

Forest Business Plan Year 1-5

Aigas Community Forest

DRAFT BUSINESS PLAN ON THE ACQUISITION OF AIGAS FOREST BY AIGAS COMMUNITY FOREST

REPORT PREPARED BY BELL INGRAM LIMITED AUGUST 2009

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1. Executive Summary

This Business Plan details the business proposal for Aigas Community Forest representing the community of Aigas to purchase and manage the adjoining Aigas Forest from the Forestry Commission Scotland.

Approval to purchase the forest from Forestry Commission Scotland is being sought under the National Forest Land Scheme (NFLS).

The Business Plan supports the accompanying feasibility study prepared by Bell Ingram in August 2009 which assessed the social, economic, recreational and environmental resources of Aigas Forest and the potential for community ownership.

The work of the ACF to date has been carried out in an exemplary manner. The timetable laid down by the National Forest Land Scheme is demanding but it has been approached with great efficiency and thoroughness. Communications with the local population have been regular and effective. The recent Community Ballot came out strongly in favour of the proposed purchase. All of this augurs well for the future should the community purchase go ahead.

The time frame available to the ACF and the community has of necessity been short in which has meant that the community has not had the opportunity to shortlist and develop their ideas in depth thus far.

There is unquestionable enthusiasm for the task ahead which is matched with good, level headed, business sense. The ACF recognize the need for a solid financial base from which to develop the diverse range of business ideas that will make the Aigas Forest a distinct and successful community venture.

The Feasibility Study established that the Forest was capable of being managed to provide a solid financial base for the community venture that would provide a surplus which could be used to invest in new business ideas or, if needed to assist the purchase process, a low level of borrowing.

The Business Plan demonstrates that in the first five years the core forestry business will commence and produce a good surplus. In the second and subsequent five year plans a similar felling and restocking programme is anticipated giving comfort that the community venture has a medium to long term income stream to sustain it. This surplus has the capacity to, in part; match fund SRDP applications to take forward their ambitions for the first five years of skill development and training for volunteers/staff and access development proposals such as the upgrading of existing paths and the creation of new ones, the formation of a new car park, signage and route marking. It also gives credibility to their strongly held belief that the communities well considered projects and business ideas will become a reality.

Context

Situated to the south west of Beauly in Lower Strathglass, the Aigas Community Area (the 'community' or 'communities') covered by this report covers an area of 1780 ha including the settlements of Aigas (including Aigas Field Centre, Mains of Aigas and Crask of Aigas), Culburnie, Kinerras, Teanassie, Beakachy, Farley and Torgormack. It is rolling countryside reaching 257m at its highest point.

There is a current full time population of around 400. The community is popular with people of a working age, who form around 70% of the local adult population. The number of young families is at risk of reducing due to limited jobs, and lack of affordable housing.

Aigas Forest, extends over a total area 285ha (700 acres). As such it is a major local resource, which is at present unmanaged and underused, and provides no local employment. The forest comprises a diverse spread of age classes with small stands of mature pine and broadleaves dating from the late 1800's and early 1900's but with the majority of the plantation being coniferous and established progressively through the late 1950's and early 1960's. There was then a period of no change until 1990 when a small area was felled and restocked.

The community based organisation which is leading this initiative was set up as the Aigas Community Forest steering committee (ACF) in April 2009, and will become a Company Limited by Guarantee with Charitable Status in late 2009. ACF's primary aim is to acquire Aigas Forest from Forestry Commission Scotland, and by doing so, deliver and open up a range of local benefits.

The current policy climate is relatively favourable towards ACF's aspirations. In recent years there has been a growing political awareness of the types of issues affecting rural communities such as Aigas, and in particular, there are 3 specific areas of policy which relate to what the community is hoping to achieve, namely:

The Scottish Rural Development Programme (SRDP), the Scottish Forestry Strategy, and the Crofting Reform Act 2007. The implications of each of these as they relate to the ACF project are considered in this report.

The community has been consulted extensively on its views on the issues facing the area, and the ways in which Aigas Forest could be used to address these issues.

The key themes which recur throughout the consultation process are: the need for improved recreational opportunities, environmental improvements, the need for training and employment opportunities.

The consultations have indicated that the community is broadly supportive of the project, and this was underlined by the response to the community survey which took place in July 2009. 317 questionnaires were distributed by post to all those addresses on the electoral roll identified as being within the community. Questionnaires were also distributed by the local school and were available on line. There were 42 responses representing a 13% response rate. Only four respondents (10%) expressed outright opposition to the idea of community buy-out or encouraging greater access.

Though no formal skills audit of those involved has been conducted, it is clear from our consultations that there is already a broad range of skills available within the community. In particular, it would seem that the skills set of the existing Steering Committee is exceptionally good, with considerable experience in practical land management, construction, general business, the arts, administration, marketing, outdoor recreation, community facilitation/development and financial management.

A ballot was held to demonstrate community support on the 27th August 2009. 67.6% of the members of the community (those resident and registered to vote) voted in the ballot and 94.3% voted in favour of the community buying the land.

Community control over Aigas Forest would potentially result in the aims and objectives of ACF being met and could provide a range of local and wider public benefits.

