RECEIVED
16 MAR 2011
F.C.S. NATIONAL OFFICE

SECTION 1a (Amendment 1)

STRATEGIC TIMBER TRANSPORT SCHEME
AMENDED ACCEPTANCE OF OFFER OF GRANT

AMENDED CERTIFICATION OF ACCEPTANCE

Project Reference	**: R8/4/2008**
Project Title	**: Forrest Estate Dundeugh Link Road**
Lead Applicant	**: DGA Forestry**
Contact Person	**Redacted**
Address	**: DGA Forestry** Lochanhead Wood, Lochanhead, Dumfries, DG2 8JB

Summary of Project

The project will create a new in forest road link that will re-direct 37,000 cubic metres of timber per year from the fragile U1s. Thereby reducing the impact on the local community and environment and avoid damaging to this fragile rural road. This will involve the upgrading of 300 metres of existing forest road and the creation of 3690m of new forest road including the creation of a new bridge and access bell mouth.

1. I hereby accept the Offer of Grant set out in the letter of 7th October 2008, 28 January 2011 and sections 1, 2, 3 and 4.

2. I agree to be bound by the conditions as outlined herein.

3. I confirm that the "Approved Expenditure" and "Measureable Targets and Outputs" as detailed herein are valid.

Signature ..... Redacted .....

BLOCK CAPITALS ..... Redacted ..... Date 2/3/2011
For and on behalf of Lead Applicant

Signature ..... Redacted .....

BLOCK CAPITALS ..... Redacted ..... Date 7/3/2011
For and on behalf of the Forestry Commission Scotland

DESIGNATED SIGNATORY FOR CLAIM FORMS

4. I confirm that the following designated individuals are the authorised signatories for all grant claims submitted by the Lead Applicant.

Specimen Signature	Redacted
Name (in block capitals)	**Redacted**
Job Title/Organisation	**DGA Forestry**

Specimen Signature	
Name (in block capitals)	
Job Title/Organisation	

Specimen Signature	
Name (in block capitals)	
Job Title/Organisation	

PART IV: STTS EXPENDITURE PROFILE

Proposed Expenditure Profile (eligible items)	2010/11 (£)	
	Apr-Sept	Oct-Mar
Capital Items	**87543.25**	
Ongoing Revenue	**23,812**	
Management Costs	**1,250**	
Total	**112,605.25**	
Year Total	**112,605.25**	

Signature .... Redacted .....

BLOCK CAPITALS Redacted Date 2/3/2011

For and on behalf o pp

Signature ..... Redacted .....

BLOCK CAPITALS ..... Redacted .. Date 7/3/2011

For and on behalf of the Forestry Commission Scotland

SECTION 1b FINANCE DETAILS OF OFFER

PART I: GENERAL DETAILS

Date of Offer	**: 28 January 2011**
Acceptance Due Date	**: 14 February 2011**
First Claim Due Date	**:**

PART II: APPROVED EXPENDITURE

This approval is on the basis of the expenditure profile as detailed in application form and outlined below.

Total Project Costs (£)	**: £450,421.00**
Maximum Grant Awarded (£)	**: £112,605.25 +** £1k additional works (Item 73)

NB: All documentation relating to the implementation of the project and its financing must be retained for six years after the final payment.

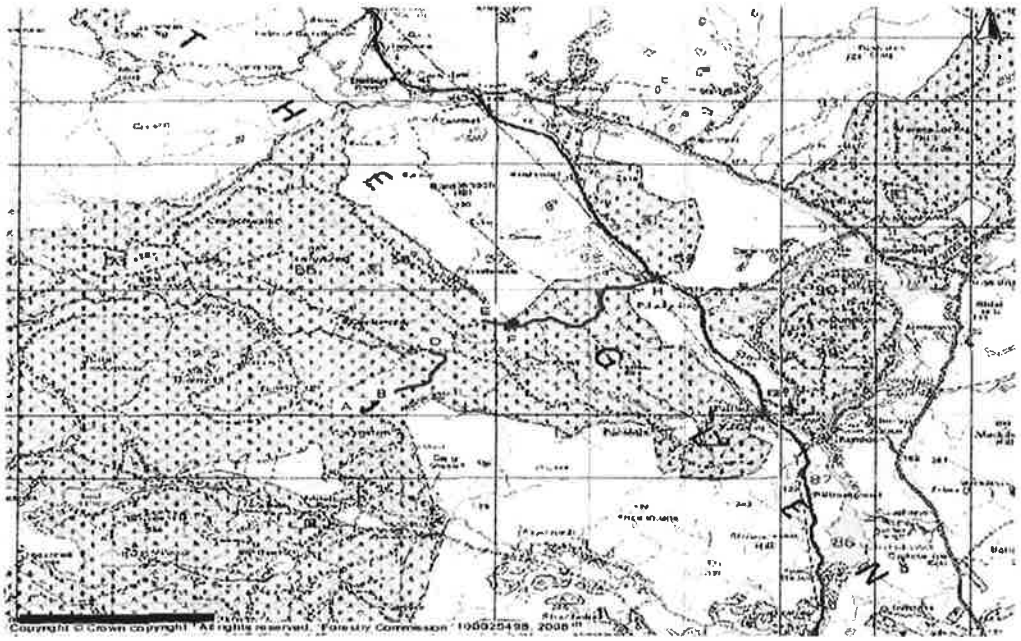
PART III: DISBURSEMENT PROFILE

Source of Project Funding	2010/11 (£)
STTF	£112,605.25
Other Funding	£337,815.75
TOTAL	£450,421.00

PART IV: TOTAL EXPENDITURE PROFILE

Proposed Expenditure Profile (eligible items)	2010/11 (£)	
	Apr-Sept	Oct-Mar
Capital Items	350,171	
Ongoing Revenue	95,250	
Management Costs	5,000	
Total	450,412	
Year Total	450,421	

SECTION 1c MEASUREABLE TARGETS AND OUTPUTS

Measurable Targets and Outputs	Date to be completed
The project will involve: • The upgrading of 300 metres of existing forest road (A-B) • The creation of 3690m of new forest road (B-D) (E-H) • The creation of one new bridge (F) • The creation of a new (bitmac) access bell mouth onto the A713 (H  NB all roads will be upgraded and or constructed to the Forestry Commission specification to the DfT Design Manual for the Roads and Bridges (DMRB) Specifications for bridge and bellmouth attached. • Additional works as agreed January 2011 – The upgrading of existing forest road, to which the two new roads join.	Dec 2010 Dec 2010 Dec 2010 Dec 2010 Feb 2011

Signature .. Redacted .....

BLOCK CAPITALS .. Redacted ..... Date ...2/3/2011...

For and on behalf of the Lead Applicant

Signature ..... Redacted .....

BLOCK CAPITALS ..... Redacted ..... Date ...7/3/2011...

For and on behalf of the Forestry Commission Scotland

SECTION 1d SPECIAL CONDITIONS PARTICULAR TO THE PROJECT

- All relevant permissions to be in place prior to contract commencement

SIGNATURE OF APPLICANT

Signature .. Redacted .....

BLOCK CAPITALS Redacted ..... Date 2/3/2011

For and on behalf of the Lead Applicant

Signature ..... Redacted .....

BLOCK CAPITALS Redacted ..... Date 7/3/2011

For and on behalf of the Forestry Commission Scotland

SECTION 2a STANDARD CONDITIONS OF GRANT AWARD

Roles and responsibilities

1. The Lead Applicant will be responsible for implementing the project as set out in the final application for funding and any associated written agreements. They will specifically be responsible for delivering the outputs and benefits identified in their application and for meeting any special conditions set which are specific to the project. FC Scotland, and/or its agents, will monitor the implementation plan as per the award of grant letter and associated paperwork.

Eligibility for Grant Aid

2. To be eligible to receive grant aid from the Scottish Strategic Timber Transport Scheme the lead applicant must be "a legal entity" e.g. a registered company, local authority or public body.

Ownership of Equipment

3. All grant-aided equipment must be owned for the duration of the agreement by the legal entity and not by any individual.

