SOUTH SCOTLAND SMALL WOODS PROJECT

A Study to Identify the Potential Opportunities for the Development of Small Woods in South Scotland

A Report to

Scottish Enterprise Borders
Scottish Enterprise Dumfries & Galloway
Forestry Commission

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Executive Summary

There has been increasing recognition that small woods provide a range of benefits that include shelter, conservation, game cover, fox covets, landscape enhancement and timber production, although timber production is seldom of primary importance. The purpose of this study is to identify what the potential opportunities for small woods of less than 10 hectares in South Scotland are in relation to contributing to the economy, social conditions and the environment and what the obstacles are to their further development. This study has collected base line information on the small woods in South Scotland through face to face and telephone interviews with 43 different individuals or organisation representatives, and using GIS data provided by the Caledonian Partnership.

THE REGIONAL ECONOMY

The regional economy is heavily dependent on agriculture, tourism and forestry, and although the area is predominantly rural the majority of the population are in or near market towns. Many of these are suffering, partly due to a downturn in the rural economy, but also due to the collapse of speciality textile industry and restructuring by multinational companies. The region is unable to retain the most talented people who leave to get further education and rarely return. Pockets of deprivation exist. However the region has a unique and rich biodiversity who importance is recognised in Local Biodiversity Action Plans which have recently been developed.

THE SMALL WOOD RESOURCE

There are some 31,191 woods of less than 10 ha covering a total are of 48,989 ha in South Scotland. These woods are generally on the lower ground and along side burns and rivers, with shelterbelts on the higher ground. Almost three quarters of the small woods in Dumfries & Galloway are broadleaved and just over half in the Scottish Borders. The majority of these small woods are in private ownership. About 40% of the wood are estimated to be on owner occupied farms and the rest on estates and tenanted farms. Owners tend to have a wide range of objectives which seldom include roundwood production. Very few woods have any formal management plans.

ORGANISATIONS INVOLVED WITH SMALL WOODS

There is a wide range of organisations who presently provide owners with advice such as: Forestry Commission, private forestry consultants, land agency firms, SAC, FWAG Game Conservancy, SNH and local initiative. Consultees felt that most farmers tend to look to SAC, FWAG, and private sector consultants as their initial point of contact for advice, while most professionals involved with small woods looked to the Forestry Commission.

GRANT AVAILABILITY

Grants are available to assist owners to meet the cost of managing small woods from the Forestry Commission, SERAD, SNH/ Local Authorities, and presently from Scottish Power through their Rural Care Project. Statistics on the level of grant uptake are limited so it is not clear how great this is. As SERAD offers money as Challenge Funds for a whole enterprise unit the level of uptake may not be a very accurate reflection of need or availability. Most consultees felt that available grants did not meet the cost of management.

CONSTRAINTS ON MANAGEMENT

The principal constraints on small woodland management can be divided into the following four categories: psychological, business priorities, financial and technical. For owners who are aware of the benefits that small woods can provide the constraints tend to be financial or technical, but about half the owners are not aware of, or interested in, small woods.

WOODLAND PRODUCTS, MARKETS & MARKETING

The principal product from most small woods is roundwood although its production is usually secondary to other ownership objectives. Volumes of roundwood produced tend to be small and scattered. Round timber markets do exist in South Scotland, but the prices offered to owners do not tend to meet their expectations because of the higher operating and transport costs associated with small woods.

OTHER WOODLAND INITIATIVES

The experience of other woodland initiatives in England suggest that: clear objectives for an initiative are required; objectives need to inform choice; outputs must be measurable and achievable; widespread partnership support is required; an integrated land management approach adopted; good quality staff employed; adequate funding; the wider community engaged and progress monitored.

NATURE & SCOPE OF POTENTIAL DEVELOPMENT OPPORTUNITIES

The nature and scope of potential development opportunities for small woods in South Scotland can be categories into three: economic social and environmental.

- **General Tourism**: Small woods are an extremely important part of the rural landscape which is one of the most significant experiences identified by visitors who travel in or through South Scotland by car.
- **"Green" Tourism**: The development of cycle and walk ways linking small woods on private land in South Scotland could help to draw in visitors who may wish to stay locally.
- **Diversifying & Strengthening Farm Businesses**: Small woods can provide a useful opportunity for developing on farm diversification activities such as shooting, self catering, B&B, and to add to the capital value of the property as a whole.
- **Strengthening & Developing Existing Woodland Management & Harvesting Businesses:** Increased owner interest and resource commitment to small woodland management is likely to feed back directly to increased activity levels for local woodland management and harvesting businesses.