The opportunity for ACF to acquire Aigas Forest has been made possible through the Forestry Commission Scotland's National Forest Land Scheme (NFLS). For communities to be successful in their bid to acquire National Forest Land, they must satisfy the Scheme's eight eligibility criteria as part of the application process, and an initial assessment would seem to indicate that ACF is able to fulfil all these criteria.

The acquisition of Aigas Forest by ACF would entail the raising of considerable funds. As at the time of writing the valuation of the forest has not been carried out and it is not possible to detail exactly how the necessary acquisition funding could be raised. Until recently principle sources of funding used by other community land initiatives in similar circumstances included the Growing Community Assets Fund of the Big Lottery Fund (GCA), Highlands and Islands Enterprise (HIE), and the community itself. The GCA is presently closed until a re-launch in the middle of next year and there is no indication of what its funding levels and criteria might be at this stage. The ACF are optimistic that they will raise the necessary funds within the allotted time and are realistic about having to consider taking a loan from, for example, the Triodos Bank.

Aigas Forest

Aigas Forest has received little or no active management inputs by Forestry Commission since planting of the existing crops. As a result it has remained largely unthinned. An indication of the general susceptibility to windthrow of the growing stock at Aigas is given by the "Windthrow Hazard Classification" (WHC) indices for the Forest which are derived from an assessment of four site factors – location, elevation, exposure and soil type. Scores range from 1 to 6 where 6 defines the greatest risk. The majority of the woodland is classified as WHC3 which normally provides a greater than average degree of flexibility for the silvicultural management of the forest that would provide some opportunity for thinning and extended rotations where appropriate. However the "thinning window" has largely been missed due to crop age, windthrow is present in some areas and consequently there are now limited opportunities for significant thinning in the current rotation.

There are management access roads or tracks within Aigas Forest but they are not complete and will require extension to reach all the commercially viable parts of the woodland. Areas such as Torr a Bhealaidh are very steep and will be difficult and costly to extract timber from as will the woodlands over looking Mains of Aigas.

There are currently no formal recreational opportunities in the forest.

The current FCS forest design plan has been taken as the management model for harvesting and other works particularly over the first 25 year period. The principal advantage of this is that if ACF adopt and implement the current plan they will in effect inherit the felling licence valid for approximately 8 years and will not require to undertake further detailed consultation before proceeding with harvesting programmes. However, this plan was prepared to meet FCS criteria and objectives as part of their larger management programme and consequently might not necessarily meet the aspirations and timescales of ACF following acquisition. In consequence an alternative proposal has been considered to increase and bring forward some felling programmes and to generate more income in the early years. Such a proposal would require consultation, detailed work and submission to FCS for approval prior to being implemented.

Opportunities

There are a number of forest-based income generating activities which the community could consider, namely:

- Wood products – relatively small scale production of milled timber and other timber products, to meet current and future local market needs.
- Firewood – potential to guarantee the firewood supply to local customers, and to grow the local market for heat and hot water production using wood.
- Charcoal – market potential for small, seasonal operation, supplying charcoal for e.g. barbeques, heating and soil improvement.
- Deer management and venison – active management of forest deer population possibly by means of a Deer Management Partnership, selling carcasses to local venison producer. In the long term possibility of processing venison locally.
- Holiday Accommodation/Bunkhouse – meeting a need for “indoors” budget accommodation in the area, possibly built from local timber.
- Renewable energy – potential future production of wood-chips and / or pellets as the market develops. Potential of wind and perhaps hydro power in the longer term.
- Woodland Burials - an increasingly popular form of burial that seeks to minimise its effect on the environment
- Wildlife tourism – area suitable for the development of wildlife tourism, and forest as a key element in the delivery of this.

Other opportunities include:

- Crofts – the creation of several “woodland crofts” in the forest, enabling the construction of a small number of houses, and agricultural / horticultural activities to take place.
- Quarrying – making use of the mineral resource beyond on site road maintenance
- Education/training – potential for forest based formal and informal educational/training opportunities for people of all ages and abilities.
- Paths/tracks – development of a track network in the forest to allow for all abilities and access modes, and to provide access through the forest to a viewpoint down the Beaully river.
- Environmental improvement – enhancing the biodiversity and amenity value of the forest, and conserving and enhancing the landscape value of the forest.
- Arts – drawing on a wealth of local talent; potential to involve people of all ages and interests.

Delivery

As a locally democratic membership organisation and a limited company with charitable status, ACF will fit the eligibility criteria for applying both to acquire the forest through the NFLS and for funding from HIE and possibly the Third Sector Enterprise Fund. For post-acquisition project development, in order to maintain charitable status of community land initiatives, it is advisable that any non-charitable activities such as trading be carried out by subsidiary companies. In the initial stages, this could involve the establishment of a fuel wood business selling firewood to the local community in addition to the major timber felling operations. It is recommended however that ACF contract out the majority of woodland

management operations rather than employing staff directly and purchasing the necessary capital equipment. ACF would thus operate as a facilitating organisation to enable the development of local businesses.

