Harvesting and Processing

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Aim

This option supports investments in two main areas

1. new specialised equipment which will increase the local small-scale harvesting and processing capacity with the aim of:

- bringing woodlands into management
- promoting the economic and sustainable production of timber and timber products through processing
- adding value to local economies on a non-industrial scale (less than 10,000 tonnes per annum of roundwood for harvesting or extraction equipment, or less than 5,000 tonnes per annum of output for primary timber processing equipment or less than 500 cubic metres per annum of output for secondary processing)
- providing support to facilitate and enable diversification and to assist with the creation of new small enterprises and related employment

2. new specialised equipment for forest tree nurseries and equipment for afforestation ground preparation projects with the aim of:

- promoting economic development in rural areas in Scotland by supporting new and existing forestry businesses
- scaling up and expanding the capacity within the forest tree nursery sector and the forestry contractor resource to help delivery of the Scottish Government ambitious woodland creation target

Grant support

Grant support is based on actual costs with a maximum contribution of 40 per cent. The balance of funding must come from private funds and not from other public funds. Public funds include all EU funds, and any UK government funds, including local authority and lottery grants.

In any single application, the minimum and maximum grant award totals will be:

- Aim 1 – harvesting and primary processing equipment minimum £2,500 and maximum £50,000
- Aim 1 – secondary processing equipment minimum £1,000 and maximum £6,000
- Aim 2 – nursery and ground prep equipment minimum £2,500 and maximum £50,000

We will consider applications that purchase equipment through hire purchase, but we will only provide grant support against expenditure incurred within the first two years of the initial payment.

Grant support will only be provided towards the capital cost of the purchased equipment, we will not support the cost of interest charged in a hire purchase agreement.

Grants are available for the purchase of equipment with claim years of 2018 and 2019 and we will consider applications with hire purchase arrangements that will require claims in 2020.

Examples:

1. if you are applying for harvesting machinery that you receive a lowest quote of £140,000, then we will calculate 40 per cent x £140,000 = £56,000 and so we would cap your grant at £50,000
2. if you are applying for two items of primary processing equipment of £48,000 and £97,000, then we calculate 40 per cent at £19,200 and £38,800. This totals £58,000 so we will cap your grant at £50,000. However, if you make two applications, we will assess each separately and we will award grants for the first application of £19,200, and award a grant for the second application of £38,800. Please note that if you opt to submit it in two applications, you may not get both applications approved as we will assess these as stand-alone applications that will be competing for our budgeted headroom against all other received applications for this option

The principles of these grant examples apply to all of the various minimum and maximum values, depending on the aim of your application.

Application rounds

One application round will normally be run each year with a closing date of 31 January for the submission of applications. However, an additional application round is being run in 2018.

1st July - 30th October 2018 - Applications are invited for projects that will be completed in 2018 or 2019, and for those with hire purchase arrangements that will be claimed in 2020; the closing date for submission of applications is 30th October 2018.

Available funding for applications in 2018: £200,000

Available funding for applications in 2019 and 2020: £300,000

Successful applications for 2018 must spend grant awards by the end of February 2019, 2019 applications must spend awards by the end of February 2020 and 2020 applications must spend grant awards by the end of February 2021.

Examples of what might qualify for grant aid under Aim 1 are:

- equipment that will enable cost-effective small-scale mechanised harvesting operations in small, undermanaged conifer and broadleaved, predominantly farm, woodlands but with minimal environmental impact, e.g. small-scale thinnings harvesters, thinnings harvester heads, small-scale forwarders, forestry grabs and purpose-built forestry trailers
- equipment to facilitate local timber primary processing (i.e. sawmilling) at a non-industrial scale (excluding wood chipping)
- non-industrial scale processing equipment, e.g. firewood log processors, small-scale mobile or static saw benches for primary processing of felled trees, handheld timber strength graders and sawn timber (not firewood) drying kilns
- non-industrial small scale secondary processing of home grown hardwood or quality softwood. Secondary processing is the milling of already sawn boards into components for manufacturers or builders. These are not end products (eg pieces of furniture) but the finished or routed components that go into them. Examples of secondary processing products are exterior cladding, beams, finished (planed) planks, interior and exterior mouldings and flooring
- work to promote development of markets (including cooperative marketing) for the products from these woodlands generated from the small-scale primary processing

You must demonstrate that the equipment you are seeking for grant support adds to the local timber harvesting, processing and utilisation capacity and does not unreasonably compete with the existing capacity within a realistic distance for the size of the investment sought.

