

Woodland Creation - Reduced Grant Requirement (RGR)

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Introduction

Scottish Forestry have created an additional budget category aimed at projects which are benefiting from other sources of funding (e.g. Woodland Carbon Code) and are willing to proceed with a reduced grant contribution from the Forestry Grant Scheme (FGS). This approach offers increased value for money for public funds and will allow the FGS budget to support an increased area of woodland creation by providing support for some projects at a lower rate per hectare.

Applicants who are willing to accept a lower rate of support for their project(s), with a reduction of £1,000/ha or more, and with an initial planting area of 50ha or greater, will be eligible to access funding from this budget category, which is expected to be **the last category remaining open in times of reduced headroom for new projects**.

Where applicants wish to accept a lower rate of support but do not meet all of the above requirements, we will still accept the reduction and the application will be processed in the same way, but instead will be considered through whichever budget category it qualifies for.

RGR Budget Category - Minimum Requirements

The minimum requirements for an application to be considered through the RGR budget category are that the:

- total WC Initial Planting area is more than 50ha
- you must be willing to accept a lower rate of support for your project, with a reduction of £1,000/ha or more

Please note that it is a reduction of £1,000/ha or more at the contract level (i.e. total Capital and Annual Recurrent values combined), however, the reduction will only be applied to the capital value

- you agree to submit only one capital claim upon completion of all capital works agreed in your contract.

Applications which do not meet the Minimum Requirements

Where applicants wish to accept a lower rate of support but **do not** meet all of the above requirements, we will still accept the reduction and the application will be processed in the same way, but instead will be considered through whichever budget category it qualifies for e.g.:

- 65ha application that does not provide £1,000/ha reduced grant rate then that application will be considered through the 'Woodland Creation: 50ha and above' budget category

- 15ha application that does not provide £1,000/ha reduced grant rate then that application will be considered through the 'Small Woodland Creation: Under 20ha' budget category

How to Apply

There will be a section within a newly revised Woodland Creation Operational Plan where you can notify us of the amounts of capital grant reduction you would like once your application reaches FGS contract approval stage. For a short period before we update the Operational Plan, please remember to email your local SF Conservancy office with this information highlighting the amount of capital grant (£) you wish to forgo.

Contract Approval

We will issue you with a contract that will have a number of additional conditions inserted and you must ensure you are content with these conditions before making an application:

- the full works detailed in the contract's schedule of works must be completed and claimed for on the agreement that the capital grant payment will be the reduced amount detailed in the condition
- only one claim for capital grant will be submitted after all the schedule of works items have been completed
- that should you carry out less quantities because of acceptable operational on-site reasons, then if the reduction is less than a 10% reduction, the contracted reduced amount will be paid but if the reduction is greater than a 10% reduction, then the reduced grant specified in the contract will be reduced by a proportionate amount
- that should Scottish Forestry report a breach and/or a penalty with the claim and/or works undertaken, then any financial breach and/or penalty will be taken from the reduced grant amount specified in the contract

Capital Claims Process

Upon completion of all works you or your mandated agent, submits only one claim per contract for the full amount detailed in the Schedule of Works (SoW) or the total of all capital work(s) delivered on the ground, whichever is the lesser value, as per the conditions and additional conditions of your contract.

Please note: Do not artificially reduce the value of the claim by removing items to meet the reduced grant amount. Please ensure your claim is for all the works undertaken. Reductions will be applied by SF staff at the end of the claims process to ensure you receive only the agreed reduced payment.

We will allow a 10% variance threshold on your claim. The contract condition will state the reduced capital amount that we will pay based upon the customer delivering all the activities detailed in the Schedule of Works. If the delivered quantities (because of appropriate operational reasons) reduces this amount and this reduction is less than a 10% reduction of the overall value, then we will still pay the reduced contract amount. If the amount claimed is reduced by a value greater than 10% then we will proportionally adjust the amount we will pay them – even if this has not been varied in the contract.

Any breaches or over-declarations which arise from inspection or due to inadequate supporting information will be handled and processed as normal. Please see [Breaches and Penalties page](#) for more details.