There may be the potential for ACF to create a small number of woodland crofts within the forest where new crofters could lease croft land for agricultural and forestry related businesses along with land to create housing. However it is not clear whether the Growing Community Assets fund when re-launched will support the acquisition of land where the creation of crofts is an element of development proposals. It is also not clear if the creation of crofts would accord with bank funding criteria should borrowing be required. It is therefore recommended that ACF do not proceed with this element of the project until the relevant funding body support and agency policies are in place.

It is envisaged that the ACF will need to procure Project/Woodland Management services to develop and take forward key aspects of this project, working with the community. The services would include general organisational/land management skills supplemented by specialist advice or services (e.g. forestry services) as required.

The community consultation indicates that many of the skills/experience required to run an organisation such as ACF already exist locally. A broad range of members of the community – and potentially some specialists from outwith the community - would be involved as directors and office bearers in ACF. Training may be required in a number of areas to ensure competent governance and management. The operating structure of ACF could be such that strategic decisions are made at Board level and operational activities delegated to sub-groups. At an operational level, members of ACF could be encouraged to use and develop their broad range of skills.

At the time of writing the purchase price of the forest is being identified by the District Valuation Services (DVS). Bell Ingram acting on behalf of ACF is making representations as to the value that should be placed on the Forest. Until this commercial process is complete all suggestions on the value of the forest are reserved. However if Aigas Forest is to be a sound and sustainable asset, based upon traditional forest management and timber production, it is recommended from our analysis the FCS timber felling exercise be revised. Further more there is little scope for the project to support major borrowings to fund or part fund purchase costs unless very low interest rates (below 2.5%) can be obtained.

It is suggested that a 4 phase approach is taken to enable the community to deliver the project in a measured way which enables it to gather momentum in a planned and well managed manner.

The four phases are:

- Phase 1 Project start-up.
- Phase 2 Economic and management activity start-up.
- Phase 3 Economic activity development.
- Phase 4 Croft development.

Conclusions

Aigas Forest, has been largely unmanaged by the Forestry Commission Scotland, and it is now suffering from the effects of neglect. Ideally active management should start as soon as possible.

ACF's vision is to provide a wide range of benefits and facilities to the local community and to visitors through the acquisition and sympathetic development of the Aigas Forest. The timber reserves within the woodland will, if managed correctly, provide a source of income that will enable the benefits of community woodland ownership to reach all parts of the community. There is a wide range and depth of skills and experience within ACF and the wider community to assist in this outcome.

The funding sources are much reduced at present. However the fact that the Big Lottery fund is re-launching in 2010 gives cause for optimism and the ACF is determined and has a good level of support in the local community to explore all avenues in achieving an acquisition of the whole woodland. The acquisition of only part of the Forest as an end in itself, for example the less valuable road side sections, would considerably reduce income earning potential across the board. Some of the proposed could still be done but without income would heavily rely on donations or grant funding assuming it is available. Renewable energy projects would not be possible.

The procurement of Project/Woodland Management services should be considered by the community to manage the planning of the projects, to co-ordinate the carrying out of planned activities, and to communicate with key stakeholders.

Although the viability of most of the economic activities identified by the community is not currently clear the prospects for wind generation at this early stage are positive and could provide substantial financial rewards to more than offset the cost and effort such a course would require.

In addition to undertaking silvicultural management operations in the forest, there are a number of activities which the community could start to undertake early in the life of the project which would deliver considerable recreational, social and environmental benefits. In the longer term the plans which ACF has for the forest would undoubtedly bring significant additional public benefits of all kinds to the local community and to visitors to the area.

2. ORGANISATION SUMMARY

The community based organisation which is leading this initiative was set up as the Aigas Community Forest steering committee (ACF) in April 2009. From establishment, an active 13 person steering group has driven the project forward, and are taking steps to establish the organisation as a company limited by guarantee, hopefully with charitable status, called Aigas Community Forest.

Membership of the Aigas Community Forest company will be open to all members of the local community who are on the local electoral roll. Membership may also be available to young people who are full time resident in the area. Associate membership will be available to part time residents and supporters of the project.

ACF will become a Company Limited by Guarantee with Charitable Status. Its aims will be:

- To manage community land and associated assets for the benefit of the community and public in general.
- To provide or assist in providing recreational facilities and/or organizing recreational activities, which will be available to members of the community and public in general with the object of improving the conditions and life of the community.
- To advance community development, including urban or rural regeneration within the community.
- To advance the education of the community about its environment, culture, heritage and/or history.
- To advance environmental protection or improvement including preservation and conservation of the natural environment, the promotion of sustainable development, the maintenance, improvement or provision of environmental amenities for the community and/or the preservation of buildings or sites of architectural, historic or other importance to the community.

2.1 Project Management

It is envisaged that Woodland/Project management skills will be required by the community to develop and take forward key aspects of this project. Elsewhere communities have employed a manager with general organisational management skills, which brings in or sub-contracts specialist advice or services as required. This might be particularly applicable for ACF who might wish to contract in professional forestry services to oversee the management of the commercial harvesting of some of the conifer blocks.

