

SMALL WOODLANDS LOAN SCHEME (SWLS)

Contents

Introduction	1
Eligibility	2
How to Apply.....	3
Application Deadlines	3
After Submission of your FGS and SWLS applications.....	3
Rates and Limits	4
Example Terms.....	5
Early Repayment	6
Subsidy Control	6
Help and support	6
Privacy and Your Data	7

Introduction

In the face of the current Climate Emergency the Scottish Government has committed to significant tree planting targets. Being able to access grant funding for woodland creation projects has been identified as an important factor in delivering the goal of increasing afforestation to 18,000 hectares per year.

One of the key issues identified as a barrier to entry when considering small-scale afforestation is the cost of planning and implementation, with small woodland creation proposals generally being the most expensive to implement on a pounds-per-hectare basis. This can result in high initial outgoings and a fragmented cash-flow that make proposals unviable for smaller businesses.

Scottish Forestry has introduced the Small Woodlands Loan Scheme (SWLS) to support the costs of land managers during the implementation of small-scale woodland creation proposals that have been approved under the Forestry Grant Scheme (FGS). The loan payment will assist in bridging the costs of

implementation once you have an agreed FGS contract. Further details of rates and terms can be found later in this document.

Eligibility

To ensure the funding is reaching the intended customers, we have applied eligibility criteria to the Small Woodlands Loans Scheme that will run alongside the rules and eligibility criteria of the [Forestry Grant Scheme](#) and the FGS [Woodland Creation options](#). The following criteria must apply for us to consider your application for a Small Woodlands Loan:

- You must be applying for a FGS woodland creation application that contains no more than 50 hectares of Woodland Creation and/or does not exceed £250k in grant value.
- You must be applying for at least one of the nine Woodland Creation options available in FGS. Loan funding is not available for any other grants associated with the Forestry Grant Scheme.
- The application can only contain Woodland Creation grants.
- A business (BRN) may only be in receipt of one SWLS loan at any given time.
- If a business (BRN) is successful in receiving a Small Woodlands Loan, this same business (BRN) will not be eligible to apply for future Small Woodlands Loans until any existing loan agreement is discharged.
- By agreeing to the terms of the SWLS agreement, you will only be permitted to submit one FGS capital claim – once all the FGS capital works, as laid out in the FGS contract's schedule of works, are completed. Therefore, please consider this carefully. If the application size is between 20 and 50 hectares, then receiving the maximum Loan and only one capital payment, once all activities have been completed, may not give you as beneficial a cash-flow as the current claim rules for FGS. It is important that you consider this before 'opting in'.
- You must ensure that all funding for capital costs in your FGS application and, subsequently, contract, will be for the same claim year. This claim year must be the current claim year or the next claim year from the claim year that you are paid the loan and you will not be allowed future variations beyond the next claim year.

You must ensure that your contact and payment details on RP&S are up to date as we will use these details in administering the loan scheme.

If you meet the above criteria you may be eligible for a Small Woodlands Loan. Other restrictions apply (see [Rates and Limits](#) section).

How to Apply

To apply for the SWLS you must complete the 'opt-in' section of the relevant Woodland Creation operational plan template that you must submit to support your FGS woodland creation application.

You can find the operational plans on the [Rural Payments and Services website](#), under Forestry Grant Scheme > Woodland Creation > Supporting Information.

The Small Woodlands Loan is not available for any current FGS submitted applications or FGS contracts. You will not be permitted to withdraw FGS applications already submitted just for the purposes of applying for a Loan.

Application Deadlines

Applications for the SWLS are tied directly to the submission of a FGS woodland creation application and will be assessed nationally within the ongoing FGS approval process.

When you complete the section on SWLS within the WC Operational Plan, you are indicating that you are interested in receiving a Loan. However, we will not be able to confirm if you are successful, due to set annual budget as for this initiative, until your FGS contract has been approved by SF. The annual budget is tied to claim years – the same as [FGS option's headroom](#).

After Submission of your FGS and SWLS applications

There is a ceiling to the funding available for SWLS. If there is significant demand, we may not be able to offer everyone a loan. The Loan Funding will be committed at the point of FGS contract approval. Up until the point we make you an FGS contract offer and offer you a Loan agreement, there is no guarantee of receiving a Loan. If, by the time we make you your FGS contract offer, the Loan funds are no longer available for that designated claim year, you may not receive

a loan despite expressing an interest in your operational plan at the time of submission. In some situations, there may be an opportunity for you to request to amend your grant support and Loan funding for the following claim year but we would need to consider this on the impact of your original proposal objectives and against wider FGS budget management. Further, if we see that your FGS application is not progressing in a timely manner, then we may contact you to discuss making the Loan funds available for other customers.