Intellectual Property

4. Where appropriate, you shall make all reasonable enquiries concerning copyright, design, patent and other intellectual property rights and shall ensure that, to the best of your belief, there are not such rights which are required in connection with the carrying out of the project or the exploitation of the project's results, save such as are owned by, or available to you, and continue to be so available at all times after the start of the project. Where material in which subsists Intellectual Property owned by a third party, you shall:

a. warrant that you have the right to use such material without infringement of the rights of such third party;

b. confirm that you are able to provide the services without breaching any obligation you may owe to any third party now or, so far as you are at present aware, in the future and further undertake not to assume any obligations to any third party which would be inconsistent with such undertaking.

Company Operations

5. During the period of the agreement, if you are a limited company, you shall continue to pay your debts as and when they fall due. You should notify FC Scotland if:

a. there are any changes to the membership of your partnership;

b. you are the subject of a proposal for a voluntary arrangement or have a petition for a winding-up or administration order brought against you or pass a resolution to wind-up or make any composition, arrangement, conveyance or assignment for the benefit of your creditors or purport to do so, or be in a position

where a receiver is appointed in respect of the whole or a part of your undertaking or any of your property, or do or suffer any act or thing substantially equivalent to any of the foregoing.

c. You are subject to a bankruptcy order or a criminal bankruptcy order made in relation to you or a partner in your partnership; you or a partner in your partnership shall not enter into a voluntary agreement with your creditors; or your partnership shall not be dissolved; or you, where an unregistered company, or your partnership shall not be wound up.

Compliance with Legislation

6. You must ensure that delivery of the project complies with all relevant national and European Community legislation and codes of practice.

Managing the Project

7. There must be sufficiently robust management and financial systems to ensure that all documents relating to the implementation of the project and its financing are available for the period of **six years** after the final payment of grant. These documents must demonstrate that grant is claimed in respect of eligible expenditure only.

Procurement of Goods and Services

8. Successful applicants must procure goods and services in line with Government procurement principles, acting in an open, fair and transparent manner. We would ask that parties tender and award contracts in the following manner:

a. Goods and Services Over £3,000 and Not Exceeding £20,000.

For purchases of between £3,000 and £20,000 a minimum of three written/faxed tenders/quotations are required. Telephone (verbal) quotations are not acceptable. Records of all written/faxed tenders/quotations must be retained for audit purposes.

b. Goods and Services Exceeding £20,000.

For purchases of over £20,000 it is necessary for a formal sealed tender exercise to take place. If less than 3 submissions are received FC Scotland's Timber Transport Adviser must be consulted before acceptance. They can also offer advice on how to organise a sealed tender exercise if this is new to applicant. Again, all records of the tender exercise must be kept.

For situations involving public roads the 'Best Value' regime under which Councils are required to operate is acceptable.

All contractors engaged contractually must be vetted accordingly in the following areas before a contractual engagement is made: Financial stability, business probity, environmental awareness and quality assurance. The Forestry Commission operates a general supplier questionnaire that can be utilised in this area, if required.

Payment of Grant

9. To be eligible for the payment of grant you must:

a. not exceed the Approved Expenditure in Section 1B part ii of the contract by more than 5% without prior FCS approval;

b. achieve the measurable targets and outputs set out in Section 1C of contract;

c. ensure claims are signed by a designated signatory authorised to act on behalf of applicant;

d. maintain financial and other records that clearly identify expenditure on the project and separate such expenditure from that of any existing business or activity;

e. have paid for the goods and services invoiced i.e. the money due has passed out of control of the applicant by the time it is included in the grant claim.

f. Have received evidence for co-finance spend to the satisfaction of a Designated Signatory.

10. Grant will be payable, by BACS, quarterly in arrears of expenditure, in accordance with the disbursement profile at Section 1B of the contract, on submission of a valid claim form.

11. It is acceptable to move up to 10% of the value of any one cost heading into another cost heading in the agreed budget so long as the approved annual total spend is not exceeded by more than 5% and that none of the other individual rules are broken eg management costs not exceeding 10%.

12. Scottish Ministers will not be liable for the payment of any part of the grant until a properly completed claim form is submitted setting out details of the eligible expenditure on which that part of the grant is to be paid along with confirmation of levels of spend of co-finance as specified in the application. **Payments will be capped at a maximum of 80% of approved expenditure cumulatively incurred as defined in Section 1B part i or the maximum grant award, whichever is the lesser in any one claim period. Any sums capped or unspent can be carried forward to the next claim period.**

Each form must be accompanied by:

a. a report on the project covering:

i. progress against the relevant milestones and performance indicators;
ii. any change in the nature or scale of the project including an assessment of any change in the prospects for success; and
iii. any change in the ownership of, or beneficial interest in, any asset provided for the project;
iv. information on actual and planned moves of money within budget heads (see para 11 above);

b. an up to date estimate of the project costs, indicating any significant variations in the amount or timing of claims;

c. details of the agreed co-finance in the period (i.e. materials, revenue forgone, hours and hourly rate);

d. confirmation that you have spent the sums in respect of which claims are made in the period. For this purpose, the claim must be accompanied either by a full set of original invoices or certified copies, each of which must be company stamped and signed by a designated individual. Please note that for audit purposes we reserve the right to request the original versions for inspection. Alternatively a report from an independent accountant. If used, an independent accountant who is qualified under the terms of Section 25 of the Companies Act 1989 for appointment as your auditor, must provide the report. A person eligible under Section 34(1) of the Companies Act 1989 for appointment as auditor of an unquoted company (as defined in Section 34(2)) may only report on grant claims made by such a company or by a business not incorporated under the Companies Acts.

Nil returns are required, if appropriate, giving an explanation for any lack of progress.

13. Value Added Tax cannot be included as eligible expenditure unless you can demonstrate that it was not possible to reclaim the tax paid from Her Majesty's Revenue & Customs.

14. Where you are claiming the rental or the appropriate amount of depreciation of specialist but second-hand equipment, your first claim in relation to that equipment must be accompanied by a declaration from the seller/renter that confirms the name and address of the previous owner of the item and that it has not previously been subject to any grant aid. Grant cannot be paid if this declaration is not provided.

15. Once a fully documented claim has been received, payment of grant will normally be made, or the claim rejected, within 30 days, unless it is necessary to seek further information to support the claim. If further information is required a request must be submitted to the lead applicant within 14 days.

16. Scottish Ministers accept no liability in respect of loss attributable to any delay in the payment of grant or to any suspension, reduction or cancellation of grant.

Final Project Report

17. You must provide a final report to accompany the final claim, covering the performance and achievements of the project, explaining how the project has, or has not, met the objectives and milestones of the entire project. In addition, for projects which have received grant of more than £100,000, a report (as set out in Section 3, the Accountants Report) from an independent accountant must be submitted with the final claim. The final grant payment will be withheld until the final progress report and the final claim have been received, and until we are satisfied that the project has met its objectives and milestones.

18. All grant payments must be made before 31 March 2011. Final claims must therefore be submitted for payment before **Friday 18 February 2011,** although your project may be scheduled to finish earlier (see Section 1B Parts III and IV of this contract). We shall be under no obligation to make any payment on claims received after 18 February 2011.

19. FC Scotland's Timber Transport Adviser will be responsible for monitoring the level of activity, financial commitments and disbursements to ensure that there is adequate progress.

20. Failure to make claims in line with the timetable listed in the Expenditure Profile in Section 1B – Finance Details of Offer could lead to the cancellation or reduction of the grant awarded. If this then endangers the project, all aid paid may be recovered in full. However, before any such cancellation, reduction or recovery is made, we will seek an explanation for any delay.

21. Any over-payment of grant must be repaid to FC Scotland forthwith on the first demand or upon you becoming aware that grant has been over-paid, whichever occurs first. Where any overpayments have been made, or projects are not completed satisfactorily, grant payments may be reclaimed with interest.

Monitoring the Project

22. Scottish Ministers or their representatives shall have the right to:

a. inspect at any reasonable hour the project and/or such further information relating to it as they think fit;

b. attend meetings with you;

c. be provided by you with copies of such documents or items as they require.

23. Failure to allow inspections or to supply the information requested could lead to cancellation or reduction of the grant awarded, and to a requirement to repay grant already paid.

Changes to the Agreement

24. You are required to fulfil your obligations for the full term of your agreement, but there are some circumstances where it may be possible to change aspects of your agreement. You must contact FC Scotland's Timber Transport Adviser immediately in writing if you wish to change your agreement or have difficulties complying with it.