2.2 ACF Board

Several members of the community have had experience of running the ACF steering group through to the imminent formation of the company; a number of people have experience of book-keeping; an encouraging number of people have had experience of fund-raising, which is going to be an essential role for the company; and there appears to be sufficient experience of marketing and web-site development to ensure that the company will be able to communicate effectively with its various stakeholders. It is crucially important that ACF find ways to tap into the

considerable skills and abilities already present within the community by involving a broad range of members of the community as directors and office bearers.

Areas where training may be beneficial to ensure competent governance and management include:

- Governance of not-for-profit organisations including directors' roles and responsibilities
- OSCR compliance
- Financial management – understanding basic accounts, profit and loss, budgeting etc.
- Contracts management
- Personnel management – requirements of law, and in practice.

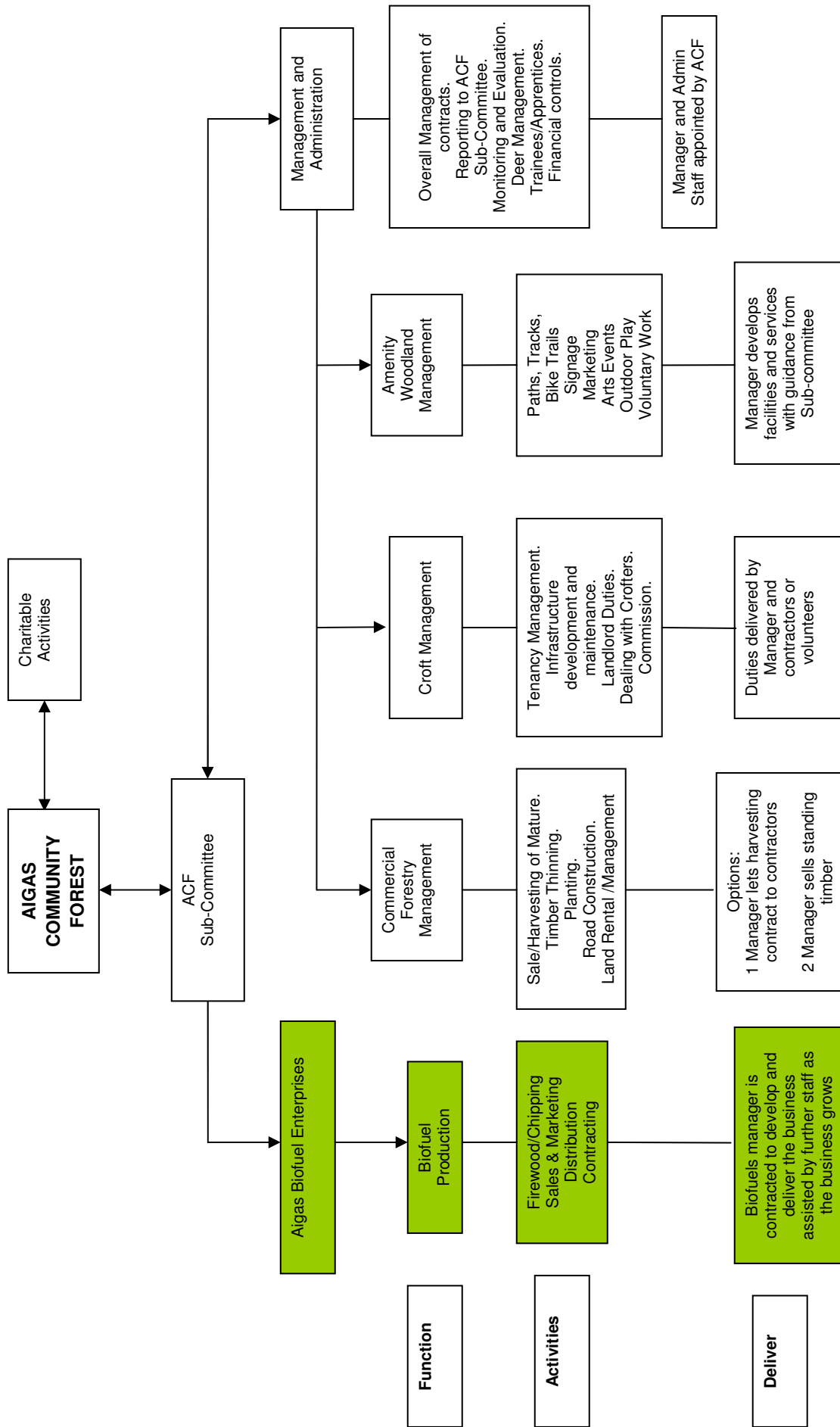
As an additional means of ensuring a broad range of specialist skills and knowledge on the Board of Directors, it is possible under the ACF's Articles of Association to co-opt up to 3 individuals as directors until the next AGM. This might prove very useful – as it has done with other community land initiatives in the Highlands where Council officials, environmental specialists, housing professionals etc have been co-opted. Many of the most successful community land initiatives have developed their operating structure so that once strategic decisions have been made at Board level, operational activities can be delegated to sub-groups. This allows:

- The Board to function at a strategic level and not get “bogged down” in detail. Subgroups can briefly report back progress on their agreed activities for each board meeting.
- A range of sub-groups to be created to focus on specific aspects of the project e.g. (education, access, land management, arts projects etc).
- A greater number of members and other interested parties to become involved. Not everyone is interested or able to become a director of a community land project, but many people want to contribute and have the relevant skills, knowledge, enthusiasm and time.

