.

The judges said: “Andrew takes a keen interest in the management of the woodlands and is clear in his own mind what he wants to achieve within each woodland. The main benefits are providing shelter as well as shade around cropping and grassland fields, increasing the

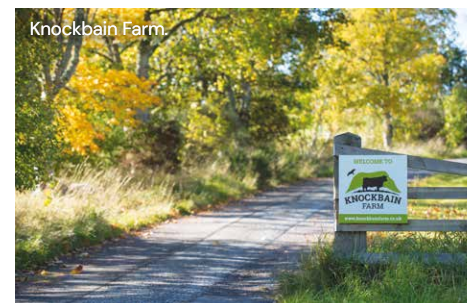


landscape/aesthetics and alternative income, for example from saw logs and firewood sales.”

The Farm Woodland Awards are sponsored by SAC Consulting and Scottish Woodlands Ltd. The winner of the overall award receives the beautiful Lilburn Trophy, a silver salver donated by the Royal Highland and Agricultural Society of Scotland. The Young People’s Award receives a striking trophy created by Scottish Woodlands Ltd when the award was introduced in 2019.

The awards were presented at the Royal Highland Show. Angela Douglas, Executive Director of Scotland’s Finest Woods, said: “We had a strong group of entries for the two Farm Woodland prizes this year and we were very pleased to be able to honour them in person for the first time since 2019. The judges were again impressed by how skilfully and successfully the winners and commended entries had integrated woodlands into their farm enterprises to deliver multiple benefits.”

Other winners at the Awards included a couple who planted 14,000 trees on a rocky peninsula



in the Western Isles and a primary school which moved 80% of its learning outdoors during the pandemic.

Judges also made a rare award of The Dulverton Flagon, a special prize last handed out in 2016, to the large Cormilligan planting site in Upper Nithsdale, Dumfries & Galloway – “an excellent example of modern Scottish forestry, delivering multiple objectives, focusing on quality timber and climate change mitigation” – and praised the winners for their “ambition, vision, and ability to take on board others’ views and criticism in its development”.

Màiri McAllan, Minister for Environment and Land Reform, who presented the Awards, said: “Scotland boasts a strong woodland heritage that is admired by many countries and its international reputation for good woodland management is well deserved.

“The Awards celebrate the achievements and hard work of all those who create and care for our forests and woodlands, and instil a love of trees in our young people.

“I’d like to congratulate all the winners who are keeping Scotland’s woodlands the finest they can be.”

CONTINUED OVER



Early Years' Award winner Johnston Nursery from Kirkcudbright

Full list of awarded entries

Early Years Award

Winner of the Scottish Forestry Early Years' Trophy: Johnston Nursery, Kirkcudbright

Runner up: Balgreen Nursery, Edinburgh

Schools Award

Joint Winners of the Crown Estate

Scotland Schools' Trophy: Grandtully Primary School, Perthshire and Priorsford Primary School, Peebles

Farm Woodland Award

Winner of the Scottish Woodlands Ltd.

Trophy for Young People: John MacGregor and Andy MacLachlan for Allanfauld Farm, Kilsyth

Joint Winners of the Lilburn Trophy for Farm Woodlands

Michael and Shirley Clarke for Williamwood, Lockerbie and The Lockett Family for Knockbain Farm, Dingwall, Ross-shire.

Highly Commended: W Laird and Sons for Netherurd Home Farm, Blyth Bridge, West Linton and A MacGregor (Allanfauld) Ltd. for Allanfauld Farm, Kilsyth

New Native Woods Award

Winner of the Woodland Trust Scotland

Trophy for New Native Woods: Mike and Fiona Coulthard for 1, Ardnakille, Scalpay, Isle of Harris

Quality Timber Awards

New Commercial Woods category

Winner of the James Jones Trophy for New Commercial Woods: The Forestry Partnership 2008 LLP for Succothmore, Strachur, Cowal

The Dulverton Flagon

Winner of the Dulverton Flagon as a special prize for the successful balance between commercial forestry and competing objectives: Mrs J C Hands for Cormilligan, Dumfries and Galloway

Community Woodlands Award

Winner of the Small Community Woodland Group competition and of the Tim Stead Trophy for overall Community Woodland Award Winner: Taliesin Community

Woodland, Near Castle Douglas, Dumfries and Galloway

Highly Commended - Small Community Woodland Group competition:

Cormonachan Community Woodlands, Carrick Castle, Argyll

Commended - Large Community Woodland Group competition: Dronley Community Woodland, Auchterhouse, Angus

Awards ceremony photos taken by Julie Broadfoot.