Disclosure of Information

25. In order to ensure effective operation of the Scheme, FC Scotland may disclose or exchange such information about your application and agreement with other individuals or organisations which FC Scotland considers appropriate for administration, evaluation and monitoring.

26. Our policy is to be as open with the information that we hold as possible whilst safeguarding your interests. Your application and agreement are subject to the Freedom of Information Act 2000 and Environmental Information Regulations 2004 and because the Scheme involves expenditure of public money, there is a legitimate public interest in how the money is spent. FC Scotland may therefore make information available, such as the amount of the award, the purpose for which it is given, and the expected outcomes. Your personal details are protected by the Data Protection Act 1998.

Publicity

27. You must:

a. actively promote your project in a way that is tailored appropriately to your target audience, be they local authorities, community councils, customers, partners or others;

b. acknowledge the financial support provided for your project by Scottish Ministers in all literature, publicity and promotion associated with the project.

***Force Majeure* Circumstances**

28. Scottish Ministers recognise that there may be abnormal or unforeseeable circumstances outside the control of the participants which they could not avoid by reasonable action and which may prevent compliance with the agreement. These are known as *force majeure* circumstances. If you believe such circumstances have occurred you must notify FC Scotland's Timber Transport Adviser in writing within 10 working days of being able to do so. If Scottish Ministers or their representatives agree that the event is a *force majeure* circumstance they will not impose penalties for non-compliance with the agreement.

Penalties for Making False Statements or for Non-compliance

29. Where *force majeure* circumstances do not apply, there may be occasions when Scottish Ministers consider that an award of grant should be withdrawn or that grant already paid should be recovered. Scottish Ministers reserve the right to withhold the whole or any part of the sums payable to you and/or to recover on demand the whole or any part of the sums already paid to you if:

a. any information you provide to Scottish Ministers is false or misleading;

b. you are in breach of any of the terms of this agreement;

c. there has been a material change in the nature, scale, costs or timing of the project;

d. the project has been or is being materially delayed, or is unlikely to be completed;

e. the whole or part of the sum payable under the agreement would duplicate assistance provided or to be provided out of monies made available by:

i. the European Communities;

ii. the Scottish Parliament, or

iii. a body exercising public functions within the United Kingdom;

and for the purposes of this subparagraph, a sum duplicates such assistance if it would be paid for any of the same purposes;

f. an award of grant has been made from another Scottish Executive funded grant scheme for the same project, i.e. you are attempting to 'top up' awards of support which have been limited to a specified level of support;

g. there is failure without sufficient reason and without the approval of Scottish Ministers to complete work and claim payment in line with the schedule for estimated expenditure set out in the Expenditure Profile in Section 1B – Finance Detail of Offer, or Scottish Ministers have not been informed of this in sufficient time to be able to re-examine the schedule;

h. a capital asset or facility in respect of which grant has been paid, has:

i. been sold, transferred, or otherwise disposed of;

ii. been used primarily for a purpose other than that for which the sum was paid; or

iii. ceased to be kept operational or in good repair;

i. there is any change in the structure or ownership of your group or business which affects its eligibility to receive grant;

j. in the opinion of Scottish Ministers, you have not taken adequate steps to ensure the project develops in line with the milestones set out in the Measurable Targets and Outputs section of the Contract.

k. you fail to co-operate with an inspection by officials of FC Scotland or their appointed agents.

30. Where grant reclaim is being undertaken in these circumstances, interest will be charged from the date of payment of grant.

31. In addition, where an applicant or partnership is found to have made false declarations through serious negligence, they may be disqualified from applying from other schemes being run on behalf of Scottish Ministers in the calendar year in question. Where it is found that a false declaration has been made intentionally, the disqualification period may extend to the following calendar year.

Appeals Against a Penalty

32. Before applying any penalty, FC Scotland will give you a written explanation of the proposed action and the reason(s) why this action is proposed. If you believe the decision is not soundly based, you will be given an opportunity to appeal to the Head of Policy within FC Scotland.

Audit

33. FC Scotland will require applicants to provide an audited statement as set out in Section 3, The Accountants Report confirming that the grant payment has been utilised to fund the project expenditure outlined within the application. The covering grant award letter confirms whether this audited statement should be provided on an annual basis or on completion of the project. FC Scotland will have the right to recover grant payments in the event that such an audit opinion is not provided, or that the grant has not been fully disbursed on the project. Any such grant payments may be reclaimed with interest.

34. Projects may also be subject to review by the Forestry Commission's Internal Audit Department, and to external audit by Audit Scotland.

Section 2B

Eligible and Ineligible costs

a. Capital Applications: Eligible costs

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Land Acquisition	Where purchase of land is an essential element of a project, eligible expenditure is the actual cost of purchase, normally up to a maximum of 10% of the total eligible project expenditure. Applicants must be able to demonstrate that the purchase price does not exceed the market value.
Purchase of Access Rights	Where access over ground is required, the applicant must demonstrate that appropriate access rights have been secured for the lifetime of the expected benefit flows. A short-term permission should be sought where access is for a one off, time bounded and short-term purpose. Where a permanent granting of access is proposed then the expected norm is that a servitude would be secured. However, a lease could be granted for a period of years for a lump sum premium with an annual peppercorn rent thereafter. This recordable right of access must go with the land and be enforceable upon a successor landowner. Some guidance on this general issue is given in the draft FC/FTA "Framework for Shared Access Agreement" [in preparation].
Pre- Contract Professional Fees And Contract Implementation Professional Fees	Pre-contract works, including design, bills of quantity and tender preparation for approved capital works, (carried out after approval had been given by FC Scotland). **This does not include feasibility studies, unless they have been accepted as specific projects in their own right.** *Note:*

EXPENDITURE HEADING	DESCRIPTION/DETAILS
	▪ *This expenditure will have been incurred within the Programme period.* ▪ *Fees may be included for external consultants where it can be demonstrated that they have been incurred as a result of a competitive tendering process.* ▪ *Fees that have been subject to an approved tender process may be included at the market rate resulting from that exercise.* ▪ *Fees may be included for in-house professionals where an in-house market-testing process is in place, e.g. local authority best value process. Applicants must be able to prove best value and can only charge actual costs directly attributable to the project. Charge-out rates are not acceptable.* ▪ *Where in-house, for such costs to be acceptable it must be demonstrated and evidenced that these are truly* ***additional*** *(i.e. overtime payments, timesheets), and do not form part of in-house professionals day to day costs.* These should not constitute more than 10% of the total project cost.
Site Investigation	This should take account of specialist investigations required to identify specific site issues and recommend particular works/approaches etc.
Site Preparation/ Clearance	This should include demolition works and the general preparation of sites, which is not part of engineering works to tackle specific site issues identified as part of site investigation (see above). The costs of any premature tree felling required as part of the preparation of a road line would only be permissible if it could be shown that there was a **net cost** from this work, and it was carried out as a separate contract. Any such felling must obtain prior written approval from FC Scotland, unless covered by planning approvals from the local authority.
Site Servicing	This may include the construction/improvement of access roads and junctions within the site boundary.
Signage	This should include relevant signs, which acknowledge the contribution of the STTF to the project.
Main Contract Works	This may include construction, improvement and upgrading of informal roads, as well as improvement and upgrading of short stretches of minor public roads where eligible, and works to enable timber extraction by rail, inland waterways and sea.
Early Road Consolidation Works	For new in-forest roads of **regional significance** only, over which significant volumes of timber will be transported annually, it would be acceptable to allow for the cost of a guarantee to ensure that it will remain in a useable condition for a period of **no more than** five years after construction e.g. early consolidation works, within the main road construction quotation.
Main Environmental Contract Works	This may include the following elements: • Hard and soft landscaping as part of a larger development. • Hard and soft landscaping where necessary to promote environmental sustainability. Creation and improvement of footpaths and cycle paths etc, where an integral part of a wider eligible operation.
Budget variances / Management Costs	• It is acceptable to move up to 10% of the value of any one cost heading into another cost heading i.e. to reallocate some expenditure in the project so long as the approved annual total spend is not exceeded. ▪ Any such proposal should be notified to FC Scotland as early as possible. ▪ NB: management costs must never exceed 10% of total project costs. ▪