2.3 ACF Members

The Community consultation has shown that there is already a broad range of skills available within the community, with an encouraging interest in volunteering coupled with experience in practical forestry and construction, the arts, and administration and marketing. The survey has also indicated that there is likely to be a degree of demand for skills development among ordinary members of ACF. These skills could be outdoors and / or physical – including handsaw and chain-saw use, path-making, site-preparation, building structures, fencing, plant identification etc., or could be more office based or logistical in nature – for example fund-raising – or arts based. photography, writing, education etc

3. ORGANISATION STRUCTURE



4. PROJECT BACKGROUND

4.1 Initial steps

In early 2009, Forestry Commission Scotland notified Kilmorack Community Council of its intention to dispose of Aigas Forest, and advised that, under the National Forest Land Scheme, the community had the right to apply to purchase the forest before it went on the open market.

Several local people, including some with previous direct involvement in community land purchases, immediately saw this as a potential opportunity for addressing longstanding problems such as inadequate forest management and poor access for recreation, and also as an opportunity for economic regeneration of the area. A public meeting was held at Kilmorack Hall on 25 March 2009 and was addressed by representatives of Forestry Commission Scotland, HIE Community Land Unit and the Community Woodlands Association. The 33 attendees voted unanimously to establish a steering committee to investigate the possibility of community purchase of Aigas Forest.

4.2 Early progress

A 13 strong Steering Committee, comprised entirely of local volunteers, was immediately convened. It held its inaugural meeting on 15 April, at which office-bearers were elected and it was agreed to adopt the name "Aigas Community Forest" for the project. It was agreed that the project's aims were to put the forest into community ownership to allow local control and the opportunity to develop a major community asset. The Steering Committee has met on a fortnightly basis since then, and this intensive schedule has allowed swift and continuing progress to be made.

On 19 May a formal notification of interest was lodged with the Forestry Commission and it was established that the final application to purchase had to be submitted before 8 September. By that time, a feasibility study and business plan had to be produced, an independent valuation of the forest carried out, and a community ballot held (in which over half the community vote and a majority of voters say "yes").

Successful applications for funding these exercises were made successfully to the HIE Community Land Unit and Highland Council and financial assistance was also provided by Strathglass Community Woodland Group. This allowed the Steering Committee to conduct a tendering exercise for the production of the feasibility study and business plan; 30 consultancies were invited to tender and after a scoring exercise and interviews, the contract was let to Bell Ingram on 4 June.

The Steering Committee publicised its activities locally via a newsletter distributed to local households and a website at www.aigasforest.co.uk. During June, the Committee focused its efforts on establishing the boundaries of the community for the purposes of the ballot, and after much deliberation and an innovative photographic survey of the area, it was agreed to draw the boundary line based on postcodes and visual sightlines to the forest: this resulted in an area of Lower Strathglass on both sides of the River Beauly encompassing well over 300 homes and businesses. This boundary was approved at a public meeting held on 29 June (described more fully below).

During July, further progress was made by the Steering Committee on, amongst other things, establishing the Aigas Community Forest company (a company limited by guarantee, for which charitable status is being sought), preparing for the forest valuation and planning the logistics of the community ballot.

4.3 Consultation Exercise

Bell Ingram carried out a thorough public consultation exercise in June and July 2009. The three components of this were:

- A comprehensive household survey
- A public workshop-style meeting
- One-to-one interviews with key individuals and organisations

It was agreed with the Steering Committee that to ensure consistency of approach throughout the consultation process, five “themes” should be identified and explored. These were agreed (in no implied order of priority) as:

- Environment (protecting/enhancing the forest’s ecology and aesthetics)
- Economy (using the forest’s resources to create local businesses and jobs)
- Energy (exploring sustainable/renewable energy sources)
- Education (using the forest as a resource for learning for all ages)
- Enjoyment (using the forest as a place of relaxation and recreation)

Household survey

317 questionnaires were distributed by post to all those addresses on the electoral roll identified as being within the defined community area. Duplicate copies were also provided to all pupils at Teanassie Primary School to take home. The survey was also published online on the Bell Ingram website. The survey form is provided at Appendix C to this report.

41 questionnaires were returned (34 hard copy, 7 online) along with one letter expressing opposition to the idea of a community purchase. This equates to a 13% response rate. This is a markedly lower response rate than would normally be expected for an exercise of this type (c 20-25%) but may in part be due to the timing of the survey at the start of the summer holiday period, and also the fact that the survey period lasted only two weeks. It may be of interest to note that a similar household survey conducted in autumn 2008 on the topic of Kilmorack Hall, covering by and large the same homes, had a much higher response rate of 29%.

One-to-One Interviews

Around 20 individual interviews were conducted with Steering Committee members, local landowners, businesses, public agencies and voluntary bodies. At an average length of over half an hour, these interviews (carried out on an unattributable basis) allowed for in-depth and informed discussion of the key issues.