Please note: If we do make a financial reduction to your claim as a result of breaches and/or penalties, then this financial breach or penalty amount will be deducted from the reduced grant value you agreed to and will not be calculated against the funding amount you are funding separately. This is important to ensure the integrity of managing the objectives of your project for the stated period of undertakings.

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Application Scenario Examples

For an application to be considered for the new WC budget category for Reducing Grant Requirement, the application must demonstrate that the applicant wishes to reduce their total grant offer by more than £1,000/ha. e.g.:

1. Value of capital = £250,000. Value of Annual Recurrent or Maintenance payments = £50,000. Total Grant = £300,000. Total WC Area of Initial Planting = 60 ha averaging £5,000/ha

- applicant wishing to claim for £220,000 capital grant only and Annual recurrent for £50,000
- average cost of deduction = (£30,000 /60 ha) £500/ha – therefore not eligible for reduced grant requirement budget category as is less than £1,000/ha

Application routed down normal FGS application process and will be assessed in the 'Woodland Creation: 50ha and above' budget category.

The contract, if approved will detail capital items in the schedule of works to the value of £250,000 but the contract conditions will state that on submission of the claim for all of these works, you will receive a reduced payment of £220,000. Annual payments to be £50,000 total.

2. Value of capital = £250,000. Value of Annual Recurrent or Maintenance payments = £50,000. Total Grant = £300,000. Total WC Area of Initial Planting = 60 ha averaging £5,000/ha

- applicant wishing to claim for £50,000 capital grant only and Annual recurrent for £50,000 only
- average cost of deduction = (£200,000/60 ha) £3,333 – therefore eligible for reduced grant requirement budget category as is more than £1,000/ha
- contract for capital works = £250,000. Claim for capital works submitted to be £250,000. Final capital payment restricted to £50,000. Annual payments to be £50,000 total

3. Value of capital = £250,000. Value of Annual Recurrent or Maintenance payments = £50,000. Total Grant = £300,000. Total WC Area of Initial Planting = 60 ha averaging £5,000/ha

- applicant wishing to claim for zero capital grant and Annual recurrent for £50,000
- average cost of deduction = (£250,000/60 ha) £4,166 – therefore eligible for reduced grant requirement budget category as is more than £1,000/ha
- contract for capital works = £250,000. Claim for capital works submitted to be £250,000. Final capital payment restricted to zero. Annual payments to be £50,000 total

4. Value of capital = £250,000. Value of Annual Recurrent or Maintenance payments = £50,000. Total Grant = £300,000. Total WC Area of Initial Planting = 60 ha averaging £5,000/ha

- applicant wishing to claim for £20,000 capital grant only and Annual recurrent for £30,000 only
- average cost of deduction = (£250,000/60 ha) £4,166 – therefore eligible for reduced grant requirement budget category as is more than £1,000/ha, however the deduction can only be on the capital element
- contract for capital works = £250,000. Claim for capital works submitted to be £250,000. Final capital payment restricted to Zero. Annual payments to be £50,000 total

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Grant Claim Scenario Examples

1. Contract capital total in SoW = £100,000 and RGR agreed capital amount to be paid = £20,000;

- claim submitted for activities totalling £99,000
- as difference between £100,000 and £99,000 is less than 10%, then RGR payment made to you still equals £20,000

2. Contract capital total in SoW = £100,000 and RGR agreed capital amount to be paid = £20,000;

- claim submitted for activities totalling £80,000 and you confirm it is the final claim
- as difference between £100,000 and £80,000 is greater than 10%, then payment amount will be reduced proportionately. In this case by 20%, so RGR payment made to you = £16,000

3. Contract capital total in SoW = £100,000 and RGR agreed capital amount to be paid = £20,000

- claim submitted for activities totalling £100,000. At Inspection stage, Scottish Forestry identify a breach that leads to the capital claim being reduced by £15,000 to £85,000
- as we will recover these breaches and penalties from the grant payment we agreed to pay you, the payment you will receive will be £5,000. (£20,000 less £15,000)

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