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Leasing Costs	The Costs of hiring or leasing any specialist equipment necessary for the delivery of the agreed project outputs can be included, if it is to be the subject of a tender process and where it is used 100% of time for the project. Any use for less than 100% must be identified and the costs to the project reduced accordingly. A leasing charge for equipment (in any one year) which exceeded or closely matched the full cost of purchasing the item, however, would be deemed as an attempt to introduce capital expenditure as an eligible item under a different heading. Such expenditure is not eligible. Operating leases are eligible provided the applicant can show that the costs of the lease are competitive and compatible with market rates. Lessor If the lessor is receiving grant, the benefits must be passed on to the lessee. Lessee If the lessee is in receipt of grant, the grant must be used towards leasing costs.
Non Recoverable VAT	It is recognised that some project applicants are unable to recover VAT. Non-recoverable VAT can be claimed as an eligible cost. ▪ Project applicants claiming non-recoverable VAT will need to support their claim with appropriate evidence from HM Customs & Excise. Organisations electing not to recover VAT that is recoverable cannot count the VAT as eligible.
Specialised Equipment	Only one-off items of specialist equipment which are essential for the delivery of the project which will be used solely for that purpose, and have been purchased from third parties on, or after, the commencement of the project will be considered eligible. Only **reasonable depreciation costs** (see below) for the period of time during which it is used to deliver the agreed project outcomes, evidenced by means of invoices and timesheets, can be charged (and not the purchase price). For second-hand equipment to be eligible: ▪ The seller must provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or EC grants; ▪ The price must not exceed its market value and shall be less than the cost of similar new equipment, and; ▪ The equipment is necessary for the project and complies with applicable norms and standards. *Any proposed purchase of moveable capital will be subject to close scrutiny.* Note: A detailed breakdown of all items included under this heading in an application should be provided in an appendix and, in where the project is approved, an inventory must be retained for audit purposes.
Final Claim audit fees	Final claim audit fees may be incurred but cannot be defrayed in advance of the submission of a final claim. In order to claim these costs the applicant must complete the final claim audit fees pro-forma. The invoice from the auditor must be attached to the claim.
Depreciation	Depreciation of specialist equipment, directly linked to the project, should be calculated in line with your organisation's accounting policy and is only chargeable to the project **over either the life of the project or the life of the funding programme, whichever is the shortest period**.

SECTION 1a

STRATEGIC TIMBER TRANSPORT SCHEME
ACCEPTANCE OF OFFER OF GRANT

CERTIFICATION OF ACCEPTANCE

Project Reference	**: R8/4/2008**
Project Title	**: Forrest Estate Dundeugh Link Road**
Lead Applicant	**: DGA Forestry**
Contact Person	**: Redacted**
Address	**: DGA Forestry** Lochanhead Wood, Lochanhead, Dumfries, DG2 8JB

Summary of Project

The project will create a new in forest road link that will re-direct 37,000 cubic metres of timber per year from the fragile U1s. Thereby reducing the impact on the local community and environment and avoid damaging to this fragile rural road. This will involve the upgrading of 300 metres of existing forest road and the creation of 3690m of new forest road including the creation of a new bridge and access bell mouth.

1. I hereby accept the Offer of Grant set out in the letter of 7th October 2008 and sections 1, 2, 3 and 4.

2. I agree to be bound by the conditions as outlined herein.

3. I confirm that the "Approved Expenditure" and "Measureable Targets and Outputs" as detailed herein are valid.

Signature .... Redacted .. ..

BLOCK CAPITALS .. Redacted ..... Date ... 31/10/08 .....
For and on behalf of Lead Applicant

Signature ... Redacted

BLOCK CAPITALS ..... Redacted ..... Date ... 5/11/08 .....
For and on behalf of the Forestry ~~Commission~~ Scotland

DESIGNATED SIGNATORY FOR CLAIM FORMS

4. I confirm that the following designated individuals are the authorised signatories for all grant claims submitted by the Lead Applicant.

Specimen Signature:	**Redacted**
Name (in block capitals):	**Redacted**
Job Title/Organisation	**DGA Forestry**

Specimen Signature
Name (in block capitals)
Job Title/Organisation

Specimen Signature
Name (in block capitals)
Job Title/Organisation

SECTION 1b FINANCE DETAILS OF OFFER

PART I: GENERAL DETAILS

Date of Offer	**: 7th October 2008**
Acceptance Due Date	**: 7th November 2008**
First Claim Due Date	**: 7th July 2010**

PART II: APPROVED EXPENDITURE

This approval is on the basis of the expenditure profile as detailed in application form and outlined below.

Total Project Costs (£)	**: £437,921** + £12,500 - £450,421
Maximum Grant Awarded (£)	**: £109,480** £112,605-25

25% =

NB: All documentation relating to the implementation of the project and its financing must be retained for six years after the final payment.

PART III: DISBURSEMENT PROFILE

Source of Project Funding	2010/11 (£)
STTF	**£109,480**
Other Funding	**£328,441**
TOTAL	**£437,921**

112,605-25
337,815-75

PART IV: TOTAL EXPENDITURE PROFILE

Proposed Expenditure Profile (eligible items)	2010/11 (£)	
	Apr-Sept	Oct-Mar
Capital Items	**337,671**	
Ongoing Revenue	**95,250**	
Management Costs	**5,000**	
Total	**437,921**	
Year Total	**437,921**	

PART IV: STTS EXPENDITURE PROFILE

Proposed Expenditure Profile (eligible items)	2010/11 (£)	
	Apr-Sept	Oct-Mar
Capital Items	**84,418**	
Ongoing Revenue	**23,812**	
Management Costs	**1,250**	
Total	**109,480**	
Year Total	**109,480**	

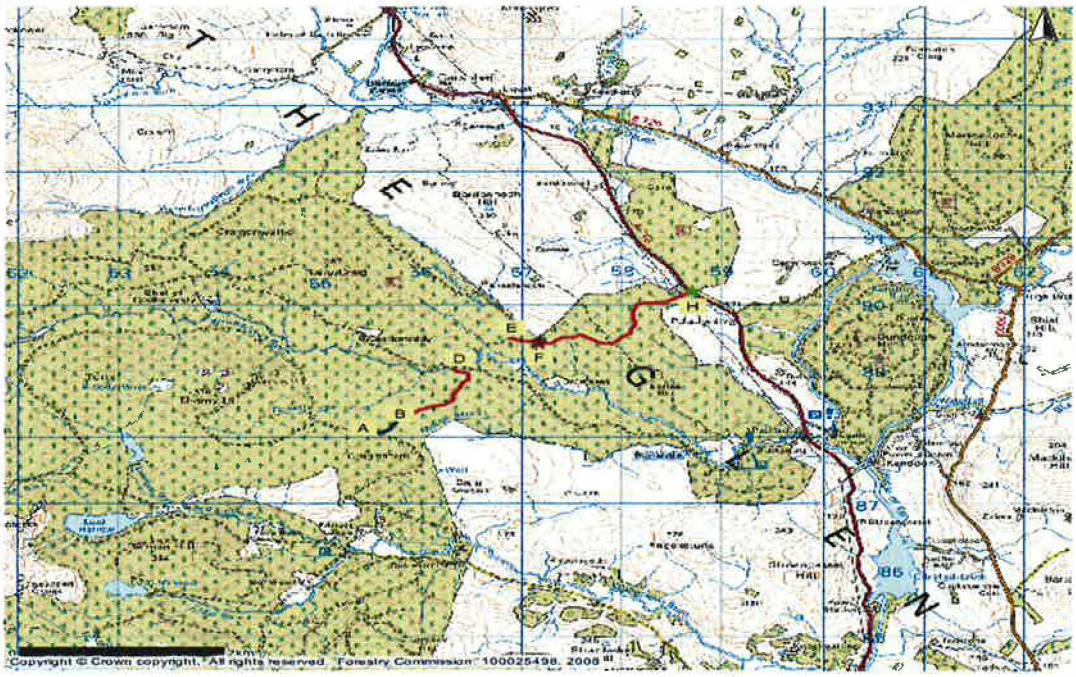
Signature ... Redacted .....

BLOCK CAPITALS ... Redacted Date .... 31/1/08 .....
For and on behalf of the Lead Applicant

Signature ..... Redacted .....