Overall Summary of Consultations

The consultation process has been illuminating. The first thing to remark upon is that those who are involved with the Aigas Community Forest are almost all very enthusiastic about it and supportive of the idea of community ownership. There is undoubtedly a strong feeling that community ownership would give local people control over the uses of the wood and that by becoming part owners, individuals would have a say in the future of the woodland.

A useful strength is the wide range of ideas afoot about what might be achieved if the community purchase is successful. There is no shortage of innovative thinking locally. However, it is notable the Steering Committee members and supporting agencies have a much more realistic and pragmatic view of the possibilities than others. The “general public” are understandably very keen on improving access, developing opportunities for recreation, improving biodiversity and protecting/encouraging wildlife, but few of these activities will generate any revenues, let alone the large sums which will be required for purchase and ongoing management of the forest. In contrast, though, those who are closer to the project have much more realistic and knowledgeable attitudes; they recognise the commercial imperatives which will have to come into play whilst retaining a spirit of idealism about community ownership.

A number of specific topics recurred frequently during the consultation process:

(a) Aigas Field Centre - the presence of this renowned facility on the very edge of Aigas Forest is undoubtedly a major opportunity, and most consultees would like to see a partnership developed between it and the Forest. The Centre itself supports the proposed community purchase and is likely to support most economic activity in the Forest assuming the practice is sensitive to the environment and sustainable. This policy extends to renewable energy too with the proviso that if turbines are proposed they would need to be sited in non-hazardous locations for birds and with minimal visual impact. The centre is attracting growing numbers of children and adults for environmental education and more in-depth study visits (currently c 5,600 visits annually with ambitions to increase this to over 8,000 visits). The centre has said it would like to make far more use of the Forest, but is prevented from doing so at present by the poor condition and management of the woods and the limited access. The Centre has offered to take a lead on the topic of wildlife diversification and habitat improvement. It also has good existing engagement with Teanassie School, which both parties would like to develop further.

(b) Abriachan Community Forest - the parallels between what is planned for Aigas and the existing Forest Trust at Abriachan (near Drumnadrochit) were often commented upon by consultees. There is widespread admiration for what has been achieved there and - although it is recognised that it would be counter-productive to carry out the same sorts of activities as happen at Abriachan - it was often said that "if they can do it so can we". Whilst there are undoubtedly lessons to be learned from Abriachan, and it is good that the Aigas group is in contact with the Abriachan Trust it must also be noted (a) that the forest there has been in community ownership for over a decade; (b) the purchase price at Abriachan was considerably less than will be the case at Aigas; and (c) Abriachan is probably a more attractive and better-suited location for tourist and leisure-related visits than is Aigas.

(c) Paths/Access - several consultees mentioned that in addition to upgrading the direct access to, and paths within, Aigas Forest, there were also opportunities to link with other proposals for new paths locally. In particular, plans are well advanced to create a path linking Kilmorack Hall, Teanassie School and onward to the forest - which would offer excellent health and educational potential. Another idea would see links being made with off-road cycling and walking paths to Glen Affric and beyond, creating new long-distance routes.

(d) Crask of Aigas - this hamlet is located at the very centre of the area and the majority of its residents, whilst broadly supportive of the community purchase plans, are also understandably fearful about the implications of greater usage of the forest, leading to intrusion and loss of privacy. Concern was expressed that that Crask would be an unsuitable access point for cars but that all potential access for points should be evaluated. It was noted that in addition to the main road through the Crask there is a track linking the village to the main forest access road adjacent to the golf course.

(e) Zoning - with only a little prompting, many consultees appeared to warm to the idea of some sort of "zoning" of the forest which would allow different sorts of activities to take place in separate areas, thus reducing the possibility of user conflicts. For instance, most recreational use (walking, cycling etc) might take place in the south-east quadrant of the forest, educational use (including nature watching) might focus on the north-east quadrant, with commercial forestry and renewables using mainly the western areas, which are less visually appealing and more hidden from general view.

(f) Economics/purchase - several consultees with some knowledge of the likely purchase costs and ensuing financial liabilities for the Community Forest are already questioning whether the normal community purchase model can be applied at Aigas. They have suggested that early contact be made with the Forestry Commission to see whether different financing systems (other than 100% purchase) might be a possibility - e.g. staged payments, profit-sharing on revenues, etc. This might appeal to the Forestry Commission particularly given the general economic climate, depressed prices and low levels demand from prospective purchasers at the present time.

4.4 Feasibility studies

This Feasibility Study into the community ownership and management of Aigas Forest was commissioned by the ACF and funded through a grant from HIE Community Land unit, the Highland Council Ward discretionary budget and a donation from the Strathglass Community Woodland trust. This report, commissioned by ACF, follows a brief for the purposes of providing sufficient information for the community to be able to make informed decisions about applying to purchase Aigas Forest through the NFLS and any subsequent applications for funding.

4.5 Housing Needs Analysis

As part of the consultation process one family expressed a specific interest in small woodland crofts to carry out a variety of small scale economic activities.