- **Strengthening & Developing Existing Wood Processing Businesses**: The availability of increased but small volumes of sawlogs is a result of increased management is likely to feed back directly to increased activity levels for local woodland management and harvesting businesses.
- **Creation of New Businesses**: Bringing more small woods under management provides a potential opportunity for starting up new rural craft or hardwood sawmilling activities.
- **Rural Skills Training:** As there are areas of deprivation in a number of rural towns in South Scotland, and limited job opportunities, some of the work involved in improving the management of small woods could be carried out as part of a training programme for young unemployed people.
- **Health Improvement**: The creation of easily accessible paths linked to existing, or new small woods around towns may encourage local people to undertake more physical activities and thereby improve their health.
- **Community Involvement**: Although most small woods are in the private sector, there could be opportunities for community involvement in managing or establishing new woods around towns and villages.
- **Local Biodiversity Action Plan Implementation**: Small woods which are classified as native or ancient semi natural are of particular importance for their biodiversity & may feature in Local Biodiversity Action Plans. Small woods often provide corridors for wildlife to move between habitats. Small charges in structure & species composition may increase biodiversity of small woods.
- **Improving the Competitive Environment**: Increased tree planting in and around towns, linked to the creation of new footpaths may improve the appearance of towns and villages which may then attract increased tourism and attract new small scale manufacturing investment.
- **Carbon Sinks**: Trees in small woods in South Scotland are locking up carbon through photosynthesis and any improvement in their health, or any expansion of them, will increase the benefit.

OBSTACLES TO REALISING DEVELOPMENT OPPORTUNITIES

- **Mis-match between Private & Public Costs & Benefits**: There is a mis-match between the costs and benefits of small woodlands to their owners and to the public and this market failure is reflected in the present lack of owner interest and management of many small woods.
- **No Integrated Public Sector Policy or Operational Focus on Small Woods**: Some individual public sector organisations are aware of the important contributions small woods can provide, but this does not cover all of them such as SAC, the Tourist Board, Councils and Scottish Enterprise. In addition the contribution of small woods is not reflected at the strategic, policy or budget setting levels.
- **Lack of Owner Awareness**: Up to half of all small woodland may be located on owner occupied farms, and the owners may have little interest or time to give managing the woods. Some key obstacles to improving owner awareness are: farm business development opportunities not identified sufficiently; no clear relevant justification for managing woods provided; an absence of woodland management demonstration woods.
- **Lack of Public Profile for Small Woods in South Scotland**: The wider economic benefits of small woods are not recognised by the public to a level where they generate increased public spending support.
- **Uncertainty of Grants**: Grants for small woods are perceived to be uncertain as they depend on the outcome of the consultation process, and SERAD's ESA, CPS and the new RSS are all Challenge Funds. There are no differential levels of support depending on the degree to which the FC's criteria are met.
- **Net Cost of Woodland Ownership/ Management**: The net cost of managing small woods even after grants is a major constraint for most owners.
- **Cost of Advisory Visits and Management Plan preparation**: Most farmers do not have the knowledge, skill or time to prepare woodland management plans and the cost of having a plan prepared is a deterrent.
- **Limited Grants for Woodland Improvement and Access Creation**: FC grants only meet up to 50% of the cost of work done to improve access or the conservation value of woods. The owners have to meet the other 50%. The grant does not cover the repairs to dykes, external footpaths etc.
- **Bureaucracy**: The forms to be filled in, and a possible site visit, for what is perceived to be small scale activity and a small amount of grant money is a major deterrent for most owners relative to other business or investment options open to them.
- **No Contractors for Small Scale Harvesting**: There are very few if any contracting businesses who have either the expertise or the equipment to undertake the harvesting and extraction of logs from small woods. There is an increasing shortage of reliable people in business who have motor manual felling skills and training.
- **Public Road Access Limits**: Many small woods can only be accessed using minor public roads which have weight restrictions on them.
- **Difficulties of Marketing Small Volumes of Roundwood**: it is difficult to get interest from buyers in purchasing small volumes of logs from scattered woods.
- **Financial Weaknesses of Small Wood Processing Businesses**: Most businesses using products from small woods are small, undercapitalised and face cash flow difficulties.
- **Limited Markets for Woodland Products**: The markets for the products from small woods are limited and are not geographically well distributed across South Scotland.

A well designed, adequately funded and effectively executed initiative designed to strengthen the management of small woods could bring a spread of direct and indirect benefits over time to the regional economy of South Scotland.

