



Scottish
Forestry
Coilltearachd
na h-Alba

Strategic Timber Transport Scheme: Application Guidance (2024-25)

Scottish Forestry is the Scottish Government agency responsible for forestry policy, support and regulation

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Purpose of this guidance

This guide provides practical information to potential applicants in preparing and submitting applications to the Sustainable Timber Transport Fund (hereafter "STTF"). In addition, it provides a general overview of the applicable assessment and award processes.

Applicants are strongly recommended to familiarise themselves fully with the rules of the scheme as set out. Applicants should also consider carefully any related content published on the [STTF webpages](#) before completing and submitting applications with particular reference to the [Planning Ahead guidance](#).

Scottish Forestry administers this Call on behalf of Scottish Government and reserves the right to revise this Guide. Please note that definitions of terms used in this Guide are as per the rules of the scheme.

This guidance is updated annually.

Introduction

The aim of the Strategic Timber Transport Scheme (hereafter "STTS"), is to facilitate the sustainable transport of timber in rural areas of Scotland for the benefit of local communities and the environment, maximising the value of monies available through innovative regionally and nationally strategic projects and partnerships.

The STTS helps deliver [Scotland's Forestry Strategy Priorities](#) including 'Improving efficiency and productivity and developing markets - Supporting efforts to enable the sustainable transport of timber and mitigate risks of potential negative impacts', and also 'Ensuring that sustainable forest management is an integral part of public policy, particularly through leading and co-ordinating the delivery of Scotland's Forestry Strategy'. Similarly, the STTS also supports the Scottish Government [National Performance Framework](#) ambition to "focus on creating a more successful country, with opportunities for all of Scotland to flourish, through increased well-being, and sustainable and inclusive economic growth", and also contributes to the United Nations' SDG goals including "Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss".

A comprehensive report on the STTS and supported schemes is available on [relevant webpages](#).

Funding

The STTS budget comes from the Scottish Government STTF with the total value set annually.

The Fund also supports the [TimberLINK](#) service, a Public Service Contract that helps meet the additional costs of shipping timber from Argyll to mainland Scotland across the Firth of Clyde, rather than hauling by road. Provision for the TimberLINK service is currently £945,000/year.

Scottish Forestry may also, on occasion, transfer funds from the STTF to other Scottish Government support mechanisms to support sustainable timber transport objectives.

Scottish Forestry also sets aside a budget allocation within the STTS for:

- Project Officer support for the effective functioning of the Timber Transport Forum and Regional Timber Transport Groups.
- Preparatory Project Grant (hereafter "PPG") funding to assist applicants in preparing to submit large or complex projects.
- Small Projects are a discretionary spend on to support delivery of the STTS and wider strategic priorities such as the collection and analysis of relevant data and the development and dissemination of good practice.

The remainder of the STTF is then available to fund the Scheme.

Key Objectives

The overarching aim of the STTS is to support regional and nationally strategic capital or start up projects which, through investment in rural transport infrastructure, generate the following benefits:

- **Community and Social benefits.** Projects will demonstrate the delivery of significant benefits to rural communities, such as avoiding or easing traffic flow through towns and villages, improving safety, improving public access, and generating benefits to sectors other than the timber transport industry, for instance; the tourism, agriculture, and fisheries sectors.
- **Environmental benefits.** Investments will normally seek to reduce the overall environmental impact of timber transport operations. This may include reducing overall road mileage, fuel consumption/CO₂ emissions, and noise or diffuse pollution, or contributing to the development of non-road transport modes such as rail and water.
- **Reduced damage and improved experience.** Projects will strengthen, or otherwise improve, public roads or reduce the demands on them, and so reduce disruption to other road users.

In cases where the main objectives listed above have been met, the Scheme can also address improved access to difficult to reach forests.

Each STTS application should clearly demonstrate how the project will deliver against these objectives. Details of any wider socio-economic benefits delivered in the project area, or beyond, should also be provided in support of an application. Projects must also show that they are good value for money and are deliverable in the timescale proposed.

Overarching principle

Projects should not subsidise normal operations or confer a competitive advantage to individual forest owners or companies. Project applicants must demonstrate this is the case through providing quantifiable evidence of the range of benefits and how costs and/or benefits are being shared.

Application Process

This Guidance sets out the application, assessment, approval, and implementation processes for projects submitted to the STTS.

Application Rounds

Deadlines for submission of bids can be found on the Scottish Forestry [website](#) and through contacting the relevant [Regional Timber Transport Group](#) (hereafter “RTTG”). For the 2024-25 cycle:

- Applications for all support are invited in February for submission in mid-March. Any specific dates and times will be communicated with the call for applications on an annual basis.
- Project Officer/ consultancy applications will be assessed promptly by Scottish Forestry.
- All other applications will be scored via an assessment panel in early April.
- Decisions on allocation of funding will be made and contracts prepared promptly.