4.6 Community Ballot

A ballot was held to demonstrate widespread community support on the 27th August 2009. The requirement for community support was satisfied by over half (67.6%) of the members of the community (those resident and registered to vote) voting in the ballot and the majority of those who voted (94.3%) voting in favour of the community buying the land.

4.7 Community Capacity

A critical success factor for the project will be whether the community in and around Aigas Forest has the capacity to undertake, deliver and sustain what will be a long-term project. As noted previously, a very encouraging start has been made by the Steering Committee, which is extremely well motivated and well administered.

Though no formal skills audit of those involved has been conducted, it is clear from our consultations that there is already a broad range of skills available within the community. In particular, it would seem that the skills set of the existing Steering Committee is exceptionally good, with considerable experience in practical land management, construction, general business, the arts, administration, marketing, outdoor recreation, community facilitation/development and financial management.

However it is not realistic to expect that the current Steering Committee alone will be sufficient to deliver this project in its entirety. The current workload on committee members is extremely demanding and is likely to be unsustainable for more than a few months. In addition, it is inevitable that committee members will leave over the coming years, for a number of reasons. Therefore it is important to think about some sort of succession policy for the Committee, but also to assess what other support is available locally.

Here too, the indications are promising. Firstly, there are the previously-noted offers of ongoing institutional support from Aigas Field Centre and Teanassie Primary School. Secondly, the attendance and enthusiasm which was evident at the two public meetings to date appears to show that there are many other local people with appropriate abilities and experience - and willingness to volunteer - which will be drawn upon in future years.

In Bell Ingram's opinion, bearing in mind the small size of the Lower Strathglass community, it appears to be very well suited to taking on a major project of this nature, with a remarkable range and diversity of motivated people able to support the extremely talented Steering Committee.

However, should the project go ahead, it would be necessary to draw up a more formal skills audit to ascertain what training and skills development is likely to be needed for the ongoing management of the Forest. This would include practical outdoor and/or physical skills such as chain-saw use, path building, fencing, etc., as well as administrative and creative expertise in areas such as fund-raising, the arts, education etc.

It is also not too early to flag up that some sort of paid administration/project management services will be required. The capacity of volunteers, however willing they are, is ultimately restricted and there will come a time when a manager is required (even if only on a part-time basis) who can act as a central point of contact and oversee and drive forward all aspects of the project.

5. PROJECT SUMMARY

The Feasibility Study set out the range of projects, businesses and aspirations put forward by the Aigas community through the consultation exercise. The time frame available to the ACF and the community has of necessity been short in order to comply with the timescales set down by the NFLS and this has meant that the community has not had the opportunity to refine their ideas and choose to develop any of them in depth thus far.

There is unquestionable enthusiasm for the task ahead which is matched with good, level headed, business sense. The ACF recognize the need for a solid financial base from which to develop the diverse range of business ideas that will make the Aigas Forest a distinct and successful community venture.

The Feasibility Study established that the Forest was capable of being managed to provide a solid financial base for the community venture providing a surplus which could be used to invest in new business ideas or, if needed to assist the purchase process, a low level of borrowing.

The Business Plan demonstrates that in the first five years the core forestry business will commence and produce a surplus. In the second and subsequent five year plans a similar felling and restocking programme is anticipated giving comfort that the community venture has a medium to long term income stream to sustain it. This surplus has the capacity to, in part, match fund SRDP applications to take forward their ambitions for the first five years of skill development and training for volunteers/staff and access development proposals such as the upgrading of existing paths and the creation of new ones, the formation of a new car park, signage and route marking. It also gives credibility to their strongly held belief that the communities well considered projects and business ideas will become a reality.

5.1 Business Diversification

The ambition of the ACF is to develop wood-fuel and renewable energy businesses as soon as possible which will take over from the woodland in the provision of profitable income streams to allow the net income from timber to be ring fenced for large or unexpected capital projects. The feasibility study drew the following conclusions on these particular business prospects:

Woodfuel - Logs

Making use of selected standing dead timber, a revenue stream could commence quite quickly from sales into the premium quality log fuel market. Equipment costs could possibly be shared with neighbouring organisations.

Applying quite cautious assumptions, annual revenue of £10-18,000 could be achieved with a capital investment of £22,500, or less with shared equipment. Grant assistance could be obtained from the Scottish Rural Development Programme (SRDP) or Scottish Biomass Heat Scheme (SBHS) or similar future scheme.

Using a secondary drying system of some sort, the enterprise could create a niche for itself and with some promotional effort, providing good advice to potential customers, it could grow the market.

Care would be required in the early years of the project not to over commit to staff and other fixed costs as losses could be made. This project however could develop shortly after purchase with volunteer assistance, assuming appropriate training was undertaken, helping to keep fixed costs manageable whilst demand was established.

Woodfuel – Chips

The latent market for woodfuel chips is substantial within a 30 mile delivery radius and but is not yet competitive. Developing government policy should start to convert this latent demand to real and this ought to be a good time to be entering the market.

If marketing effort begins quickly and/or one or more local biomass heating schemes could be persuaded to enter a contract for fuel or heat supply, chip supply could also provide early returns. This could be facilitated by the creation of a regional co-operative group.