SCOTTISH ENTERPRISE BORDERS
SCOTTISH ENTERPRISE DUMFRIES & GALLOWAY
FORESTRY COMMISSION

A STUDY TO IDENTIFY THE POTENTIAL OPPORTUNITIES FOR THE DEVELOPMENT OF SMALL WOODS IN SOUTH SCOTLAND

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ABBREVIATIONS

ASNW:	Ancient & Semi Natural Woodlands
BFT:	Borders Forest Trust
CPS:	Countryside Premium Scheme
ERDF:	European Rural Development Fund
ESA:	Environmentally Sensitive Areas
ESF:	European Social Fund
FC:	Forestry Commission
FCA:	Forestry Contracting Association
FWAG:	Farming & Wildlife Advisory Scheme
FWGS:	Farm Woodland Premium Scheme
GIS:	Geographic Information System
LBAP:	Local Biodiversity Action Plans
NCC:	Nature Conservancy Council
RSS:	Rural Stewardship Scheme
SAC:	Scottish Agricultural Colleges
SEB:	Scottish Enterprise Borders
SEDG:	Scottish Enterprise Dumfries & Galloway
SERAD:	Scottish Executive Rural Affairs Department
SNH:	Scottish Natural Heritage
SS:	Sitka Spruce
SUP:	Southern Upland Partnership
WGS:	Woodland Grant Scheme

1. INTRODUCTION

BACKGROUND

1.1 There has been increasing recognition over the last decade or so that although small woodlands may not be of major importance as a source of roundwood timber production, they have the potential to provide a wide range of other benefits which may be of far greater importance to the owner and to others at the local and national levels. These benefits, whose importance will vary depending on circumstances, can include the following:

- ❒ Shelter
- ❒ Conservation
- ❒ Timber Production
- ❒ Game Cover for Shooting
- ❒ Fox Covets
- ❒ Amenity & Landscaping

1.2 Many of these benefits can be hard to quantify, such as conservation and biodiversity, and others are realised indirectly, such as through the provision of shelter for livestock from which the farm enterprise receives the financial benefit. Of particular importance is the contribution which small woodlands make to the landscape as a survey by the Scottish Borders Tourist Board in 1998 found that some 40% of tourists are attracted to the Region because of its scenery. Such economic spin offs from small woodlands are not captured financially by the owners of the small woods. Similarly the biodiversity value of a small wood may bring little or no direct benefit to the owner, but collectively their environmental contribution to society for conservation, may be significant. This absence, or weak linkage, between the costs and responsibilities of owning small woodlands and the benefits they provide indirectly and to the wider public is both complex and challenging and is a clear manifestation of what is often described as **market failure**.

1.3 In April 2000 the Southern Uplands Partnership and Torwoodlee Estates hosted a meeting of interested parties to look at how to manage and utilise the resources of small woods. It was generally felt that better use could be made of what are often perceived to be peripheral woods to deliver economic, social and environmental benefits to the area. Considerable interest was expressed in the potential of a project that could begin to explore ways in which the benefits that small woodlands delivered could at least be maintained, or increased, since many were known to receive little or no management intervention from the owners and were therefore in a gradual state of deterioration.

1.4 Representatives of the Southern Uplands Partnership (SUP), Scottish Enterprise Borders (SEB), the Forestry Contracting Association (FCA) and the Forestry Commission met in August 2000 to discuss the concept of a support project for small woodlands in South Scotland. The idea was discussed by Forestry Action Groups in the Scottish Borders and in Dumfries and Galloway regions who also both supported this initiative. Subsequently a small Steering Group comprising Scottish Enterprise Borders, Scottish Enterprise Dumfries & Galloway, the Southern Uplands Partnership and the Forestry Commission was set up to take the concept forward.

1.5 The majority of small woodlands are known to be in the private sector rather than owned by the Forestry Commission. As the woodlands are both small and scattered the amount of quantified information readily available on them is therefore very limited; the attitudes and interests of owners vary widely; economic and conservation values of individual woods vary; the benefits they provide differ markedly; the degree of management they have had, and currently receive, also differs and the opportunities and constraints to improving the delivery of the economic, social and conservation benefits are not widely known. Before a more detailed case could be developed for assisting with the delivery of the benefits which small woodlands can provide, the Steering Group recognised that they required some more detailed information on the small woodlands in South Scotland. The Steering Group therefore appointed John Clegg & Co to assist them with this initial stage. Based on these findings the Steering Group will decide whether to proceed with developing a detailed business case and seeking the necessary support funding. John Clegg & Co were appointed in mid December 2000 and made an initial presentation of their findings to the Steering Group at the end of January 2001.