Equipment that might qualify for grant aid under Aim 2 is:

- specialised tree nursery equipment - modern machinery and equipment to increase efficiency and productivity in all phases of nursery operations to improve quality and safety
- specialised tree establishment equipment - customised and modern environmentally sensitive and low impact equipment to prepare sites for planting new woodlands

Eligibility criteria

Check that you are eligible to apply for Forestry Grant Scheme funding before progressing.

Any capital expenditure incurred before your contract is approved will not be eligible for support.

You must submit a clear business plan as per the template provided. Please use the correct template, there is one for each Aim (Aim 1 - harvesting and processing or Aim 2 - nursery and ground prep).

Under Aim 1 only small-scale activity will be supported. This is specified as businesses that harvest or extract less than 10,000 tonnes of roundwood per annum or primary timber processing equipment with less than 5,000 tonnes per annum of output, or secondary processing equipment with less than 500 cubic metres per annum of output.

Under Aim 1 your business must be considered a micro enterprise**.** Micro enterprises are defined as 'an enterprise which employs fewer than 10 people and whose annual turnover and / or annual balance sheet total does not exceed EUR 2 million.'

You must use the primary processing or harvesting machinery purchased for at least 500 hours per year, or the secondary processing equipment for at least 200 hours per year.

Secondary processing equipment purchased must be new and the company must be able to demonstrate a link with the primary processing of Scottish grown logs.

There is no grant funding available for skills training.

Eligible applicants

Under Aim 1, applicants must be:

- private and / or other forest owners
- forestry contractors and / or co-operatives
- small (non-industrial) scale wood processors
- fully constituted community groups
- social enterprises
- non-profit organisations

Under Aim 2, applicants must be

- FRM registered tree nurseries
- forestry businesses
- forestry contractors

Applicants must register with Rural Payments and Services and have a Business Reference Number (BRN). View the ' how to apply ' page for details.

Grant aided forest tree nursery and ground prep equipment must be based in and used in Scotland.

Applicants can work individually or collaboratively. Co-operative market development work must clearly be of benefit to more than one company.

Applications from new businesses are welcome but the business case template must be completed and the positive impact of the purchase must be demonstrated.

For collaborative projects, one named applicant must take the lead and be contractually responsible for delivery of the agreed work. They will be liable for any subsequent refund claim should this be necessary.

Eligible equipment

We will not fund the replacement of equipment on a like for like basis although upgrading to more efficient or larger capacity, but non industrial scale, machines is acceptable.

Under Aim 1, we will provide support for the following:

- equipment that will enable cost-effective small-scale mechanised harvesting operations in small, undermanaged conifer and broadleaved, predominantly farm, woodlands but with minimal environmental impact

- small-scale thinning harvesters, this is defined as machines with a gross vehicle weight of less than nine tonnes

- thinning harvester heads (able to cut up to 45 centimetres)

- small scale forwarders, this is defined as machines with an unloaded weight of six tonnes or less

- forestry grabs

- purpose-built forestry trailers

- non industrial scale equipment that enables sensitive working of steep ground sites

- small skyline towers / winches / paying-out carriages

- equipment to facilitate local timber primary processing at a non-industrial scale

- firewood log processors

- small-scale mobile or static saw benches for primary processing of felled trees

- handheld timber strength graders

- sawn timber drying kilns. Kilns to promote adding value to sawn products (not firewood) that will lead onto further processing to promote development of markets for these products

- equipment to support secondary processing of homegrown hardwood and quality softwood timber at a non-industrial scale (less than 500 cubic metres per annum)

- circular saws or bandsaws

- planers, thicknessers and moulders

- stand alone / table drum sanders

- work to promote development of markets (including cooperative marketing) for the products from these woodlands generated from the small-scale primary processing

We will not support the purchase of wood chippers, cone splitters, any second hand equipment or any non-forestry harvesting specialised base units.

Elements of the conversion cost for small scale skylines and to add small scale harvester heads to small base units may be eligible, but should be discussed in advance.

Only equipment which is CE marked and which complies with all the relevant health and safety requirements will be eligible for grant. See the Technical guidance section in relation to small- and mini-scale harvesting and extraction machinery.

All specialised harvesting equipment must be built to a forestry harvesting specification and comply with all relevant Health and Safety legislation.