BLOCK CAPITALS ..... Redacted Date ..... 5/4/08 .....
For and on behalf of the Forestry Commission Scotland

SECTION 1c MEASUREABLE TARGETS AND OUTPUTS

Measurable Targets and Outputs	Date to be completed
The project will involve: • The upgrading of 300 metres of existing forest road (A-B) • The creation of 3690m of new forest road (B-D) (E-H) • The creation of one new bridge (F) • The creation of a new (bitmac) access bell mouth onto the A713 (H  NB all roads will be upgraded and or constructed to the Forestry Commission specification to the DfT Design Manual for the Roads and Bridges (DMRB) Specifications for bridge and bellmouth attached.	Dec 2010 Dec 2010 Dec 2010 Dec 2010

Signature Redacted .....

BLOCK CAPITALS .. Redacted.....

Date 3/11/08

For and on behalf of the Lead Applicant

Signature .....Redacted .....

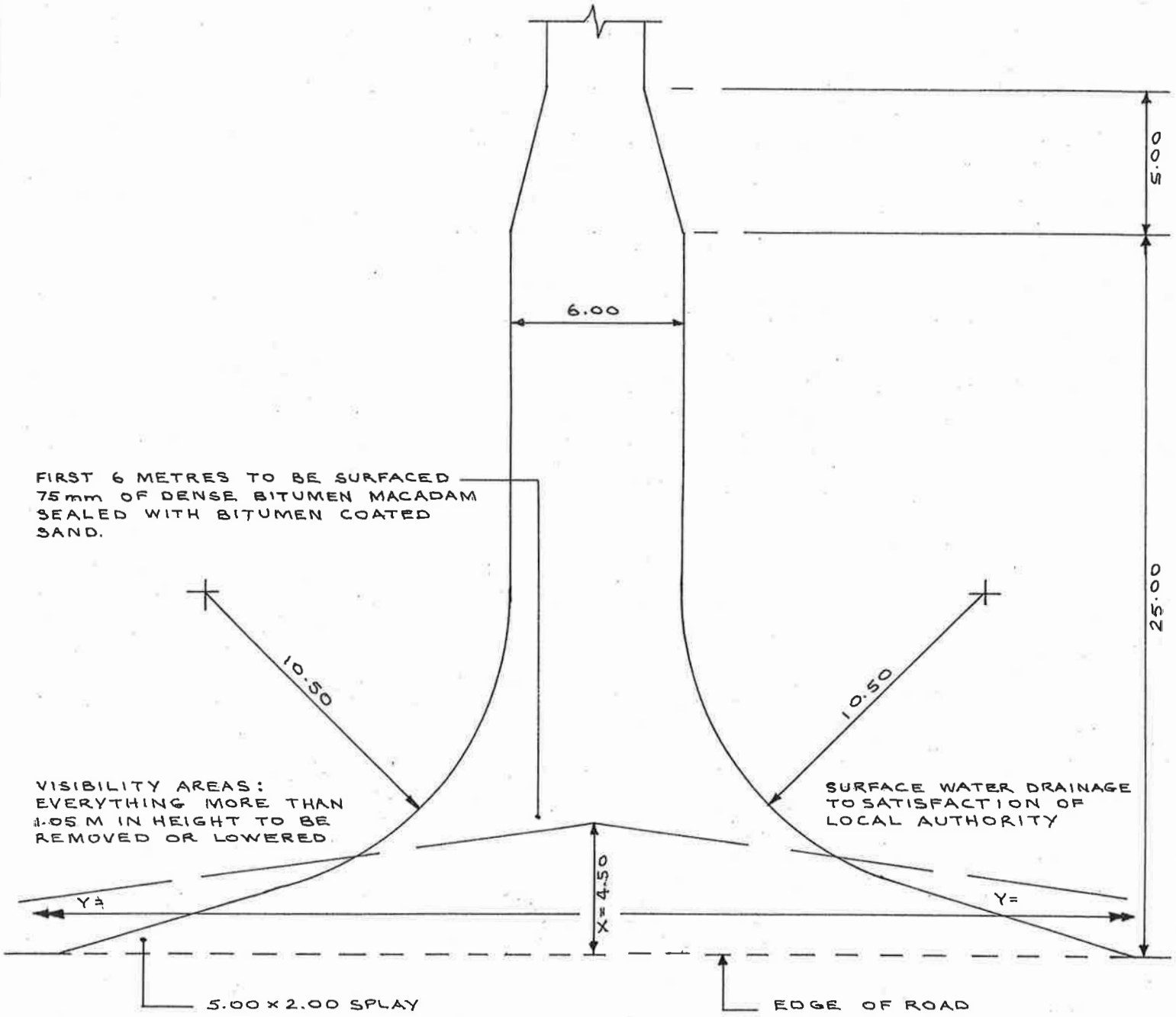
BLOCK CAPITALS .....Redacted.....

Date 5/11/08

For and on behalf of the Forestry Commission Scotland

FOREST ROAD ACCESS

FOREST ROAD WITH TURNING
PLACES FOR HEAVY VEHICLES



LAYOUT PLAN

Scale 1:200

FORESTRY CIVIL ENGINEERING

22 King Street, Castle Douglas. DG7 1AA

Date 7/10/2008

SECTION 1d SPECIAL CONDITIONS PARTICULAR TO THE PROJECT

- All relevant permissions to be in place prior to contract commencement

SIGNATURE OF APPLICANT

Signature ....Redacted.....

BLOCK CAPITALS .... Redacted. ..... Date ...3/11/08.....
For and on behalf of the Lead Applicant

Signature .....Redacted.....

BLOCK CAPITALS .....Redacted..... Date ...5/11/08.....
For and on behalf of the Forestry Commission Scotland

SECTION 2a STANDARD CONDITIONS OF GRANT AWARD

Roles and responsibilities

1. The Lead Applicant will be responsible for implementing the project as set out in the final application for funding and any associated written agreements. They will specifically be responsible for delivering the outputs and benefits identified in their application and for meeting any special conditions set which are specific to the project. FC Scotland, and/or its agents, will monitor the implementation plan as per the award of grant letter and associated paperwork.

Eligibility for Grant Aid

2. To be eligible to receive grant aid from the Scottish Strategic Timber Transport Scheme the lead applicant must be "a legal entity" e.g. a registered company, local authority or public body.

Ownership of Equipment

3. All grant-aided equipment must be owned for the duration of the agreement by the legal entity and not by any individual.

Intellectual Property

4. Where appropriate, you shall make all reasonable enquiries concerning copyright, design, patent and other intellectual property rights and shall ensure that, to the best of your belief, there are not such rights which are required in connection with the carrying out of the project or the exploitation of the project's results, save such as are owned by, or available to you, and continue to be so available at all times after the start of the project. Where material in which subsists Intellectual Property owned by a third party, you shall:

a. warrant that you have the right to use such material without infringement of the rights of such third party;

b. confirm that you are able to provide the services without breaching any obligation you may owe to any third party now or, so far as you are at present aware, in the future and further undertake not to assume any obligations to any third party which would be inconsistent with such undertaking.

Company Operations

5. During the period of the agreement, if you are a limited company, you shall continue to pay your debts as and when they fall due. You should notify FC Scotland if:

a. there are any changes to the membership of your partnership;

b. you are the subject of a proposal for a voluntary arrangement or have a petition for a winding-up or administration order brought against you or pass a resolution to wind-up or make any composition, arrangement, conveyance or assignment for the benefit of your creditors or purport to do so, or be in a position

where a receiver is appointed in respect of the whole or a part of your undertaking or any of your property, or do or suffer any act or thing substantially equivalent to any of the foregoing.

c. You are subject to a bankruptcy order or a criminal bankruptcy order made in relation to you or a partner in your partnership; you or a partner in your partnership shall not enter into a voluntary agreement with your creditors; or your partnership shall not be dissolved; or you, where an unregistered company, or your partnership shall not be wound up.

Compliance with Legislation

6. You must ensure that delivery of the project complies with all relevant national and European Community legislation and codes of practice.

Managing the Project

7. There must be sufficiently robust management and financial systems to ensure that all documents relating to the implementation of the project and its financing are available for the period of **six years** after the final payment of grant. These documents must demonstrate that grant is claimed in respect of eligible expenditure only.

Procurement of Goods and Services

8. Successful applicants must procure goods and services in line with Government procurement principles, acting in an open, fair and transparent manner. We would ask that parties tender and award contracts in the following manner:

a. Goods and Services Over £3,000 and Not Exceeding £20,000.

