

Mr PATTISON

THE SCRUTINY PROGRAMME: FORESTRY COMMISSION

This scrutiny is one in which Sir Derek Rayner intended to take a general, rather than a particular interest.

2. However, he was invited by the examining officer, Mr Gwynn to comment on the report and has now done so to Lord Mansfield (Scottish Office).

3. Sir Derek Rayner thought that while it was needless to bother the Prime Minister with either the report itself or indeed a summary of it, she might like to see the attached copy of his letter to Lord Mansfield. The letter is complete in itself; Sir Derek offers it to the Prime Minister not as evidence of how clever he is but of the value of the scrutiny method and the extent of the need for it.

C
C PRIESTLEY
11 July 1980

Enc: Copy letter to Lord Mansfield



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10 July 1980

John Lord Mansfield

ADMINISTRATION OF WOODLAND GRANTS AND FELLING CONTROL: THE GWYNN REPORT

1. It is only now that I have been able to read Mr Gwynn's interesting and very readable report on this subject. I am sorry about this as I am conscious that if changes in the system are to coincide with the start of the next 'forest year', which the report regards as necessary, time is important.

Qualification

2. As with most scrutinies in which I have only a general interest, I have not had an involvement with the work throughout. Coupled with my lack of knowledge of the forestry industry this is an important constraint on my understanding of the facts and issues.

Commentary

3. The analysis of current arrangements suggests that change is long over due. The present felling control and grant aid systems are variously described as out of date, costly and complex with over-intensive supervision and excessive consultation.

4. The cost of issuing a felling licence looks high at £110 and the costs of administering the grant schemes (£91 for every £100 paid under the Small Woods Scheme and £39 for every £100 paid in dedication grants) seem extraordinarily so. Any system in which the administration costs are so high in proportion to the grant paid must be open to question.

5. I am also particularly struck by the fact that although the original purposes of the Forestry Commission's involvement in these areas has changed dramatically, the rules have not been adjusted in response. The controls governing the felling of trees, for example, were introduced during the second world war "as a measure to control the supply of a raw material vital to the war effort" (Paragraph 60). Today the controls are exercised "in the interests of landscape, nature conservation and general amenity" - all admirable - but the statutory controls, not least of those governing exemptions, have remained virtually unaltered.
6. The recommendations for change contained in the report would have a big impact on the problems identified. The savings are a measure of this: £426,000 a year on administration costs (35 per cent of the total), £88,000 a year on legal expenses and £141,000 a year income from fees for licencing. In addition there are some areas of reform where the savings are not quantifiable but thought to be significant eg changes in the enforcement conditions (Paragraph 152) and increasing the minimum size of tree requiring a licence (Paragraph 146).
7. The proposed new Forestry Grants Scheme would appear to be simpler to administer, with a much reduced involvement of Forestry Commission staff through fewer inspections. I am not technically competent to comment on the detail of the proposed scheme, not least on whether the report goes far enough in reducing the administration costs as a percentage of grant paid. I would not like to second-guess Mr Gwynn on this, but take heart from the fact that he is recommending the abolition of the "dedication scheme" which as long ago as 1956 was regarded by the experts as entailing an excessive amount of inspection and calculation (Paragraph 90).
8. I do wonder however whether there is some scope for further easing the burden of administration as a percentage of total grant paid either by raising the lower limit of eligibility (currently 0.25 hectare) or by easing some of the controls and checks on such penny parcels.
9. I note that prior approval, whereby no planting shall be carried out before proposals are approved, is retained. The main reason for its retention is that the consultative procedures, whose objective is to ensure that "the requirements of land use, agriculture, amenity, recreation and nature conservation are taken into account", would otherwise be by-passed. If one accepts the need for consultative procedures then the case for the retention of prior approval seems inescapable. I am glad to see however that the report recommends a thorough review of these procedures with a view to trying to establish more modest consultation requirements. I hope that such a review could be pressed ahead quickly not only for the purpose of achieving the possible savings identified but also to reduce the appearance of bureaucracy which is so vividly described in Paragraph 122 et seq of the report. If a way could be found in that review to exempt certain planting altogether (especially very small woods) then additional savings might be had by the elimination of prior approval in such cases.

10. The recommendations on felling control seem logical, Mr Gwynn having sensibly taken the analytical route of saying that if the purposes have changed then the rules and regulations, not least of those covering exemptions, should be brought into line. The savings that would ensue (47 per cent of costs) are substantial. I am also particularly attracted by the idea that a fee should be charged for felling licences, with the income from such fees covering the administrative costs of licencing.

11. With regard to the enforcement of licence conditions, a change in the procedures is clearly necessary. I note that it can sometimes take 10 years to persuade a licensee to comply with the conditions of a licence (Paragraph 79) and that even then enforcement is never achieved in half the cases. Against such a background the very existence of the licencing system must be called into question. The idea of a guarantee bond (like those used by the National Coal Board), backed up by tougher fines, would seem a sensible way of giving the licensees the necessary incentive to comply with the conditions.

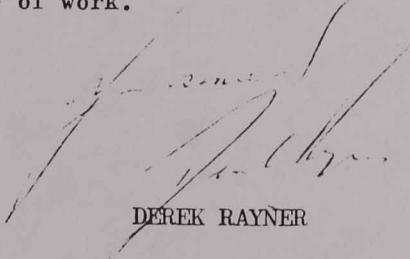
Implementation

12. I recognise that forestry is a sensitive area and that foresters are a powerful lobby. Implementation is thus not likely to be easy. I hope therefore that in going out to consultation on the proposals you will feel able to give the report your strong backing. The case for change is to my mind indisputable on the evidence presented and the recommendations seem eminently sensible, at least to the layman like myself.

13. I understand that Forestry Ministers have recently been reviewing forestry policy as a whole. The recommendations made by Mr Gwynn bear upon the administration costs within the existing framework of a system of grants. However the costs of administration are affected by policy decisions eg the lower limit of 0.25 hectare on grant applications. Moreover even under the proposed new grant system administrative costs will still appear as a significant percentage of grant paid. I would think it sensible therefore for this report to be considered alongside the broader policy proposals.

14. I see from Mr Gwynn's letter to Mr Priestley that you have limited the circulation of the report. I should therefore let you know that, as with all scrutiny reports, I sent copies to the CSD, Treasury and CPRS.

15. I am copying this letter to Sir William Fraser, Mr Holmes and Mr Gwynn whom I congratulate on a good piece of work.



DEREK RAYNER

12 JUL 1980

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