Timber Market Report June 2022

Ben Law

SAC Consulting

In our last published Timber Market Report (November 2021), there was an encouraging sense of strong optimism in timber markets, fuelled by a year of record-level standing timber prices, strong demands for materials, and stabilisation of prices at a buoyant level as many mills bought ahead of winter 2021.

From that point in early November 2021, we have seen a winter/spring period like none could have predicted. On the 26th– 27th of November, we saw the catastrophic force of extratropical cyclone Storm Arwen hit the UK with maximum wind gusts of 110 mph. This storm caused extensive damage across the UK, with 3 fatalities recorded, and thousands of homes left without power for weeks after as energy network operators struggled to clear and restore powerlines.

The UK's timber market was hit hard by this storm, which was one of the biggest windblow events in the UK for the last 3 decades. Storm Arwen was also not alone in causing destruction and loss this winter, as the UK also faced the later storms Corrie, Malik and Eunice– all further adding to the damage started by Storm Arwen. The combined result of these storms was in region of 2 million cubic metres of timber blown over across Scotland and the North of England, and a subsequent near-saturation of the timber market as owners strived to clear and recover their losses in a timely manner. Prices for the whole timber market took a hammering as a result, with all standing product prices almost halving from their original record high figures seen during 2021.

Challenges didn't stop with the storms



this winter though– we've also seen record breaking fuel prices affecting all aspects of forestry (but especially harvesting and haulage costs), driven by Russia's invasion of Ukraine on the 24th of February 2022. This conflict, and the subsequent sanctions the world has levelled against Russia, has led to hugely volatile trading conditions the world over.

Whilst predicting the market has always been challenging, doing so in the midst of so much market uncertainty is daunting to even contemplate. Ever an optimist, I believe that we have seen the worst of timber price falls in the aftermath of the stormy circumstances faced over the last winter/spring, and we are now starting to see a recovery of standing timber prices as the UK and global markets come to terms with the world we find ourselves within. The flow of timber across the globe has changed dramatically since February, as Russia (an exporter of many timber products) faces harsh global sanctions. Markets most certainly still require timber and demand continues to rise from the housing sector and energy sectors especially. Whilst costs of operations (and inflation) continue to rise, timber prices also continue to recover, leading to the hope that (whilst far from stable) we will see demand (and prices) for domestically sourced timber continue to grow. ■

Quick Guide to Woodland Creation Grants



**Farm
Advisory
Service**

The Forestry Grant Scheme (FGS) supports the creation of new woodland that will provide economic, environmental and social benefits. Payment rates for five of the nine grant support options for woodland creation are shown in the table below. Higher rates of payment are available for eligible schemes within the following locations: Central Scotland Green Network (CSGN); Cairngorms National Park Woodland Expansion Target Area; Highland Native Woodland Target Area; Woodlands for Water Target Areas; and preferred and potential areas of local authority Forest and Woodland Strategies.

Woodland Creation option	Total payment rate per hectare <i>for initial planting and annual maintenance for 5 years</i>	
	Standard areas	Target areas
Conifer*	£2960	£3330
Diverse Conifer*	£3840	£4320
Native Scots Pine	£3200	£3600
Native Broadleaves	£3200	£3600
Native Broadleaves in Northern and Western Isles	£6720	£7560

Central Scotland Green Network additional capital payment contribution

Within the CSGN Contribution Area additional funding is available to Woodland Creation schemes.

Core Area	£2500/ha
Outer Core Area	£1500/ha
Fringe Area	£750/ha
CSGN contribution capped at 40ha in Core Area and Fringe Area, and at 65ha in Outer Core Area.	

National Advice Hub
T: 0300 323 0161
E: advice@fas.scot
W: www.fas.scot

If you need more advice on farm woodlands or any other topic, the Farm Advisory Service has a range of support and help available:

Advice line

For free telephone advice on a wide variety of topics including cross compliance, water framework directive requirements, climate change and other technical issues call us on **0300 323 0161** or email advice@fas.scot. The advice line operates between 9am and 5pm Monday to Friday.

Online

Our website contains articles, videos and much more at **www.fas.scot**

Capital Items Payment Rates

In addition to the initial planting grant there is support for capital items that may be required to successfully establish new woodland.

Deer fencing	£7.60/m
Stock fencing	£4.40/m
Rabbit-proofing of fence	£1.60/m
Tree shelters (1.2 to 1.8m)	£2.00 each
Gorse removal	£720/net ha
Bracken control	£225/ha

**If ploughing is used, reduced payment rates for initial planting apply to reflect the cost saving from this cultivation method.*