- **The STTF budget allocation is set annually by Scottish Government therefore projects must be delivered, and grant claimed within the financial year.** Scottish Forestry cannot therefore guarantee support in future years, limiting scope to support multi-year projects. Larger projects (e.g., improvements to long lengths of public road) can be applied for and delivered in yearly phases if each phase delivers discreet benefits.

Where more complex programmes of works or multi-party projects are being considered, [Preparatory Project Grants](#) (hereafter “PPG”) are available to enable initial planning, consultation, negotiations and outline costing work to be carried out. PPG funding can be applied for at any time. The expectation is that the preparatory work will enable a full application for STTS support to be submitted in the subsequent round.

Final date for expenditure

Applicants should note that the available funds are both finite and time limited. All expenditure in approved projects must be completed, invoiced, and claimed in time to ensure payment can be made by the agreed due date.

Application Form & Guidance Notes

The STTS application form, the PPG application forms, and associated guidance documents are available electronically for download from the Scottish Forestry [website](#). The relevant form(s) must be completed and submitted to Scottish Forestry via stts@forestry.gov.scot within the stated timeframe.

NB: successful applicants should not proceed with any work until completed contracts are signed and any conditions met, unless otherwise agreed (in writing) with Scottish Forestry.

Project Development

The lead applicant must be a formally constituted legal entity and will normally be the organisation that would be responsible for project implementation and management. This could include hauliers, forest owners, forest management companies, relevant local community bodies, local authorities, national agencies (such as Forestry and Land Scotland or NatureScot), enterprise agencies, harbour, and rail authorities, and so on.

Where projects involve infrastructure on private forest land, it is expected that the land managers will be registered on the [Rural Payments and Services system](#) and have a business reference number (BRN). If you do not already have a BRN you can apply for one through your [RPID Area Office](#). Applicants should note that a credit check may be required as part of the application process to determine the financial viability of the participants/project.

Eligibility

The Scheme will consider applications for funding towards projects that deliver the key objectives of the Fund (see page 3).

Proposals must be:

- Complete i.e., all relevant sections of the application form are completed;
- Received via the normal application system before the closing date/time.

Projects must demonstrate:

- Strategic fit with national or regional timber transport priorities/actions;
- Need for public sector intervention;
- Life-time viability and sustainability of the proposed works;
- Delivery of long-term environmental & community/social benefits;
- Partnership working and leverage;
- That they support open access;
- That they are deliverable.

Applications will be deemed ineligible if they:

- Subsidise normal forest operations;
- Contravene subsidy control regulations e.g., confer a competitive or financial advantage to individual beneficiaries;
- Subsidise normal public road maintenance and repair.

The project examples listed in Table 1 are, in principle, eligible for support from the STTS. This is not however an exhaustive list.

Table 1: Examples of Potentially Eligible Projects

A) Forest Roads benefiting the local community and environment
<ul style="list-style-type: none"> • Construction of in-forest link roads to by-pass communities or fragile public roads • In-forest road links to water and rail routes
B) Public Roads that access forests and benefit the local community and environment
<ul style="list-style-type: none"> • Public road and bridge improvements e.g., strengthening and widening of existing infrastructure, or other works integral to the success of a project. • Strengthening of short stretches of public road that link in-forest routes • Optimum freight route facilitation (where diversion is more cost-effective than upgrades or development) • Arterial routes where improvements are required for the specific needs of timber transport
C) Other Timber Freight Modes benefiting the local community and environment
<ul style="list-style-type: none"> • Rail and waterway access improvements for timber where financial assistance is not available from elsewhere
D) Measures to support the decarbonisation of timber transport
<ul style="list-style-type: none"> • Infrastructure to facilitate the decarbonisation of timber transport where financial assistance is not available from elsewhere
E) Related Studies
<ul style="list-style-type: none"> • Strategic plans

<ul style="list-style-type: none"> • Feasibility studies
<ul style="list-style-type: none"> • Mapping studies
<ul style="list-style-type: none"> • Feasibility for non-road networks
F) Executive or Advisory Services
<ul style="list-style-type: none"> • Consultancy or project officer support for the effective functioning of Timber Transport Forum and Regional Timber Transport Groups

Applications should also:

- Be consistent with the [Agreed Routes Maps](#) and Regional Timber Transport Strategies, where these exist;
- be financially sustainable without ongoing support through the Scheme – i.e., any operating and maintenance costs are either self-financing, or will be met from other committed sources of funding for a period of not less than 10 years following completion of the project;
- be consistent with approved Forest Plans or Felling Permissions, and with all necessary approvals (such as Planning Permission or Marine Consents) in place, and with the harvesting volume forecasts in these documents supporting the application (the requirement for Forest Plans does not apply to more strategic infrastructure improvements such as public road improvements serving a wider forest catchment);
- state what legal agreements are in place to ensure all relevant parties can access, use and maintain the infrastructure for, at least, the ten-year period that Scottish Forestry retains an interest in the project.

