

Deposit Procedures for timber sales contracts

Application

1. This is version 0.1 of these procedures and where they are referenced in version 0.1 of the terms and conditions of Forestry England's sales contracts for 'Forest Products' and for 'Standing Trees and Other Products to be Harvested', these procedures are incorporated into those terms and conditions.
2. These procedures apply to contracts for the sale of all forestry Products whether they are standing trees, roundwood or other Products (such as biomass, fibre or residues), except where Forestry England has agreed to deliver the Products to Your premises in accordance with the Contract.
3. Nothing in these procedures can or is intended to change or affect the provisions in the sales Contracts. These procedures set out, for the avoidance of doubt, how certain Contract provisions are to be implemented.
4. "You" (and other terms used in this document) are as defined herein or in the Contract.
5. The standard terms and conditions for timber sales contracts along with these procedures and other incorporated documents and information are held on Forestry England's Contract Documents Webpage at <https://www.forestryengland.uk/timber/contract-documents>

Contractual requirements

6. Where required, a deposit is to be paid over and above any advance payment that may be required under the Contract for the trees or the Products.
7. You must pay any required deposit before any trees or Products may be harvested or removed in accordance with the Contract.
8. The criteria for requiring a deposit will be as set out in these procedures.

Deposit procedures

9. Forestry England will state in the Lot information and Conditions whether a deposit will be required. Deposits will be specific to each Contract and You must pay a separate deposit for every Contract that requires it.
10. When Your Bid in eSales is agreed and the Price is known, Forestry England will set the value of the deposit and request in writing that You pay the deposit.
11. You must pay any Deposit at least 10 Business Days before the Work or Removal of Products starts. Your rights under the Contract to access the Work Sites, Stacking Areas or Authorised Access Routes will not exist until the deposit is paid.
12. You cannot use a credit limit agreed with Forestry England to reduce or offset a required deposit payment.
13. If You do not pay a required deposit within a month after the Contract period starts then Forestry England may decide to move to terminate the Contract and the terms and conditions governing additional costs and losses upon re-sale of the Contract will apply.

14. Upon expiry of the Contract or termination whichever is earlier Forestry England will return the appropriate deposit (or such portion of it remains after any appropriation by Forestry England in accordance with the Contract) to You.
15. Even if You request it, Forestry England cannot retain or otherwise hold Your deposit funds after a Contract has expired or terminated with the intention of offsetting or paying for another deposit required for another contract. For clarity and probity reasons, each deposit must be paid and concluded as a clear transaction for each contract.
16. Where Forestry England declines or omits to require a deposit in the Lot Information and Conditions, then Forestry England may not later demand a deposit for the Contract.
17. Where Forestry England states in the Lot Information and Conditions that a deposit must be paid, Forestry England may later decide not to require a deposit for the Contract.

Criteria for requiring a deposit

18. Forestry England will consider requiring a deposit when Forestry England considers that the activities required to perform the Contract under the various specific conditions and circumstances, have the potential to cause significant, costly or irremediable harm, damage or loss to areas or features with high environmental, historic and/or social values, or to any of Forestry England's crops, built assets or investments (or to those of another person to whom Forestry England may have legal or moral obligations of reparation).

Value of a deposit

19. A deposit will be no more than 10% of the value of the Contract.
20. The deposit value will be calculated by Forestry England after accepting Your Bid using either the Lump Sum Price or the Estimated Quantity or Total Quantity in the Lot Information and Conditions and the Price. The calculated figure may be rounded down.
21. In the case of a Long-term Contract (LTC) the contract value upon which a deposit will be calculated will be the value of the Period to which the requirement for a deposit applies. Point 15 will still apply in respect of each Period.
22. Where only the smaller part of a Contract or LTC Period meets the criteria for requiring a deposit, Forestry England may reduce the deposit that was calculated under point 18 or point 19 to any such lower value as Forestry England may deem reasonable.

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