TERMS OF REFERENCE

STRATEGIC OBJECTIVES

1.6 The aims of this initial study are to:

- ❒ Identify what the potential opportunities for small woodlands in South Scotland are.
- ❒ Establish what the obstacles to the further development of the woodlands are.
- ❒ Identify what the possible outcomes might be from further development of these small woodlands.

OPERATIONAL OBJECTIVES

1.7 The terms of reference for this study also identified the following nine tasks which had to be completed:

- ❒ Summarise the woodland resource in the Dumfries & Galloway and Scottish Borders Regions with particular emphasis on woodland blocks of less than 10 hectares.
- ❒ Summarise the different types of ownership of these small woodlands and estimate the hectarage of woodland within each owner type (e.g. farmer, independent, part of larger estate etc).
- ❒ Establish who currently provides advice, the nature of the advice and its cost to small woodland owners in the two regions (Borders and D&G).
- ❒ Identify the constraints (if any), that reduce or prevent the management of these small woodlands.
- ❒ Identify the current sources and levels of funding available to assist with the management of these woodlands.
- ❒ Estimate the current awareness of, and level of applications for these various types of financial assistance for small woodland owners.
- ❒ Identify who owners currently contact for further advice on grants and services.
- ❒ Identify the current and potential future marketing opportunities available for small woodland owners in these two regions.
- ❒ Identify the nature and scope of potential development opportunities for this resource and the obstacles to be overcome to realise the benefits.

APPROACH & METHODOLOGY

1.8 All the information contained in this report has been collected by John Clegg & Co through a mix of personal and telephone interviews and on-line and desk based research, apart from the statistics on small woods.

1.9 As this study had to be completed within one month and the budget was limited, it was not possible to identify all the small woodland owners in South Scotland or even a large sample of them, and then send them a questionnaire for self completion. It is also questionable whether this approach would necessarily have resulted in a good response as there is some evidence that questionnaire completion fatigue is setting in. It was therefore decided that the most effective way to obtain the necessary information in the circumstances would be to conduct telephone and personal interviews with a small cross section of farmers and estates, and with a range of professional and representative organisations working in South Scotland. The number of consultees in each of the various categories is given in Table 1.1 on the next page:

1.10 There are two GIS databases which have detailed information on small woods in South Scotland. One has been developed and is run by the Caledonian Partnership which is based in Dingwall and the other by Solway Heritage which is based in Dumfries. The Caledonian Partnership GIS dataset has been developed from the interpretation of 1988 aerial photographs and covers both Scottish Borders and the Dumfries & Galloway Regions. The Solway Heritage database is more up to date and has been prepared using aerial photos takes in 1999, but the disadvantage for the purposes of this study is that the GIS only covers the Dumfries and Galloway Region. After a careful review of both options the Steering Group decided that it was more important for the outputs of this study to have a consistent and uniform set of data on small woodlands than to gain a slightly higher degree of accuracy on the number and areas of woodlands in one part of the study area. It also felt that no changes of any significance had occurred in the area and number of small woodlands in South Scotland over the last 10 years; but even if there had been, they would not affect the overall conclusions of this study.

Table 1.1 An Analysis of the Categories & Numbers of Study Consultees

Farmers:	5
Estates:	6
Government Organisations:	2
Representative Organisations:	3
Regional Councils:	1
Woodland Managers/ Consultants:	9
Other Organisations:	17
Total	43

A more detailed list of consultees is given in Annex 1.

1.11 A short guide was developed for use in the personal and telephone interviews and, where time allowed, it was circulated to consultees in advance. Interviews started on the 10th January 2001 and were completed on 30th January. Everyone who was contacted willing provided information and they were all very interested and supportive of the project concept.

1.12 The responses which consultees gave broadly reflected their interests and activities as would be expected, and with a relatively small and wide ranging sample, any quantified analysis of responses to particular questions would be both misleading and unrepresentative. There is therefore a degree of subjectivity associated with some of the findings in this report, and where this is the case, it is identified in the text. We do not think this has had any effect on the identification of the nature and scope of potential development opportunities for small woodlands, or the obstacles to their realisation.