NB: Where the scale of benefits derived from a project is related to the amount of timber being transported, this can only assume benefit from timber transported within 10 years of the start of the project. Scottish Forestry may request reports on the actual amounts of timber transported over this period.

In the application, please give the **approved** annual felling volumes over the 10-year period, with particular emphasis on the accuracy of your intentions over each of the first five years. Any anticipated **but not yet approved** felling volumes over the 10-year period should be noted separately for information only at this stage, though please do state any volume that is currently the subject of an active application for approval.

Normally the Scheme will be the financing method of last resort and be genuinely additional rather than merely replacing alternative sources of funding. Therefore, before submitting applications for funding through the STTS, applicants should consider whether they could secure funding from other sources e.g., Freight Facilities Grant (FFG), Waterborne Freight Grant (WFG) or Mode Shift Revenue Support (MSRS).

It may however be possible to consider an application to the STTS simultaneously for **additional** specific works required that are **not** eligible for grant support through other Scottish Government funded schemes. In such a case the applicant should bring this to the attention of both Scottish Forestry and the relevant Scottish Government Directorate.

Please note, co-funding is one of the weighted assessment criteria therefore applications which maximise contributions from other sources will have a competitive advantage over those that are heavily dependent on support from the STTS where other criteria scores at assessment are equal. All sources of match funding must be confirmed prior to projects being contracted.

Level of Grant aid

Financial support for an approved project will normally be **up to 50%** of eligible costs dependant on the type of project, the scale of the operation, and the benefits delivered. It is expected that all project financial overruns, out-with contract parameters, will be financed through the co-funding bodies.

NB: Please note that single tracked A roads will be considered minor roads in terms of expected levels of STTS contribution

Preparation of Applications

In the first instance applicants should draft an application according to the available guidance. This should include:

- An outline of the project;
- A description and estimate of the scale of the benefits it would deliver;
- Supporting maps etc;
- Details of the total project cost; and
- The proposed sources of funding for these costs including the amount of funding sought through the STTS, as well as the source(s), amount(s) and type(s) of co-finance offered.

Please note: The applicant can share this draft with the relevant Regional Timber Transport Group (hereafter “RTTGs”) Project Officer requesting feedback before submission. RTTG Project Officers are fully conversant with the Scheme and have information on local priorities and issues which may inform an application. They will usually be able to offer on-site advice on the best way to take a project forward.

The RTTG Project Officers can also guide applicants on the standards of quality and completeness of applications to enable acceptance and full appraisal. The applicant may also take advice on eligibility of the project from Scottish Forestry’s Forestry Transport and Innovation Advisor and from the Timber Transport Forum Project Officer but please note this is time limited.

Details of the project should be shared with members of the relevant RTTG to ensure all possible opportunities are being considered. The Scottish Forestry [Engagement and Consultation guidance](#) may be useful.

Scottish Forestry **will expect** any application to be accompanied by a letter of support from the chair of the relevant RTTG considering the benefits of the project in the regional context. The application should therefore be shared with the chair of the relevant RTTG in good time **before the application deadline¹**, requesting a letter of support. The letter of support will be considered alongside the application form when assessing the project.

The application form and any supporting documentation must demonstrate how the project meets the assessment criteria as set out in Appendix II. All questions in the application form must be answered in full, and any subsequent requests for supporting information met. Forest Plans/Felling Permissions must be in place and all other necessary aspects such as land purchases, approvals (i.e., access and road maintenance agreements, marine consents, planning permissions) should either be in place or agreed to Heads of Terms stage **before** submission.

The completed and signed application form should be submitted electronically by the applicant to **STTS@forestry.gov.scot** before the deadline set for that round, together with the letter of support from the relevant RTTG, written confirmation of co-finance and all other supporting information.

NB: All information contained in the application, contract or undertakings and any other relevant documentation, including the amounts of grant, may be made available to the public. If you require further information on the Freedom of Information requirements, please contact Scottish Forestry's Forestry Transport and Innovation Advisor.

Appraisal Process

Assessment

The STTS is a publicly funded competitive scheme. The purpose of the STTS evaluation process is therefore to ensure that all proposals are assessed in an independent, fair, and transparent manner, and that only the highest quality and most suitable proposals are selected for support.

To achieve this, the STTS annually recruits a panel of independent technical experts from key stakeholder organisations selected based on the relevance of their area of work and experience.

The process itself is supported and managed by the Scottish Forestry Forest Transport and Innovation Advisor. Evaluation is then a two-step process. Upon receipt of an application on or before the stated deadline, the Forest Transport and Innovation Advisor will initially ensure that the proposal is complete and satisfies the "Essential" eligibility criteria (Appendix I).