For purchases of between £3,000 and £20,000 a minimum of three written/faxed tenders/quotations are required. Telephone (verbal) quotations are not acceptable. Records of all written/faxed tenders/quotations must be retained for audit purposes.

b. Goods and Services Exceeding £20,000.

For purchases of over £20,000 it is necessary for a formal sealed tender exercise to take place. If less than 3 submissions are received FC Scotland's Timber Transport Adviser must be consulted before acceptance. They can also offer advice on how to organise a sealed tender exercise if this is new to applicant. Again, all records of the tender exercise must be kept.

For situations involving public roads the 'Best Value' regime under which Councils are required to operate is acceptable.

All contractors engaged contractually must be vetted accordingly in the following areas before a contractual engagement is made: Financial stability, business probity, environmental awareness and quality assurance. The Forestry Commission operates a general supplier questionnaire that can be utilised in this area, if required.

Payment of Grant

9. To be eligible for the payment of grant you must:

a. not exceed the Approved Expenditure in Section 1B part ii of the contract by more than 5% without prior FCS approval;

b. achieve the measurable targets and outputs set out in Section 1C of contract;

c. ensure claims are signed by a designated signatory authorised to act on behalf of applicant;

d. maintain financial and other records that clearly identify expenditure on the project and separate such expenditure from that of any existing business or activity;

e. have paid for the goods and services invoiced i.e. the money due has passed out of control of the applicant by the time it is included in the grant claim.

f. Have received evidence for co-finance spend to the satisfaction of a Designated Signatory.

10. Grant will be payable, by BACS, quarterly in arrears of expenditure, in accordance with the disbursement profile at Section 1B of the contract, on submission of a valid claim form.

11. It is acceptable to move up to 10% of the value of any one cost heading into another cost heading in the agreed budget so long as the approved annual total spend is not exceeded by more than 5% and that none of the other individual rules are broken eg management costs not exceeding 10%.

12. Scottish Ministers will not be liable for the payment of any part of the grant until a properly completed claim form is submitted setting out details of the eligible expenditure on which that part of the grant is to be paid along with confirmation of levels of spend of co-finance as specified in the application. **Payments will be capped at a maximum of 80% of approved expenditure cumulatively incurred as defined in Section 1B part i or the maximum grant award, whichever is the lesser in any one claim period. Any sums capped or unspent can be carried forward to the next claim period.**

Each form must be accompanied by:

a. a report on the project covering:

i. progress against the relevant milestones and performance indicators;
ii. any change in the nature or scale of the project including an assessment of any change in the prospects for success; and
iii. any change in the ownership of, or beneficial interest in, any asset provided for the project;
iv. information on actual and planned moves of money within budget heads (see para 11 above);

b. an up to date estimate of the project costs, indicating any significant variations in the amount or timing of claims;

c. details of the agreed co-finance in the period (i.e. materials, revenue forgone, hours and hourly rate);

d. confirmation that you have spent the sums in respect of which claims are made in the period. For this purpose, the claim must be accompanied either by a full set of original invoices or certified copies, each of which must be company stamped and signed by a designated individual. Please note that for audit purposes we reserve the right to request the original versions for inspection. Alternatively a report from an independent accountant. If used, an independent accountant who is qualified under the terms of Section 25 of the Companies Act 1989 for appointment as your auditor, must provide the report. A person eligible under Section 34(1) of the Companies Act 1989 for appointment as auditor of an unquoted company (as defined in Section 34(2)) may only report on grant claims made by such a company or by a business not incorporated under the Companies Acts.

Nil returns are required, if appropriate, giving an explanation for any lack of progress.

13. Value Added Tax cannot be included as eligible expenditure unless you can demonstrate that it was not possible to reclaim the tax paid from Her Majesty's Revenue & Customs.

14. Where you are claiming the rental or the appropriate amount of depreciation of specialist but second-hand equipment, your first claim in relation to that equipment must be accompanied by a declaration from the seller/renter that confirms the name and address of the previous owner of the item and that it has not previously been subject to any grant aid. Grant cannot be paid if this declaration is not provided.

15. Once a fully documented claim has been received, payment of grant will normally be made, or the claim rejected, within 30 days, unless it is necessary to seek further information to support the claim. If further information is required a request must be submitted to the lead applicant within 14 days.

16. Scottish Ministers accept no liability in respect of loss attributable to any delay in the payment of grant or to any suspension, reduction or cancellation of grant.

Final Project Report

17. You must provide a final report to accompany the final claim, covering the performance and achievements of the project, explaining how the project has, or has not, met the objectives and milestones of the entire project. In addition, for projects which have received grant of more than £100,000, a report (as set out in Section 3, the Accountants Report) from an independent accountant must be submitted with the final claim. The final grant payment will be withheld until the final progress report and the final claim have been received, and until we are satisfied that the project has met its objectives and milestones.

18. All grant payments must be made before 31 March 2011. Final claims must therefore be submitted for payment before **Friday 18 February 2011,** although your project may be scheduled to finish earlier (see Section 1B Parts III and IV of this contract). We shall be under no obligation to make any payment on claims received after 18 February 2011.

19. FC Scotland's Timber Transport Adviser will be responsible for monitoring the level of activity, financial commitments and disbursements to ensure that there is adequate progress.

20. Failure to make claims in line with the timetable listed in the Expenditure Profile in Section 1B – Finance Details of Offer could lead to the cancellation or reduction of the grant awarded. If this then endangers the project, all aid paid may be recovered in full. However, before any such cancellation, reduction or recovery is made, we will seek an explanation for any delay.

21. Any over-payment of grant must be repaid to FC Scotland forthwith on the first demand or upon you becoming aware that grant has been over-paid, whichever occurs first. Where any overpayments have been made, or projects are not completed satisfactorily, grant payments may be reclaimed with interest.

Monitoring the Project

22. Scottish Ministers or their representatives shall have the right to:

a. inspect at any reasonable hour the project and/or such further information relating to it as they think fit;

b. attend meetings with you;

c. be provided by you with copies of such documents or items as they require.

23. Failure to allow inspections or to supply the information requested could lead to cancellation or reduction of the grant awarded, and to a requirement to repay grant already paid.

Changes to the Agreement

24. You are required to fulfil your obligations for the full term of your agreement, but there are some circumstances where it may be possible to change aspects of your agreement. You must contact FC Scotland's Timber Transport Adviser immediately in writing if you wish to change your agreement or have difficulties complying with it.

Disclosure of Information

25. In order to ensure effective operation of the Scheme, FC Scotland may disclose or exchange such information about your application and agreement with other individuals or organisations which FC Scotland considers appropriate for administration, evaluation and monitoring.

26. Our policy is to be as open with the information that we hold as possible whilst safeguarding your interests. Your application and agreement are subject to the Freedom of Information Act 2000 and Environmental Information Regulations 2004 and because the Scheme involves expenditure of public money, there is a legitimate public interest in how the money is spent. FC Scotland may therefore make information available, such as the amount of the award, the purpose for which it is given, and the expected outcomes. Your personal details are protected by the Data Protection Act 1998.

Publicity

27. You must:

a. actively promote your project in a way that is tailored appropriately to your target audience, be they local authorities, community councils, customers, partners or others;

b. acknowledge the financial support provided for your project by Scottish Ministers in all literature, publicity and promotion associated with the project.

***Force Majeure* Circumstances**

28. Scottish Ministers recognise that there may be abnormal or unforeseeable circumstances outside the control of the participants which they could not avoid by reasonable action and which may prevent compliance with the agreement. These are known as *force majeure* circumstances. If you believe such circumstances have occurred you must notify FC Scotland's Timber Transport Adviser in writing within 10 working days of being able to do so. If Scottish Ministers or their representatives agree that the event is a *force majeure* circumstance they will not impose penalties for non-compliance with the agreement.