If you meet the eligibility requirements and your application for FGS and loan funding is approved we will append your loan agreement to the approved FGS contract that we issue for your agreement. You must sign and return both the FGS contract and the SWLS loan agreement within the standard 28 days in order to secure funding. If you fail to respond within four weeks (or six weeks if you have contacted us to seek this additional time), then the loan offer may be void.

Then, once you have completed the Woodland Creation works and all other capital activity within your FGS contract, you should submit one claim for grant following the usual FGS [How to claim](#) processes.

We will then process this FGS capital claim like we do any other and, if everything is to our satisfaction, we will amend your claim to remove the amount already paid to you as way of a Loan. Your FGS claim will be paid for the remainder due to you and at this point we will write to you to confirm that the loan has been discharged and the loan conditions have been satisfied. Your Woodland creation area will now be managed under the terms, conditions and undertakings of the FGS contract.

Rates and Limits

The rate payable only applies to the capital items on your approved FGS contract and is split into two distinct rates. We will pay:

- 50% of the value of the capital items for FGS contracts (not including CSGN supplement values where this is present) that contain up to 50 hectares of woodland creation, rounded up to the nearest £100, up to a maximum value of £40,000¹ per application.

¹ This threshold is set based upon the average WC application cost per hectare as at April 2021 (£4,186). £40k x 2 (as loan based upon 50% of costs) = £80k/£4,186 = 19.1 Ha – the area we see as the optimum for funding with loans budget.

The loan amount calculation is not based upon your WC annual maintenance payments.

In order to focus funding on smaller scale applications we have applied thresholds to the Small Woodlands Loan Scheme:

- The maximum Woodland Creation proposal size, approved in your FGS contract, eligible for loan support is 50 hectares, to the maximum loan payment of £40,000 as described above.
- The maximum Woodland Creation proposal grant value, approved in your FGS contract, must be no greater than £250,000 in order for you to be eligible for a loan payment.

The rates and limits described above may be subject to change without consultation.

The current indicative headroom for the loan budget can be found on the [RP&S website](#) in the 'budget categories' pdf document.

Example Terms

The Small Woodlands Loan Scheme loan agreement details the full terms and conditions of the loan and must be agreed prior to payment. The following are an overview of key terms associated with the loan.

The loan will be held as a debt against your Business Reference Number (BRN) and will be deducted from your subsequent FGS capital claim. Failure to undertake the approved woodland creation activity to the required FGS standards or failure to submit a FGS capital claim or failure to adhere to both the FGS contract conditions and loan agreement conditions will result in the debt value being offset against any other payments made to the BRN by, or on behalf of, the Scottish Ministers. For legal purposes this will be considered a breach of the agreement and therefore a breach of contract.

You must complete and submit a FGS capital claim for all of the capital works within your approved FGS Woodland Creation contract in the claim year approved. If a FGS claim is not submitted within this time, we reserve the right to request immediate and full repayment of the loan and may charge you the interest accrued over the term of the loan.

If no reasonable attempt has been made to complete the approved FGS Woodland Creation project by the approved claim year, we reserve the right to request immediate and full repayment of the loan and may charge you the interest accrued over the term of the loan.

Variations to FGS contracts associated with the SWLS will only be accepted where the variation is to value only, and value of the variation is less than 10% of the total capital value of the originally approved FGS contract. We will not accept variations, to FGS contracts subject to a SWLS Loan, to apply for a later claim year, other than the claim year immediately following the claim year you were paid the Loan and provided that all your activities are varied at the same time to allow you to make one capital claim.

The total FGS contract capital value must be submitted in a single claim for FGS grant payment in order to deduct the full loan amount in one sum. If the FGS capital claim does not include all items, then the FGS claim will be refused and you will be reminded to submit the FGS capital claim once all your approved works have been completed.

We will not allow assignation of the loan commitment. Additionally, if you transfer the land and request a succession/transfer of obligations for your FGS contract, then we will request immediate and full repayment of the loan.

Early Repayment

You may volunteer to repay the full loan early at any time by writing to us outlining your intentions and including the value to be repaid. Once a loan has been repaid you will be eligible for variations or successions to take place on your associated FGS Contract.

Subsidy Control

No interest is applied to the loan by the Scottish Ministers. The difference between the loan sum and the sum that would have been payable in interest at a commercial rate represents subsidy control arrangements. It is your responsibility to keep a record of all aid received under all subsidy control schemes and, in accepting the loan, you are accepting any limits will not be breached.

Help and support

Queries relating to the Small Woodlands Loan Scheme should be directed to your local [Scottish Forestry Conservancy Office](#).

Privacy and Your Data

You can find the Privacy Notice relating to the SWLS on our [website](#).