Please note, applications that are deemed incomplete, or those which fail to meet the Criteria can be rejected at this stage, or in certain circumstances, further information may be requested from the applicant. Where further information is requested, applicants will have a maximum period of

¹ This is set annually - Please refer to the STTS webpages for current information and further details

five working days from the date of request to submit an updated version. At this point, the submission is fixed and only the information/ application as provided is taken forward.

NB: Any applications still deemed incomplete at this stage will be rejected.

Applications for project officer/consultancy support for the effective functioning of the Timber Transport Forum and RTTGs will be prioritised, promptly assessed, and awarded by Scottish Forestry to minimise any risk of disruption to services assuming conditions are met. The applications and details of allocations will however be shared with the STTS Advisory Panel for information and oversight.

All other applications which are complete and are deemed to satisfy the essential eligibility criteria will be;

- shared with Scottish Forestry Conservators, requesting generic feedback, and confirming that relevant Scottish Forestry permissions are in place;
- shared with the STTS Advisory Panel (Appendix V) to be assessed and scored.

The STTS Advisory Panel members then independently score each application against the scheme criteria (Appendix I – Other criteria), considers the project's value for money (i.e., the benefits provided against the costs indicated and the level of support sought) and other factors such as deliverability, and provides justifications for the allocated scoring and a recommendation to Scottish Forestry on whether a project should be supported. The independent scores are then averaged across the panel scores and weightings applied to arrive at the final scores per project.

NB: Applications scoring below 20 will not generally be supported.

In the second step, the scored proposals are reviewed by the panel together to agree on the final ranking, and narrative, and make recommendations to Scottish Forestry. Final funding decisions are then made by Scottish Forestry based on the evaluation process outcomes.

NB: The Advisory Panel can also suggest qualifications or conditions for grant support.

Allocation of Funding

Scottish Forestry makes the final decision on the allocation of the available budget taking account of the final ranking and the Panel's recommendations. Scottish Forestry reports back to the Panel on the final decisions.

Should funding remain unallocated, or be returned from projects that are withdrawn or underspent, Scottish Forestry will consider reallocation of funding as follows:

- To support, on request, reasonable but unexpected additional costs of delivery
- To support, on request, existing projects where they can deliver additional benefits
- To offer (in order or ranking) support to lower-ranked projects that could not be supported within the original budget allocation.

Otherwise, if budget remains and time and capacity allow, a further mid-year call for new applications will be considered or Scottish Forestry has, in the past, considered requests for support for emergency works to timber transport routes following severe weather events.

Feedback to Applicant

Scottish Forestry aims to give feedback to applicants at appropriate stages on/by:

- Incomplete applications – within 14 calendar days of receipt by Scottish Forestry;
- Failure to meet Essential Criteria – within 21 days of receipt by Scottish Forestry;
- Final decision on whether a project has scored highly enough to receive grant and, if so, the level of that grant – within 14 days of Advisory Panel meeting which makes a recommendation to Scottish Forestry, unless there are further issues to be clarified and / or addressed by the applicant.

Approval

For applications that have been approved, Scottish Forestry will issue the decision of the award via email (as per timescale from previous section). This may include certain conditions that need to be met before the project can proceed to implementation.

NB: If these prerequisite conditions are not met within a reasonable/ agreed timeline Scottish Forestry may choose to withdraw the project.

Monitoring and Evaluation

Project Monitoring and Evaluation

Applicants will be required to provide evidence that the project has met its objectives and outputs in accordance with the offer of grant. Scottish Forestry will issue lead partners with quarterly claim forms. It is a condition of all grant offers that applicants submit at least quarterly progress reports and claims (**including nil claims**) to Scottish Forestry. The progress reports must include information on the delivery of agreed outputs.

NB: Failure to adhere to agreed milestones such as submitting accurate completed claims on time will negatively affect Deliverability criteria in the subsequent year.

NB: If the deliverability metric is consistently decreasing/ poor over time, or a project is perceived as having an inherent or increasing delivery risk, Scottish Forestry may, at any time, request an enhanced management package (Application form: Part 1 Section D (d) (Risk management), Part 3 Section J (Project Delivery), and Appendix III (Gantt chart)).

Over the longer term, Scottish Forestry may also request reports against the timber volumes transported annually over the life of the project - i.e., for up to 10 years.

NB: Where the approved harvest is significantly less than the stated figure, Scottish Forestry will consider this constitutes 'a material change in the nature, scale, costs or

timing of the project' which may lead Scottish Forestry to revise the intervention rate, and/or withhold or recover a proportion of the grant.

Appendix I: Assessment Criteria

Essential Criteria

Upon receipt of an application, the Forest Transport and Innovation Advisor will initially ensure that the proposal is complete and satisfies the “Essential” eligibility criteria. The desired outcome of the assessment must be achieved for all criteria before the project is passed to the Advisory Panel for assessment against the “Other criteria”.

