

CLIMATE CHANGE AND THE NATIONAL FOREST ESTATE

Consultation on forestry provisions
in the Scottish Climate Change Bill

November 2008

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Ministerial Foreword

The Scottish Government's central aim is sustainable economic growth and our national forest estate has an important part to play in helping us to realise that ambition.

Our national forests provide reliable supplies of timber to our wood processing industries, hugely varied opportunities for recreation, a cutting edge approach to conservation and the perfect location for community engagement. They include some of our national treasures and are home to much of our cultural heritage.

And they are also a very significant public asset – worth around £850 million and covering nearly 10% of our land area.

Most importantly of all, forests have a critical part to play in the fight against climate change. Here in Scotland, we do not face the serious challenge of deforestation, but we can – and must - make good use of our potential for producing renewable energy and using trees to store carbon.

This consultation paper suggests some proposals for legislation that will allow us to become more innovative and imaginative in how we do this. Key elements include the establishment of joint ventures, to develop renewable sources of energy on the national forest estate, and the development of a new approach to cutting rights, allowing lease arrangements to release financial resources for investment in creating new woodlands. We are also proposing that a suitably constituted not-for profit voluntary body could help secure the public interest in such forests and bring renewed vigour to the task of woodland creation.

Our aim is to make better use of the assets of the national forest estate in order to play a full part in the mitigation of climate change, whilst securing more firmly than ever the important public benefits that people throughout Scotland enjoy so enthusiastically.

This consultation focuses on legislation that we would need to bring forward as part of the Scottish Climate Change Bill, but in addition to such possible steps I am also asking Forestry Commission Scotland to undertake a wider options review to ensure that we explore all opportunities. You can suggest new possibilities yourself when you respond to this consultation paper.

It is important to hear as many views as possible on these proposals and to encourage as many new ideas as we can. I do hope everyone who reads this document will take the time and trouble to respond.

Michael Russell
Minister for Environment
4 November 2008

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Introduction

Scottish Ministers are asking Forestry Commission Scotland to work up options for making better use of the assets of the national forest estate in the fight against climate change, while safeguarding the important public benefits that the estate already generates for communities throughout Scotland. This consultation paper relates to legal provisions in the Scottish Climate Change Bill that may be needed to facilitate necessary action.

Policy background

The Scottish Climate Change Bill sets a framework for guiding Scotland to a low-carbon economy¹. Forestry Commission Scotland's draft climate change action plan² explains how forestry in Scotland can contribute to this aim. Important opportunities include renewable energy developments on the national forest estate and woodland creation.

Renewable energy

The Scottish Government has a commitment to source 50% of Scotland's electricity demand from renewable sources by 2020. The national forest estate has the potential to make a significant contribution to this target by making more use of sites with potential to generate power from wind, hydro and micro power. At present, Forestry Commission Scotland leases suitable sites to developers, but it has no powers to take a more proactive role by entering into joint ventures.

Woodland creation

Many types of woodland creation can contribute cost-effectively towards net emissions reduction, and there is potential to increase Scotland's woodland and forest area in order to take more carbon dioxide out of the atmosphere. The Scottish Forestry Strategy includes an aspiration to achieve 25% woodland cover in Scotland by the second half of this century³. Achieving this will mean creating about 10,000 ha of new woodlands each year, locking up an additional 0.2 Million tonnes per year (Mt/yr) of carbon by 2020 and an additional 1.2 Mt/yr by 2050.

¹ The January 2008 consultation paper on the Scottish Climate Change Bill can be found at: <http://www.scotland.gov.uk/Publications/2008/01/28100005/13>. The Scottish Government's response to the consultation is at: <http://www.scotland.gov.uk/Publications/2008/10/response>.

² See: <http://www.forestry.gov.uk/forestry/infd-7bqlg8>

³ The Scottish Forestry Strategy can be found at: [http://www.forestry.gov.uk/pdf/SFS2006fcfc101.pdf/\\$FILE/SFS2006fcfc101.pdf](http://www.forestry.gov.uk/pdf/SFS2006fcfc101.pdf/$FILE/SFS2006fcfc101.pdf)
A recent discussion paper sought views on the Scottish Government's strategic approach to woodland expansion. It can be found at: [http://www.forestry.gov.uk/pdf/Woodlandexpansionpaper.pdf/\\$FILE/Woodlandexpansionpaper.pdf](http://www.forestry.gov.uk/pdf/Woodlandexpansionpaper.pdf/$FILE/Woodlandexpansionpaper.pdf)

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Current delivery mechanisms are grants under the Scotland Rural Development Programme, and woodland expansion on the national forest estate.

Private woodland comprises about two thirds of the woodland cover in Scotland so the role of the private sector in forestry is of great importance to the overall aim of involving forestry in climate change activity. Much of this woodland is grown for commercial reasons and as, in recent years, woodland expansion has averaged only about 5,000 hectares per year, there is a need for considerably more activity even to meet existing targets. It is therefore essential to find new ways to stimulate further, accelerated planting and of course this would require considerable additional sources of funds.

Using the national forest estate

The Scottish Government also places a high priority on efficient management of its capital assets. About one-third of Scotland's woods and forests are owned by Scottish Ministers and managed by Forestry Commission Scotland. This national forest estate is the single largest public land resource held by the Scottish Government. It has a capital value of around £850 million and delivers a wide range of benefits, including the production of timber for Scotland's wood processing industries, and opportunities for recreation, wildlife conservation and community engagement. Scotland's national forest estate is being increasingly focused on six long-term, strategic priorities:

- safeguarding 'national forestry treasures';
- delivering forestry for people and rural development benefits where people live and work;
- managing landscape-scale core areas for threatened species and habitats;
- retaining sufficient timber production potential to facilitate market stability and development;
- using acquisition/disposal, partnerships and other arrangements to generate a greater scale and pace of change;
- sustaining sufficient regional presence to exercise policy development, exemplar and leadership roles.