REPORT CONTENTS

1.13 This first section of the report provides a background to the study and the second section provides a very brief introduction to the state of the regional economy of South Scotland and the Government's rural economic development strategy since it is within this context that any project concerned with small woods in South Scotland must be developed. The report is then divided into two parts. The first part has six sections and sets out the information collected in the course of the study. The second part, which comprises three sections draws conclusions from the results presented in the first part of the study. Section 3 which is the first section in Part 1 gives information on the small woodland resource in South Scotland which has been provided by Caledonian Partnership using their GIS. Some of the small woodlands in South Scotland are already being managed and in section 4 the organisations who provide advice are identified and their relative importance to small woodland owners is assessed and the types of advice they are asked to provide, and hence give, is detailed. There is funding available already from various sources which assists in meeting some of the costs of managing small woods and these schemes are identified in section 5 as well as the amounts of funding potentially available. In section 6 the main constraints on the management of small woodland are identified by type and the way they vary between different types of owners is described. In section 7 the marketing methods and markets for produce from small woodlands are described and in section 8 the experiences of other organisations concerned with supporting the sustainable management of small woods in other parts of Britain are briefly analysed.

1.14 Part 2 of this report conclusions are drawn from the information presented in Part 1 of the report about the nature and scope of potential development opportunities and these are given in section 9. In section 10 the obstacles to realising these opportunities are described and in the final section some ways in which support for small woodland management might be delivered in South Scotland are identified.

ACKNOWLEDGEMENTS

1.15 We would like to acknowledge and thank the wide variety of people who have been so generous with their time and ideas, and who have also allowed us to draw on their experiences. This study has undoubtedly benefited greatly from all of this. We would also like to thank them for their courteousness and for their interest and enthusiasm for this potential project.

1.16 The help and support of the Steering Group throughout this study has been much appreciated and has been an extremely important contribution to the outcome of this study. In particular therefore we would wish to thank Simon Crowther of Scottish Enterprise Borders, Rufus Logan of Scottish Enterprise Dumfries & Galloway, Alex Morris of the Forestry Commission and Pip Tabor of the Southern Upland Partnership.

2. THE ECONOMIC, SOCIAL & ENVIRONMENTAL CONTEXT OF THE STUDY

2.1 Any development projects, such as this one which is looking at the potential opportunities for developing small woodlands in South Scotland, has to fit in with, and contribute to a wider economic, social and environmental framework. This section briefly summarises the current position of all three and the future challenges for the region.

THE SOUTH SCOTLAND ECONOMY

2.2 At current prices the Gross Domestic Product of the Scottish Borders Region in 1996 has been estimated at £1,000 million. This represents 1.8% of the total for Scotland. In the Region the agricultural sector's contribution to GDP, and to employment levels, are estimated to be about £184 million and 7.5%. In comparison the total annual expenditure generated by the Region's tourism sector is estimated to be about £200 million, derived from 10.1 million day visits and 440,000 overnight visits (BFRS, 2000). A similar economic profile is likely to have existed in Dumfries & Galloway Region. The contribution of forestry to Scotland's economy has been estimated to be £811 million in 1995 (Macaulay Land Use Research Institute, 1999), but more detailed regional estimates could not be derived. Some of the findings of the study were that there was often significant economic leakage from the local economy if the forest or woodland outputs were not processed locally; native woodland harvesting was found to generate slightly higher benefits for the wider Scottish economy per unit of additional activity than conifer harvesting; and new planting in Southern Scotland appeared to offer the greatest potential economic benefits.

2.3 Although the area is predominantly rural, the majority of the population live in or near market towns. Many of these are suffering, partly due to the general downturn in the rural economy, but also because they were once small industrial centres in their own right. In the Borders the collapse of the speciality textiles industry has caused sever difficulties in towns such as Hawick, while in Dumfries and Galloway the restructuring of multinational corporations has resulted in the closure or down sizing of a number of the branch factories located there (European Commission, South of Scotland Objective 2 Programme 2000-2006).

2.4 According to the Borders Foundation for Rural Sustainability (2000) the dependence of the Border economy upon agriculture is significantly higher (18.4%) than for Scotland as a whole (3.1%). Yet farming fortunes in the Borders have declined sharply thus making the economy even more fragile. By comparison the indicative trends for Borders tourism are encouraging: the share of national domestic activity holiday trip's has shown limited growth in the three years to 2000 when the national statistics have declined; also the market share of expenditure on these holidays rose from 5% in 1996 to 8% in 1998. However the average staying visitor spend per trip to the Borders Region in the period 1996-1998 was about £114 compared with the national average of £192. Moreover, the proportion of total tourism generated by rural tourism providers and facilitators, covering walking, golf, cycling, horse riding etc in the region is reported by the Scottish Borders Area Tourist Board to be relatively low. A similar situation is thought to have existed in Dumfries & Galloway Region.

THE CURRENT SOCIAL CONDITIONS

2.5 The social position in South Scotland has been summarised in the South Scotland Objective 2