Title	Description	Outcome
Application	The application is correct and complete, and all accompanying documentation is included?	Yes/No
Letter of Support	Is letter of support from RTTG chair included?	Yes/No
Strategic fit	Is the project consistent with regional and national strategies, plans and objectives?	Yes/No
Need for Public sector intervention	Is Public Sector intervention a condition or key element of success (normally funder of last resort) and is it clear that an award of grant as requested would not subsidise normal operations?	Yes/No
Lifetime viability / sustainability	Is the project operationally and financially viable over its proposed term?	Yes/No
Long term benefits	Are there demonstrable long-term benefits?	Yes/No
Deliverability	Have risks and uncertainties over costs and timescales been addressed?	Yes/No
Subsidy Control / competitive advantage	Does the project comply with Subsidy Control rules e.g., there is no financial advantage or other exclusive benefit to individual owners or companies because of their participation in the Scheme?	Yes/No

NB: Please note, although it is not one of the essential criteria, land purchases, approvals (i.e., access and road maintenance agreements, marine consents, planning permissions etc.) should either be in place or agreed at Heads of Terms stage **before submission.**



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Other Criteria

Title	Description	Scores	Weighting
Community and social benefits	To what extent will the project help rural communities e.g., avoid or ease traffic flow through towns and villages, improve safety, reduce noise and disruption, or improve public access and generate benefits to sectors other than the timber transport industry.	Good (3) Intermediate (2) Poor (1) Not at all (0)	3
Environmental benefits	To what extent will the project bring environmental benefits e.g., reduced lorry miles, reduced carbon emissions, reduced pollution and/or offer added sustainable enhancements.	Good (3) Intermediate (2) Poor (1) Not at all (0)	3
Reduced damage and disruption to public roads	To what extent will the project reduce timber haulage on public roads with an in-forest road or by modal shift to boat or rail; strengthen or improve minor public roads used for timber transport in the consultation and severely restricted categories on the Agreed Routes Map.	Modal shift (4) Reduce timber haulage on public roads (3) Improve minor roads (B, C & U class) for timber transport. (2) Improve A roads or main arterial routes for timber transport (0)	3
Partnership & leverage (NB: see Appendix IV)	How does the project demonstrate partnership working? How much additional resource has been committed by project partners above the basic level of co-finance required for the type of project proposed? What evidence is there of stakeholder engagement?	3 + co-funders offering 15% above default contribution (3) Two co-funders offer 10% above default contribution (2) Two co-funders default contribution (1) One co-funders default contribution (0)	3
Economic sustainability (Longevity of benefits)	To what extent does the project provide long term substantial improvement to the country's timber transport infrastructure that can be maintained through normal funding mechanisms and without the requirement for additional STTS or other external funding support.	Strategic, long-term gain (3) Local substantial gain 10 years + (2) Local partial improvement 10 years (1) Temporary improvement (0)	2
Ability to deliver to programme	To what extent can the applicant demonstrate that the project is well prepared and planned, deliverable to budget within the time available, that risks to delivery have been considered and mitigated and that they have the experience, capacity, and resources to deliver?	Good (3) Intermediate (2) Poor (0) Failure (-1)	2



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NB: The “ability to deliver to programme” criterion is a cumulative performance metric therefore deviation from agreed processes and timescales (for example late submission of claims or failure to deliver) may affect subsequent scores. Where projects fail due to manageable and mitigatable issues the score will be adjusted to negative 1. Further, all projects will be assessed to determine whether they are considered to demonstrate best value for money.

Note that whilst the Evaluation Criteria are presented in this methodology as being appropriate for use as the basis of the appraisal process, this does not preclude the addition of further criteria, or the modification of the definitions of the criteria. Scottish Forestry and the Timber Transport Forum will monitor the relevance of the various criteria used at all stages of the process to allow the criteria and the process to evolve and develop in line with experience and changes in the strategic context within which projects are being appraised.



Example of the Assessment Process

Applications submitted to the Advisory Panel are assessed against the Scheme Criteria to reflect how well it addresses those specific criteria and given a numerical score accordingly. Generally (but not for all) - Good: 3, Intermediate: 2, Poor: 1, Not at all: 0.

The final marking for each application is obtained by multiplying the average score across the panel (0-3) by the weighting (1, 2 or 3), and then adding these weighted criterion values to reach a total score.

Criteria	Score	Weighting	Final score
Community and social benefit	3	3	9
Environmental benefits	2	3	6
Reduced damage and disruption	1	3	3
Partnership and leverage	2	3	6
Economic sustainability	1	2	2
Ability to deliver	2	1	4
TOTAL SCORE			30

The prioritised list of projects will be given to Scottish Forestry for their consideration and, if appropriate, final ranking and approval where funding is available.

Environmental Benefits

One method of financially quantifying the environmental benefit gained by removing freight traffic (in this case timber haulage) from public roads is to calculate the Mode Shift Benefit values as used by Transport Scotland as part of its assessment of bids for Freight Facilities Grant. Applicants may find it helpful to calculate the value of the environmental benefit from the works they propose and compare this with the costs of carrying it out. Where appropriate, applicants should offer this information in support of their application.