Penalties for Making False Statements or for Non-compliance

29. Where *force majeure* circumstances do not apply, there may be occasions when Scottish Ministers consider that an award of grant should be withdrawn or that grant already paid should be recovered. Scottish Ministers reserve the right to withhold the whole or any part of the sums payable to you and/or to recover on demand the whole or any part of the sums already paid to you if:

a. any information you provide to Scottish Ministers is false or misleading;

b. you are in breach of any of the terms of this agreement;

c. there has been a material change in the nature, scale, costs or timing of the project;

d. the project has been or is being materially delayed, or is unlikely to be completed;

e. the whole or part of the sum payable under the agreement would duplicate assistance provided or to be provided out of monies made available by:

i. the European Communities;

ii. the Scottish Parliament, or

iii. a body exercising public functions within the United Kingdom;

and for the purposes of this subparagraph, a sum duplicates such assistance if it would be paid for any of the same purposes;

f. an award of grant has been made from another Scottish Executive funded grant scheme for the same project, i.e. you are attempting to 'top up' awards of support which have been limited to a specified level of support;

g. there is failure without sufficient reason and without the approval of Scottish Ministers to complete work and claim payment in line with the schedule for estimated expenditure set out in the Expenditure Profile in Section 1B – Finance Detail of Offer, or Scottish Ministers have not been informed of this in sufficient time to be able to re-examine the schedule;

h. a capital asset or facility in respect of which grant has been paid, has:

i. been sold, transferred, or otherwise disposed of;

ii. been used primarily for a purpose other than that for which the sum was paid; or

iii. ceased to be kept operational or in good repair;

i. there is any change in the structure or ownership of your group or business which affects its eligibility to receive grant;

j. in the opinion of Scottish Ministers, you have not taken adequate steps to ensure the project develops in line with the milestones set out in the Measurable Targets and Outputs section of the Contract.

k. you fail to co-operate with an inspection by officials of FC Scotland or their appointed agents.

30. Where grant reclaim is being undertaken in these circumstances, interest will be charged from the date of payment of grant.

31. In addition, where an applicant or partnership is found to have made false declarations through serious negligence, they may be disqualified from applying from other schemes being run on behalf of Scottish Ministers in the calendar year in question. Where it is found that a false declaration has been made intentionally, the disqualification period may extend to the following calendar year.

Appeals Against a Penalty

32. Before applying any penalty, FC Scotland will give you a written explanation of the proposed action and the reason(s) why this action is proposed. If you believe the decision is not soundly based, you will be given an opportunity to appeal to the Head of Policy within FC Scotland.

Audit

33. FC Scotland will require applicants to provide an audited statement as set out in Section 3, The Accountants Report confirming that the grant payment has been utilised to fund the project expenditure outlined within the application. The covering grant award letter confirms whether this audited statement should be provided on an annual basis or on completion of the project. FC Scotland will have the right to recover grant payments in the event that such an audit opinion is not provided, or that the grant has not been fully disbursed on the project. Any such grant payments may be reclaimed with interest.

34. Projects may also be subject to review by the Forestry Commission's Internal Audit Department, and to external audit by Audit Scotland.

Section 2B

Eligible and Ineligible costs

a. Capital Applications: Eligible costs

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Land Acquisition	Where purchase of land is an essential element of a project, eligible expenditure is the actual cost of purchase, normally up to a maximum of 10% of the total eligible project expenditure. Applicants must be able to demonstrate that the purchase price does not exceed the market value.
Purchase of Access Rights	Where access over ground is required, the applicant must demonstrate that appropriate access rights have been secured for the lifetime of the expected benefit flows. A short-term permission should be sought where access is for a one off, time bounded and short-term purpose. Where a permanent granting of access is proposed then the expected norm is that a servitude would be secured. However, a lease could be granted for a period of years for a lump sum premium with an annual peppercorn rent thereafter. This recordable right of access must go with the land and be enforceable upon a successor landowner. Some guidance on this general issue is given in the draft FC/FTA "Framework for Shared Access Agreement" [in preparation].
Pre- Contract Professional Fees And Contract Implementation Professional Fees	Pre-contract works, including design, bills of quantity and tender preparation for approved capital works, (carried out after approval had been given by FC Scotland). **This does not include feasibility studies, unless they have been accepted as specific projects in their own right.** *Note:*

EXPENDITURE HEADING	DESCRIPTION/DETAILS
	▪ *This expenditure will have been incurred within the Programme period.* ▪ *Fees may be included for external consultants where it can be demonstrated that they have been incurred as a result of a competitive tendering process.* ▪ *Fees that have been subject to an approved tender process may be included at the market rate resulting from that exercise.* ▪ *Fees may be included for in-house professionals where an in-house market-testing process is in place, e.g. local authority best value process. Applicants must be able to prove best value and can only charge actual costs directly attributable to the project. Charge-out rates are not acceptable.* ▪ *Where in-house, for such costs to be acceptable it must be demonstrated and evidenced that these are truly* ***additional*** *(i.e. overtime payments, timesheets), and do not form part of in-house professionals day to day costs.* These should not constitute more than 10% of the total project cost.
Site Investigation	This should take account of specialist investigations required to identify specific site issues and recommend particular works/approaches etc.
Site Preparation/ Clearance	This should include demolition works and the general preparation of sites, which is not part of engineering works to tackle specific site issues identified as part of site investigation (see above). The costs of any premature tree felling required as part of the preparation of a road line would only be permissible if it could be shown that there was a **net cost** from this work, and it was carried out as a separate contract. Any such felling must obtain prior written approval from FC Scotland, unless covered by planning approvals from the local authority.
Site Servicing	This may include the construction/improvement of access roads and junctions within the site boundary.
Signage	This should include relevant signs, which acknowledge the contribution of the STTF to the project.
Main Contract Works	This may include construction, improvement and upgrading of informal roads, as well as improvement and upgrading of short stretches of minor public roads where eligible, and works to enable timber extraction by rail, inland waterways and sea.
Early Road Consolidation Works	For new in-forest roads of **regional significance** only, over which significant volumes of timber will be transported annually, it would be acceptable to allow for the cost of a guarantee to ensure that it will remain in a useable condition for a period of **no more than** five years after construction e.g. early consolidation works, within the main road construction quotation.
Main Environmental Contract Works	This may include the following elements: • Hard and soft landscaping as part of a larger development. • Hard and soft landscaping where necessary to promote environmental sustainability. Creation and improvement of footpaths and cycle paths etc, where an integral part of a wider eligible operation.
Budget variances / Management Costs	• It is acceptable to move up to 10% of the value of any one cost heading into another cost heading i.e. to reallocate some expenditure in the project so long as the approved annual total spend is not exceeded. ▪ Any such proposal should be notified to FC Scotland as early as possible. ▪ NB: management costs must never exceed 10% of total project costs. ▪

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Leasing Costs	The Costs of hiring or leasing any specialist equipment necessary for the delivery of the agreed project outputs can be included, if it is to be the subject of a tender process and where it is used 100% of time for the project. Any use for less than 100% must be identified and the costs to the project reduced accordingly. A leasing charge for equipment (in any one year) which exceeded or closely matched the full cost of purchasing the item, however, would be deemed as an attempt to introduce capital expenditure as an eligible item under a different heading. Such expenditure is not eligible. Operating leases are eligible provided the applicant can show that the costs of the lease are competitive and compatible with market rates. Lessor If the lessor is receiving grant, the benefits must be passed on to the lessee. Lessee If the lessee is in receipt of grant, the grant must be used towards leasing costs.
Non Recoverable VAT	It is recognised that some project applicants are unable to recover VAT. Non-recoverable VAT can be claimed as an eligible cost. ▪ Project applicants claiming non-recoverable VAT will need to support their claim with appropriate evidence from HM Customs & Excise. Organisations electing not to recover VAT that is recoverable cannot count the VAT as eligible.
Specialised Equipment	Only one-off items of specialist equipment which are essential for the delivery of the project which will be used solely for that purpose, and have been purchased from third parties on, or after, the commencement of the project will be considered eligible. Only **reasonable depreciation costs** (see below) for the period of time during which it is used to deliver the agreed project outcomes, evidenced by means of invoices and timesheets, can be charged (and not the purchase price). For second-hand equipment to be eligible: ▪ The seller must provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or EC grants; ▪ The price must not exceed its market value and shall be less than the cost of similar new equipment, and; ▪ The equipment is necessary for the project and complies with applicable norms and standards. *Any proposed purchase of moveable capital will be subject to close scrutiny.* Note: A detailed breakdown of all items included under this heading in an application should be provided in an appendix and, in where the project is approved, an inventory must be retained for audit purposes.
Final Claim audit fees	Final claim audit fees may be incurred but cannot be defrayed in advance of the submission of a final claim. In order to claim these costs the applicant must complete the final claim audit fees pro-forma. The invoice from the auditor must be attached to the claim.
Depreciation	Depreciation of specialist equipment, directly linked to the project, should be calculated in line with your organisation's accounting policy and is only chargeable to the project **over either the life of the project or the life of the funding programme, whichever is the shortest period**.