In addition, equipment used for the harvesting and extraction of timber will only be considered eligible for grant aid where it can be evidenced that adequate operator protection is provided in relation to the risk.

For example, roll overprotection structures (ROP), falling object protection structures (FOPS) and operator protection structures (OPS)) are present, and/or where equipment has a built in timber grab, but no cab, an adequate swivel stops or other protection is fitted to protect the operator during loading.

In addition, training on the safe working of all equipment purchased is mandatory and submission of evidence of completing this training, e.g. the relevant training certificates, with your grant claim is required.

If equipment is to be used on Forestry Commission land then a City and Guilds NPTC certificate would be required.

Where equipment will not be used on Forestry Commission land, and the training standards were similar, we would be content with Certificate of competence from an Integrated Training and Assessment (ITA) course.

Note that this cannot simply be a certificate of attendance at a training event.

Free-standing / detachable timber trailer with hydraulic grapple – for safety reasons there is a strong preference that we support trailers where the grapple is operated from within the FOPS (falling object protective structure) / ROPS (rollover protective structure) / OPS (operator protective structure) protected cab of the driving vehicle.

There is a presumption against the fitting of extra options that would enable loader operation externally.

Whilst it is permissible to include the cost of providing basic guidance on operational health and safety awareness, including maintenance and monitoring requirements, no element of skills training can be grant aided.

Under Aim 2, we will provide support for the following:

- specialised tree nursery equipment includes seed storage and handling, seed processing, seed sowing and seed bed preparation equipment, cultivators, rotavators, mechanical weed control, irrigation, root pruning and transplanting equipment, grading equipment, poly tunnels and cold stores
- specialised tree establishment equipment includes ground cultivation machinery, continuous mounders, scarifiers and planting equipment

We will not support the purchase of tractors, forklifts, lorry or delivery vehicles, or conventional ground prep ploughs.

Supporting information

We need supporting information to help us assess your proposal. You must give the necessary details within the business case template provided, including:

Harvesting and Processing Aim 1 business case template (MS Word, Size: 465.9 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/harvesting-processing-business-case-template-Aim-1.doc

Harvesting and Processing Aim 2 business case template (MS Word, Size: 212.3 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/harvesting-processing-business-case-template-aim-2.docx

- business details including employee numbers and turnover
- details of the proposed investment and the impacts on your business
- why Scottish Rural Development Programme support is essential
- details on any skills training required
- details on the supply and demand for your product
- declaration of match funding

The detail in the business case template should be proportionate to the amount and nature of your proposed investment.

For applications on behalf of a group or consortium, the lead applicant must ensure that all other parties provide letters of support.

You must provide evidence of the cost of the equipment that you propose to purchase.

You must, include evidence that three independent quotes were obtained, or if this is not possible, e.g. there is only one supplier of a particular machine then additional evidence must be included to prove that the costs quoted are reasonable, such as providing costs of similar types of equipment of a similar capacity but of a different make.

Provide quotation details on the template provided.

Harvesting and Processing quotation summary template (MS Excel, Size: 311.3 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/Actual-Costs-Quotation-Summary-template-Harvest-and-Process-v2-0.xls

Scoring criteria

To ensure that we make the best use of the resources available in delivering the Scottish Government objectives we will assess each application using the scoring criteria for forestry options.

The criteria will be written as appropriate to each Forestry Grant Scheme option; please refer to Scoring criteria and clearing process for details.

Each option within your application must meet the threshold score to be considered for approval. In achieving the threshold score, your option must score against each criterion, except for additional benefit.

The scores will then be used as the basis for allocating funding on a competitive basis through the Forestry Grant Scheme clearing process.

Delivery of option benefits

1 POINT – for applications that meet the eligibility requirements but do not deliver any of the benefits detailed below.

3 POINTS – for applications that provide one or more of the following in addition to meeting the eligibility requirements:

- applications where you can demonstrate that you have agreements in place to support bringing at least 100 hectares of small (defined as separate woodland areas or identifiable sub compartments of less than 15 hectares) undermanaged woodlands into active management. The areas to be worked by the equipment must be clearly identified on relevant maps

Or

- applications where you have agreements / contracts / evidence of demand for at least 1,000 tonnes of timber, produced as a result of bringing small undermanaged woodlands into active management

Or

- applications for secondary processing where you have agreements/contracts/evidence for at least 20 cubic metres of homegrown hardwood or quality softwood timber

Or

- the business plan demonstrates that there is a clear and evidenced intention to use of the machinery for over 1,000 hours per year (but must not exceed the maximum non-industrial scale outputs.)