Annex A (page 9) of the FFG Guidance for applicants contains information on how to calculate the environmental benefits of a project. Link to Guidance:- [HERE](#)

Appendix II: Partnerships and Leverage

Aim of the scoring

To support and reward a greater level of financial contributions, a greater number of contributors and strong engagement with parties who are impacted upon or could benefit from delivery of the STTS projects proposed. This is relevant to both in-forest and public roadwork projects.

NB: Please note - weighting for the Partnerships and Leverage criteria has been increased to maximise available funds

Score	Descriptor
0 points	One source of funding offering only the minimum default contribution level required and no evidence of stakeholder engagement.
1 points	Two or more sources of funding offering only the minimum default contribution level and evidence of active stakeholder engagement
2 points	Two or more sources of funding offering at least 10% over the default contribution level and evidence of strong stakeholder engagement.
3 points	Three or more sources of funding offering at least 15% over the default contribution level and evidence of strong stakeholder engagement and additional added value outputs.

What is the “minimum default contribution level”?

Where we would offer 50% support to projects the ordinary default is (the other) 50%. Where budget allows, and projects offer “significant environmental, community and social benefits” the minimal default contribution level for minor public road improvements may be adjusted to 20% in very exceptional circumstances.

Partners must be able to demonstrate clearly distinct beneficial ownership.

Appendix III: Eligible and Ineligible costs

Eligible costs: Capital Applications (e.g., infrastructure)

EXPENDITURE HEADING	DESCRIPTION/DETAILS
<p>Land Acquisition</p>	<p>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.</p> <p>Applicants must be able to demonstrate that the purchase price does not exceed the market value.</p>
<p>Purchase of Access Rights</p>	<p>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. Normally for a minimum of 10 years.</p> <p>The applicant must evidence that payments made for access rights are to a beneficial ownership clearly distinct from those requiring the access rights, not simply a different legal entity.</p> <p>Land agents for all parties should be involved at the earliest stages of an STTS application process to provide clarity on access charges.</p> <p>A short-term permission should be sought where access is for a one off, time bounded and short-term purpose.</p> <p>Where a permanent granting of access is proposed then the expected norm is that a servitude would be secured. Alternatively, a lease could be granted for a period of years, which can be extendable by agreement of both parties. This recordable right of access must go with the land and be enforceable upon a successor landowner. Capital payments for a servitude or a lump sum upfront premium for a lease would be eligible costs. Any future payments on an access lease would not be eligible for STTS support.</p> <p>Some guidance on this general issue is available on the Timber Transport Forum website "Shared access on forest roads: a protocol"</p>
<p>Pre-Contract Professional Fees And Contract Implementation Professional Fees</p>	<p>Pre-contract works, including design, bills of quantity and tender preparation for approved capital works, (carried out after approval had been given by Scottish Forestry). This does not include feasibility studies unless they have been accepted as specific projects in their own right.</p> <p>Note:</p> <ul style="list-style-type: none"> • <i>This expenditure will have been incurred within the Programme period.</i> • <i>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.</i> • <i>Fees that have been subject to an approved tender process may be included at the market rate resulting from that exercise.</i>

EXPENDITURE HEADING	DESCRIPTION/DETAILS
	<ul style="list-style-type: none"> • 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. <p>A threshold of up to £80.00 per hour for (non-tendered) professional fees has been set as the maximum eligible figure to receive support. Daily expenditure above this threshold must be met in full by the project applicant and is not considered eligible.</p> <p>NB: These should not constitute more than 10% of the total project cost.</p>
Site Investigation	This should take account of specialist investigations required to identify specific site issues and recommend particular works/approaches etc.
Site Preparation/ Clearance	<p>This could 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).</p> <p>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 Scottish Forestry, unless covered by planning approvals from the local authority.</p>
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. Design guidance is available.
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	<p>This may include the following elements:</p> <ul style="list-style-type: none"> • 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.

EXPENDITURE HEADING	DESCRIPTION/DETAILS
<p>Budget variances / Management Costs</p>	<p>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.</p> <p>Any such proposal should be notified to Scottish Forestry as early as possible. Any potential for overall project overspend should also be notified to Scottish Forestry as early as possible.</p> <p>NB: Management costs must never exceed 10% of total project costs.</p>
<p>Leasing Costs</p>	<p>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.</p> <p>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.</p> <p>Operating leases are eligible provided the applicant can show that the costs of the lease are competitive and compatible with market rates.</p> <p>Lessor: If the lessor is receiving grant, the benefits must be passed on to the lessee.</p> <p>Lessee: If the lessee is in receipt of grant, the grant must be used towards leasing costs.</p>
<p>Non-Recoverable VAT</p>	<p>It is recognised that some project applicants are unable to recover VAT. Non-recoverable VAT can be claimed as an eligible cost.</p> <p>Project applicants claiming non-recoverable VAT will need to support their claim with appropriate evidence from HM Revenue & Customs.</p> <p>Organisations electing not to recover VAT that is recoverable cannot count the VAT as eligible.</p>
<p>Specialised Equipment</p>	<p>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.</p> <p>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).</p> <p>For second-hand equipment to be eligible:</p> <ul style="list-style-type: none"> • <i>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;</i> • <i>The price must not exceed its market value and shall be less than the cost of similar new equipment, and;</i> • <i>The equipment is necessary for the project and complies with applicable norms and standards;</i>