EXPENDITURE HEADING	DESCRIPTION/DETAILS
	• Claims should be based on the actual costs of the owned equipment. • Any grant used to purchase the asset should be taken off the cost before depreciation is calculated. • Depreciation may be claimed on second-hand equipment (but see below). • Documentation showing how depreciation costs have been calculated must be kept for audit purposes. This will include invoices; payments records including BACs lists and bank statements; descriptions and location of the items purchased; the method of depreciation; the time spent using the items (e.g. one day per week); and, where relevant, the estimated residual value. The following information is required: • the cost and description of the item purchased; • the purchase date; • the number of years over which the item is being depreciated would normally be a maximum of 8 years, and must be a minimum of 4 years. A justification must be given for any period of depreciation less than 8 years; • the % of the item's use solely on the project during the projects life.

b. Revenue Applications: Eligible costs

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Staffing and management costs	Only definable, defensible and **demonstrably additional** full or part time staffing and management costs incurred by the partners to deliver a project are acceptable. These must be evidenced and must not constitute more than 10% of the total project costs. It is only acceptable to include additional front line supervisory costs where these are an integral part of a contract delivering a specific output. Reasonable costs of external consultants or necessary external professional expertise which are the subject of a tendering exercise are acceptable.
Consultancy Fees & Sub Contractors Charges	Costs for work done by an independent consultant or sub contractor will only be eligible if the work is essential to the project and the costs are reasonable. ▪ A threshold of up to *£300* per day (at a rate of £42.85/hour) for (non-tendered) consultancy fees has been set as the maximum eligible figure to receive support. Daily expenditure on consultancy above this threshold must be met in full by the project applicant and is not considered eligible. ▪ For consultancy fees that have been subject to an approved tender process, the market rate resulting from that exercise may be included for support. Costs associated with payment of consultants that provide support in completion of application/claim forms and with management fees are **not** eligible.
Project Evaluation Fees	Costs for independent project evaluations will be eligible if the work is essential to the project and/or a condition of grant. (See consultancy fees above.)
Travel	Travel costs must be directly related to and essential for the effective delivery of the project and be carried out by the most cost effective means. Car mileage claims are payable at no more than *40p* per mile. Certified travel claims must be retained identifying specific journeys.
Premises and	This could include, rent, rates, heat, light and service charges associated with the

Overheads	premises where it can be clearly demonstrated that these are directly additional and specifically related to the delivery of the project. Charges relating to the statutory responsibilities of applicants or the applicants' day-to-day management, monitoring and control are **not eligible.**
Marketing	This heading may include costs related to all aspects of marketing specific to the project such as: ▪ Design and production of marketing materials ▪ Facilitation of appropriate conferences & seminars ▪ Targeted advertising campaigns.
Leasing	Leasing is eligible within certain qualifications. Where premises, equipment or vehicles are not used solely for the project (e.g. equipment is only used 1 day per week), this should be indicated and an explanatory note added showing the apportionment of costs. *[See also section 2B(a) – " Capital Applications"*
Administration	This should cover telephone, consumables and other reasonable costs ***where it can be clearly demonstrated that these are directly related to the delivery of the project***. Telephone costs must be directly related to and necessary for the effective delivery of the project. It must be possible to provide an itemised audit trail for the telephone costs. Consumables may include items such as postage, stationery, and other costs, which the applicant can demonstrate as essential to the effective delivery of the project.
Non recoverable VAT	It is recognised that some project applicants are unable to recover VAT. Non-recoverable VAT can be claimed as an eligible cost. ▪ Project applicants claiming non-recoverable VAT will need to support their claim with appropriate evidence from HM Customs & Excise. ▪ Organisations electing not to recover VAT that is recoverable cannot count the VAT as eligible.
Final Claim audit fees	Final claim audit fees may be incurred but cannot be defrayed in advance of the submission of a final claim. In order to claim these costs the applicant must: ▪ Complete the final claim audit fees pro-forma. ▪ Attach the invoice from the auditor.

c. Revenue and Capital Applications : Non Eligible costs

EXPENDITURE HEADING	***DESCRIPTION/DETAILS***
Financial Charges	▪ ***Loan charges*** - the nature and amounts of any loan charges included in the overall project costs should be brought to the attention of FC Scotland. ▪ ***Service charges*** - arising on leases and hire purchase arrangements. ▪ Costs resulting from the ***deferral of payments to creditors***. ▪ Costs involved in ***winding up*** a company. ▪ ***Bad debts***
Moveable Infrastructure	Moveable infrastructure such as cars and office equipment.

Recoverable VAT	Recoverable VAT is not eligible whether or not the applicant elects to recover.
Finance Leases	Similar to hire purchase agreements – at the end of the lease the equipment becomes the property of the lessee.
Legal costs	Costs incurred in respect of any litigation arising from delivery of any approved project works.
Staff Related Costs	▪ Staff costs that are not additional and directly attributable to project delivery. ▪ Staff training/training that is mandatory under statutory provision. ▪ Redundancy payments. ▪ Payments into private pension schemes. ▪ Payments for unfunded pensions. ▪ Maternity or sick pay.
Other Costs	▪ Capitalised maintenance As indicated above, it is permissible to allow for the costs of a guarantee of early consolidation works on a new in-forest road **of regional significance** only within the main quotation. However, general capitalisation of extended maintenance costs **cannot** be claimed. ▪ Expenditure defrayed outwith the eligible programme period (ending on 31st March 2011), including site acquisition costs. ▪ Related to research or studies carried out in respect of the project prior to the official project start date. ▪ Gifts. ▪ Repairs and maintenance unless covered by the eligible cost description. ▪ Compensation for loss of office. ▪ Costs of works being carried out as a statutory requirement. ▪ Any specific actions already funded by Scottish Executive Grant Schemes and/or European Structural Funds or other EC-funded initiatives **PLUS ANY OTHER COSTS THAT DO NOT FALL INTO THE CATEGORIES LISTED FOR ELIGIBLE AND/OR NON ELIGIBLE STANDARD HEADINGS.** A detailed breakdown of any other costs likely to be incurred in the delivery of the project should be provided as an appendix to the application.

SECTION 3 - THE ACCOUNTANT'S REPORT

I/We have examined the enclosed claim submitted by you (..name of company..).

I/We have also examined your records as necessary and have obtained such explanations and carried out such tests, as I/we consider necessary.

I/We report that in my/our opinion [subject to any reservations set out in my/our accompanying letter dated .....] that:

(i) The claim for payment is in accordance with the agreement with Forestry Commission Scotland dated ..... including all Annexes thereto.

(ii) You have expended monies to cover eligible costs incurred during the period from ..... to ..... related to the project described in the agreement amounting to £ .....

(iii) You have received evidence of co-finance during the period from ..... to ..... related to the project described in the agreement amounting to £ .....

(iv) None of the costs were incurred before .....

(v) Overheads included in the expenditure at (ii) above are:

a) in respect of your own labour,

b) not calculated to include any profit,

c) appropriate to the project,

d) not in excess of overhead rates applicable to similar work carried out by you.

(vi) The total at (ii) above excludes any other public sector grant received or receivable by you in respect of the project.

(vii) The total at (ii) above excludes input Value Added Tax (except where this cannot be reclaimed from Her Majesty's Revenue & Customs) and interest and service charges arising from hire purchase, leasing and credit arrangements.

(viii) The total at (ii) above excludes any addition for profit by you and profit earned by any company in your group as a result of work relevant to the project undertaken by you or sub-contracted to such company by you.

(ix) You have maintained adequate records to enable me/us to report on this claim for payment of grant.

I/We certify that except for grants under the Strategic Timber Transport Scheme [or grants specified in my/our accompanying letter dated .....] no grants from any other public authority have been received or are receivable by you in respect of the project.

Signature: ..... Date: .....

Name (CAPITALS): .....

Professional qualifications: .....