Forestry Commission Scotland has been evaluating the contribution that each part of the estate makes to delivery of the Scottish Forestry Strategy. It is clear that many parts of the estate are widely appreciated for the public benefits they bring, for example in terms of recreation, conservation, and community involvement. However, there is also a significant proportion of the estate where these benefits are less prominent and the focus is likely to remain on commercial outputs.

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Potential opportunities

The national forest estate offers considerable opportunities to help mitigate climate change. Some of these are highlighted in the Forest Enterprise Framework Strategic Plan 2008-13⁴ and much is already happening. But there is also potential to do more if barriers created by weaknesses in the existing forestry legislation could be remedied.

Specifically, there could be opportunities to do more to promote renewable energy developments; and, if it were possible to release capital from the estate, this could provide additional funding for woodland creation. Both these opportunities are currently constrained by legislation, but suitable provisions in the Scottish Climate Change Bill could help remedy this.

Renewable energy developments could be taken forward with greater vigour if Forestry Commission Scotland had powers to enter into joint ventures with developers and local communities. This would allow Forestry Commission Scotland to enter into arrangements that helped ensure the development of suitable sites, that enhanced returns on the national forest estate and that gave local communities opportunities to have a stake in the developments.

Additional funds could potentially be made available for woodland creation by releasing capital from the estate. It could be possible to achieve this, while safeguarding public benefits from the estate, by offering long leases and cutting rights over some of the land. There would need to be rigorous selection of appropriate areas (ie where the timber production function is dominant). In addition, the lease would spell out such safeguards as the need to observe the UK Forestry Standard, and to protect the interests of existing stakeholders (including recreational users, community groups and staff). The lease would also ensure that returns from (eg) future renewable energy developments were shared equitably. However, releasing capital in this way could only be possible if Scottish Ministers had powers to lease land for forestry purposes and Forestry Commission Scotland was able to grant cutting rights over that land.

⁴ See: [http://www.forestry.gov.uk/pdf/x22531FESFSPINTFINAL.pdf/\\$FILE/x22531FESFSPINTFINAL.pdf](http://www.forestry.gov.uk/pdf/x22531FESFSPINTFINAL.pdf/$FILE/x22531FESFSPINTFINAL.pdf)

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Recent experience in Scotland, as well as other countries, has shown the power of membership-led voluntary bodies in promoting positive action. A not-for profit trust, with open membership, could bring new sources of energy and expertise to the challenge of using forest-related measures, such as woodland creation, to fight climate change. This could be done by transferring assets derived from the lease of land and cutting rights to a not-for profit trust that was set up to invest these funds in woodland creation. Subsequently, the trust could sell the established woodland to generate more funds for the same purpose. This activity would supplement existing woodland creation programmes and increase the level of carbon sequestration.

If the trust also owned the landlord's interest in the leased land in perpetuity for the nation, it could be given the task of ensuring that public interests were safeguarded. If the trust were a membership-based organisation, this would help to diversify land management by giving the people of Scotland a direct stake in the long-term stewardship of this land.

Any such transfers of assets and land would need Parliament's approval. Although the trust would not be a new public body, it would be important that it was properly constituted to reflect the public interest, with appropriate objectives and governance arrangements.

Scottish Climate Change Bill

This consultation paper seeks views on the use of a proposed measure in the Scottish Climate Change Bill that would give Scottish Ministers powers, through secondary legislation, to modify the functions of the Forestry Commission in Scotland where necessary or expedient to address climate change.

This measure could provide greater flexibility in maximising the potential of the national forest estate to help combat climate change by allowing:

- Forestry Commission Scotland to enter into joint ventures for the purposes of participating in renewable energy programmes, subject to the approval of the Scottish Ministers;
- Scottish Ministers to lease land for forestry purposes and Forestry Commission Scotland to grant cutting rights over this forest;
- Scottish Ministers the option of transferring the ownership of this leased land to a not-for profit trust that could also make use of the funds generated from the sale of these rights to promote woodland creation in order to mitigate climate change.

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Responding to the consultation

You are invited to respond to the following questions:

1. What are your views on allowing the Forestry Commissioners to enter into joint ventures, with the intention of participating in renewable energy programmes on the national forest estate?
2. What are your views on allowing Scottish Ministers and Forestry Commissioners to offer leases and cutting rights over parts of the national forest estate?
3. What are your views on (i) transferring the proceeds from leases and cutting rights to a not-for profit trust, for investment in woodland creation; (ii) transferring the landlord's interest in this land to a not-for profit trust; and (iii) Ministers stipulating the constitution of such a not-for profit trust.
4. Are there other actions which need to be taken, or are there other changes in legislation which need to be made, in order to allow the public and private forestry sector to contribute to Scotland's target of reducing emissions by 80% by 2050? If so, please outline what these are.

Please e-mail your response **by 27 January 2009** to liz.kirk@forestry.gsi.gov.uk, or if writing please send it to:

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231 Corstorphine Road
EDINBURGH
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We would be grateful if you could clearly indicate in your response the questions to which you are responding as this will help our analysis of the responses.

Unless you request confidentiality, copies of your response will be made available for public viewing at Forestry Commission Scotland's office in Edinburgh from 1 March 2009. Responses can be copied and sent to you, but a charge may be made for this service.