EXPENDITURE HEADING	DESCRIPTION/DETAILS
	<ul style="list-style-type: none"> • <i>Any proposed purchase of moveable capital will be subject to close scrutiny.</i> <p>NB: <i>A detailed breakdown of all items included under this heading in an application should be provided in an appendix and, where the project is approved, an inventory must be retained for audit purposes.</i></p>
<p>Final Claim audit fees</p>	<p>Final claim audit fees may be incurred but cannot be defrayed in advance of the submission of a final claim.</p> <p>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.</p>
<p>Depreciation</p>	<p>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.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • <i>Claims should be based on the actual costs of the owned equipment.</i> • <i>Any grant used to purchase the asset should be taken off the cost before depreciation is calculated.</i> • <i>Depreciation may be claimed on second-hand equipment (but see below).</i> • <i>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.</i> <p>The following information is required:</p> <ul style="list-style-type: none"> • <i>the cost and description of the item purchased;</i> • <i>the purchase date;</i> • <i>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;</i> • <i>the % of the item's use solely on the project during the projects life.</i>

Eligible costs: Revenue Applications (e.g. studies)

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Staffing and management costs	<p>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.</p> <p>Reasonable costs of external consultants or necessary external professional expertise which are the subject of a tendering exercise are acceptable.</p>
Consultancy Fees & Subcontractors Charges	<p>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.</p> <p>A threshold of up to £80.00 per 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.</p> <p>For consultancy fees that have been subject to an approved tender process, the market rate resulting from that exercise may be included for support.</p> <p>Costs associated with payment of consultants that provide support in completion of application/claim forms and with management fees are not eligible.</p>
Project Evaluation Fees	<p>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.)</p>
Travel	<p>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 45p per mile. Certified travel claims must be retained identifying specific journeys.</p>
Premises and Overheads	<p>This could include, rent, rates, heat, light and service charges associated with the premises where it can be clearly demonstrated that these are directly additional and specifically related to the delivery of the project.</p> <p>Charges relating to the statutory responsibilities of applicants or the applicants' day-to-day management, monitoring and control are not eligible.</p>
Marketing	<p>This heading may include costs related to all aspects of marketing specific to the project such as:</p> <ul style="list-style-type: none"> • Design and production of marketing materials • Facilitation of appropriate conferences & seminars • Targeted advertising campaigns.
Leasing	<p>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. <i>[See also section on Leasing on page 16]</i></p>
Administration	<p>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.</p> <p>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.</p> <p>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.</p>

EXPENDITURE HEADING	DESCRIPTION/DETAILS
<p>Non recoverable VAT</p>	<p>It is recognised that some project applicants are unable to recover VAT. Non-recoverable VAT can be claimed as an eligible cost.</p> <p>Project applicants claiming non-recoverable VAT will need to support their claim with appropriate evidence from HM Revenue & Customs.</p> <p>Organisations electing not to recover VAT that is recoverable cannot count the VAT as eligible.</p>
<p>Final Claim audit fees</p>	<p>Final claim audit fees may be incurred but cannot be defrayed in advance of the submission of a final claim.</p> <p>In order to claim these costs, the applicant must:</p> <ul style="list-style-type: none"> • <i>Complete the final claim audit fees pro-forma.</i> • <i>Attach the invoice from the auditor.</i>

NB: Expenditure directly relevant to the proposed project but committed/expended before an award has been made, may very exceptionally be included in the application as co-funding. Scottish Forestry and the Advisory Panel will determine the eligibility of such expenditure as part of the evaluation process and an early discussion with Scottish Forestry's Forestry Transport and Innovation Advisor is strongly recommended.