Or

- applications where there is evidence that a range of local businesses, with the potential to compliment and add value to forest products and the wood supply chain, will come together as a result of this application. Machinery rings such as the 'Scottish Machinery Rings' are an example where a number of rural businesses work together to optimise efficiency and generate economic activity

Or

- applications from tree nurseries where you have agreements/contracts/evidence to produce over 5 million trees/year

Or

- applications for ground preparation equipment where you have agreements/evidence to create over 250 ha of new woodland

5 POINTS – for applications that meet one of the three-point criteria above and the criteria below:

- applications where you can demonstrate that you have agreements in place to support bringing at least 200 hectares of small (defined as separate woodland areas or identifiable sub compartments of less than 15 hectares) undermanaged woodlands into active management. The areas to be worked by the equipment must be clearly identified on relevant maps

Or

- applications where you have agreements / contracts / evidence of demand for at least 2,000 tonnes of timber, produced as a result of bringing small undermanaged woodlands into active management

Or

- applications for secondary processing where you have agreements/contracts/evidence for at least 50 cubic metres of homegrown hardwood or quality softwood timber

Or

- applications from tree nurseries where you have agreements/contracts/evidence to produce over 10 million trees/year

Or

- applications for ground preparation equipment where you have agreements/evidence to create over 500 ha of new woodland

Supplementary point – additional benefit

1 POINT – will be awarded, as an additional point, where:

- the application is for small scale timber harvesting, extraction or timber drying equipment

Or

- the application is from a new/small scale nursery businesses where production will be increased by at least 100,000 trees per annum

Or

the application is from a new forestry establishment businesses with a first year evidenced work programme of at least 100ha and rising to a planned 250ha year by the second year after investment

How to claim

Grant claims must be made by the end of February of the year following their award, for example, grant claims with a 2018 year must be submitted to FCS by the end of February 2019.

We will pay grant within our customer charter timescales.

You must send us a Forestry Grant Scheme Actual Costs Capital Items Claim Form with the necessary supporting information including receipted invoice(s), relevant certificates, event booking / attendance details and relevant bank statements or other agreed means of proving you have incurred the full costs you are claiming grant on and that you have the necessary skills to operate the equipment. We reserve the right to ask for evidence of the source of the other funds.

When claiming actual costs, refer to our guidance on actual costs to find out what supporting documents you must supply to evidence that you have incurred the full costs.

Claim forms and guidance are available on the Claims and payments page.

Please note that this evidence must demonstrate that you have incurred the full costs, not just the grant contribution costs. You can claim VAT if you are not registered to recover it and have clearly stated this in your initial application. In this case, you must also clearly identify this in the grant claim form.

You must spend all monies as agreed and claim grant by the time specified in the letter of award within the financial year in which the grant was awarded.

If you have received grant to purchase equipment under this option, you must keep this equipment for five years. We retain the right to check that you have the equipment and how it is being used. We would do this at a mutually agreeable location provided we give you reasonable notice.

If you wish to replace or upgrade the equipment in this timescale then please contact us in advance to discuss your intentions.

If you are not using the equipment, plan to dispose of it or move it outside Scotland permanently we retain the right to reclaim all or a proportion of the grant, with interest. Again, please contact us in advance to discuss.

We may inspect the equipment on site before we pay an invoice. You must have incurred the full purchase costs before you can claim grant. During inspections we will take photographs of the unit purchased, including the serial number. We will also need to see a log of the hours operated.

If you receive grant for equipment you must keep an annual record of the hours it has worked and the volume of timber worked with it. We may ask to see this record of work done up to five years after the date of the grant payment.

Additionally, for specialised in-forest harvesting equipment you must keep an annual record of the areas worked with it. We may ask to see this record of work done up to five years after the date of the grant payment.

If you make any false statements or misrepresentations in your application, we may reclaim grants that you may have received.

Technical guidance

Small and Mini Harvesting & Extraction Machinery: a Guide to their Selection for Safety (PDF, Size: 795.7 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/TDJR131-Small-and-mini-harvesting-and-extraction-machinery-a-guide-to-their-selection-for-safety-Nov-2015.pdf Forestry Commission Technical Development Report TDJR131

Recent changes

Section	Change
Grant support	We have updated the figures for our grant awards
Application rounds	Information added regarding 2018 application round

Previous versions

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