Harvesting and Processing

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For recent changes to this guidance, please see the bottom of the page .

Table of Contents

Aim

Grant support

Application rounds

Eligibility criteria

Eligible applicants

Eligible equipment

Supporting information

Scoring criteria

How to claim

Technical guidance

Recent changes

Previous versions

Download guidance

Aim

This option supports investments in new specialised equipment which will increase the local small-scale harvesting and processing capacity with the aim of:

- helping to bring 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 timber processing equipment)
- providing support to facilitate and enable diversification and to assist with the creation of new small enterprises and related employment

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 grant award total will be £2,500 and the maximum grant award total for each application will be £35,000. Grants are only available for claims made in the same year as the successful application.

Examples:

1. if you are applying for machinery that you receive a lowest quote of £98,000, then we will calculate 40 per cent x £98,000 = £39,200 and so we would cap your grant at £35,000
2. if you are applying for two items of machinery of £28,000 and £67,000, then we calculate 40 per cent at £11,200 and £26,800. This totals £38,000 so we will cap your grant at £35,000. However, if you make two applications, we will assess each separately and we will award grants for the

first application of £11,200, and award a grant for the second application of £26,800. 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

We will only support outright purchase of equipment by the applicant and not acquisition through a hire purchase agreement.

Application rounds

Normally, one application round will be run each year.

For 2017 onwards, the closing date will be 31 January for the submission of applications.

Examples of what might qualify for grant aid 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 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
- 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.

Eligibility criteria

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

Only small-scale activity will be supported. This has been specified as businesses that harvest or extract less than 10,000 tonnes of roundwood per annum or timber processing equipment with less than 5,000 tonnes per annum of output.

You must use the machinery purchased for at least 500 hours per year.

You must submit a clear business plan as per the template provided.

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.'

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.

There is no grant funding available for skills training.

Eligible applicants

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

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

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 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

- 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, 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.

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.

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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.

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.

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 business case template (MS Word, Size: 461.3 kB)
doc_external_url: https://www.ruralpayments.org/media/resources/harvesting-processing-business-case-template-v3-0.doc

- how your application contributes to the Option aims
- confirmation that you are a trading entity, including its type and size
- employees and scale of operation
- details of your annual turnover
- details of the proposed investment
- the anticipated impact of the investment support on your business, including turnover and levels of employment in the short to medium term
- if you are moving into a new market area
- why Scottish Rural Development Programme support is essential
- details on any skills training required
- how the investment you are applying for will add to the harvesting, processing and utilisation capacity locally
- whether there is an adequate supply of raw material locally for harvesting or processing relative to the output of the equipment being purchased
- the level of unsatisfied market demand for the scale of the service or product you will offer
- 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

- 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

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

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

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 2017 year must be submitted to FCS by the end of February 2018.

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
Application rounds	Removed references to 2016 applications and rewording regarding non-industrial scale processing equipment

Eligible equipment	Additional information regarding kilns added

Previous versions

Previous versions of this page

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