Ineligible costs: Revenue and Capital Applications

EXPENDITURE HEADING	DESCRIPTION/DETAILS
Financial Charges	<p><i>Loan charges</i> - the nature and amounts of any loan charges included in the overall project costs should be brought to the attention of Scottish Forestry.</p> <p><i>Service charges</i> - arising on leases and hire purchase arrangements.</p> <p><i>Costs</i> - resulting from the deferral of payments to creditors or those involved in winding up a company.</p> <p><i>Bad debts</i></p>
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	<p>Staff costs that are not additional and directly attributable to project delivery.</p> <p>Staff training/training that is mandatory under statutory provision.</p> <p>Redundancy payments; Payments into private pension schemes; Payments for unfunded pensions.</p> <p>Maternity or sick pay.</p>
Indirect Costs	The costs incurred by the supply chain in meeting voluntary or statutory restrictions to the use of infrastructure such as; additional mileage due to detours, the use of lower impact or specialist vehicles, reduced load size or frequency.
Other Costs	<p>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.</p> <p>Expenditure defrayed out-with the eligible programme period (ending on 31st March of the financial year in which the funding is offered), including site acquisition costs.</p> <p>Related to research or studies carried out in respect of the project prior to the official project start date.</p> <p>Gifts.</p> <p>Repairs and maintenance unless covered by the eligible cost description.</p> <p>Compensation for loss of office.</p> <p>Costs of works being carried out as a statutory requirement e.g., a condition of planning.</p>

	<p>Any specific actions already funded by other Scottish Government Grant Schemes and/or European Structural Funds or other EC-funded initiatives.</p> <p>PLUS ANY OTHER COSTS THAT DO NOT FALL INTO THE CATEGORIES LISTED AS ELIGIBLE WITHIN THE STANDARD HEADINGS.</p> <p>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.</p>
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Appendix IV: The Role of the Regional Timber Transport Groups

Please refer to the Regional Timber Transport Forum [website](#) for more information on the RTTGs, and for contact details of your local chapter.

Developing an application

The RTTGs role in this process is to encourage and enable development of suitable applications.

RTTG Project Officers will use this guidance to provide prospective applicants with:

- An understanding of the appraisal process;
- the criteria that will be used to appraise proposals;

The relevant RTTG Project Officer will consider whether the proposed project is in accordance with the Agreed Routes Map and any Regional Timber Transport Strategy or priorities where they exist and offer relevant information and context. With the agreement of the applicant, details of the project should be shared with members of the relevant Regional Timber Transport Group to ensure all possible opportunities are being considered.

Final application

Scottish Forestry will expect any application to be accompanied by a letter of support for the project from the chair of the relevant RTTG, on behalf of the group, considering the benefits of the project in the regional context. The letter will be shared with the Advisory Panel to inform the scoring process.

NB: There is scope for the RTTG Project Officers to give time limited presentations on projects to the Panel and answer any further questions in the assessment meeting, but this must be agreed and booked ahead of time to facilitate planning. If this is of interest, and agreed by the relevant officer, please contact the Forest Transport and Innovation Advisor.

Appendix V: The Strategic Timber Transport Advisory Panel

The STTS is a competitive public fund delivered by Scottish Forestry on behalf of Scottish Government on an annually funded basis.

Scottish Forestry invites individuals with relevant experience (usually selected from the Timber Transport Forum or RTTGs) to form an Advisory Panel to consider STTS applications. Panel members need to commit to around three days of work reading bids and contributing to the scoring process. A consultancy fee or expenses may be paid if the costs of time input cannot be borne by a member's employer.

The composition of the panel aims to ensure it covers a wide breadth of relevant knowledge and experience. The Panel will normally comprise representatives of:

- Scottish Forestry (Forestry Transport and Innovation Advisor)
- Scottish Forestry (Head of Forest Sector Development)
- Scottish Government (Transport Scotland) Freight Grants
- Private sector forestry (normally chair)
- Public sector forestry
- Timber supply and logistics (haulage)
- Local Authority public road management
- Forest road management

The Advisory Panel consider all applications for infrastructure improvements which have passed initial assessment against the Essential Criteria by the Forest Transport and Innovation Advisor. The Panel does not assess Preparatory Project Grants Applications or Small Projects. The Panel does not normally assess Project Officer/ consultancy applications.

The Advisory Panel is asked to score applications against the assessment criteria (Appendix 1), consider the overall value for money and provide a recommendation to Scottish Forestry on whether a project should be supported. Projects scoring below 20 will not normally be considered for award. The Panel comments and subsequent discussions are summarised as the basis of feedback where applicants have not been successful. Please note, the Advisory Panel can also suggest qualifications or conditions for any grant support.

Scottish Forestry then makes the final decision on the allocation of the available budget taking account of the Advisory Panel score and their recommendations. Scottish Forestry reports back to the Panel on the final decisions.

Scottish Forestry will invite feedback on the process from the Advisory Panel and this will inform Scottish Forestry's internal annual performance review/subsequent improvements. Feedback from applicants is always welcomed and can be sent to: William.clark@forestry.gov.scot



Scottish
Forestry
Coilltearachd
na h-Alba

Scottish Forestry is the Scottish Government agency responsible for forestry policy, support and regulation

S e Coilltearachd na h-Alba a' bhuidheann-ghnìomha aig Riaghaltas na h-Alba a tha an urra ri poileasaidh, taic agus riaghladh do choilltearachd



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