Capital costs should include a secondary drying arrangement, a drying shed, to enable the enterprise to guarantee high quality at all times. Set up could cost up to c. £140,000 but huge reductions could be found by sharing equipment or using contractors.

A tonne of chips at 30% moisture content could fetch £85 producing a relatively good profit where the cost of harvesting is not massive. Although the supply of chips from Aigas Forest may not be sustainable indefinitely, as a brand and market position are developed it should become straightforward for the enterprise to buy in stocks from elsewhere.

Hydro power

The possibility of a supply of hydro electricity within the forest is there but due to its very small scale it will be incidental to the feasibility of the enterprise.

The main resource is on the Allt Cuil na Caillich which runs out past Mains of Aigas with a catchment above the 160m contour of around 86 ha. With a mean flow over the typical year of approximately 10 litres per second it might produce up to 3kilowatts or around 13,000 kWh per annum worth perhaps £2,860 per year before maintenance and other fixed costs after an installation cost of, say, £15,000 with some community involvement.

This value figure is based on the proposed feed-in tariff of 17p/kWh for hydro systems smaller than 10kW capacity, plus 5p received for the exported power. This may be different when the Feed-In Tariff scheme comes into force in April 2010.

The community group could either sell power to Mains of Aigas or use the power to supply new low cost housing/woodland crofts within the forest via a private wire network.

The main advantage of this scheme may be the strengthening of the sustainable credentials of the Forest development, assisting fund-raising efforts and attracting crofters and other entrepreneurs.

Wind

The circumstances at Aigas are conducive to a successful community-scale wind development. If the group can reach a consensus on the matter and the will can be found amongst the group to persist with a planning application, such a scheme could transform the economics of this venture as the revenue, under the proposed Feed-In Tariff scheme, should be high and guaranteed for 20 years.

Best advantage may be gained by a pair of turbines coming just within the 500kW threshold which should receive a disproportionately generous income:

A 450kW development (2 x 225kW turbines – uses lower cost 11kV connection and should achieve a much higher feed-in tariff)

Possible Cf:	22%	
Avg annual output:	867 MWh	saving 372 tonnes CO ₂ per annum
@	£210	per MWh (16p/kWh feed-in tariff plus 5p for export)
=	£182,000	per annum
O&M costs:	£32,000	per annum
Operating profit:	£150,000	per annum
Capital cost:	£1,000,000	
Simple payback:	6.7 years	

Assistance is available from various sources including Community and Renewable Energy Scheme (CARES), Energy4All and Community Energy Scotland and various mainstream lenders (CoOp Bank, Barclays, Triodos Bank, etc) are keen to lend for such schemes.

5.2 Access Development

The Community consultation exercise revealed a widely held view that community ownership would be the route by which better access through improved car parking, upgraded and new footpaths, designated cycle tracks etc would be secured. The quality of the present access provisions have been a barrier to a greater use of the woodland by the Aigas Field Centre and the local school as well as the community.

There are few paths/ tracks in the Aigas area and an excellent opportunity to create a network of circular paths for a variety of abilities and modes within the woodland. It is considered a high priority to provide the community, school and local businesses with a strong sense of ownership by being able to enjoy good quality access and by extension educational opportunities within the woodland. Voluntary work will be important and it is recognised that skills development and training will be important early on to ensure that local volunteers are properly equipped for the various tasks.

Summary of requirements and estimated costs:

Upgrade and create approx 2,000m paths/tracks @ about £15/m assuming locally won aggregate	Say	£30,000
Board walks, ditching, culverts	Say	£ 5,000
Car Parking, including site clearance, preparation using locally won material	Say	£ 5,000
Signage, Route Marking	Say	£ 5,000
Promotion, Walks leaflet (design and production)	Say	£ 2,500
Training, (e.g through LANTRA) for first aid, basic chainsaw use, footpaths creation and use of hire machinery	Say	£ 2,500
Sub Total		<u>£50,000</u>
Less: Scottish Rural Development Programme support @ about 75% of costs		£37,500
Total Cost		<u>£12,500</u>

The path and car park costs assume the use of contractors, the ACF will want to consider the extent to which local job creation could be developed from the work. The scale of the work the actually undertaken could see the project last for two or three seasons and could possibly provide them with the opportunity to appoint a member of staff instead who, assuming they have the suitable skills, could begin to develop the firewood business. This however would need to be the subject of a separate study once the access project was finalised.

5.3 Forest Management

The Feasibility Study considers in detail the existing Forest Design plan as set out by the Forestry Commission. It then offers a detailed alternative proposal, tailored to the needs of the ACF and increases and brings forward some felling programmes to generate more income in the early years.

Aigas forest is essentially a conifer plantation comprising a range of non-native conifer species although there are small areas of native woodland (around 4%) on the eastern edge of the forest. The community consultation revealed a dislike of the 'monoculture' of conifers and the limited wildlife. The public meeting also reached a consensus that more native trees should be introduced to improve the visual amenity and bio-diversity of the forest. There is a general recognition that commercial tree species grown in a plantation style in the long term produce a reliable income earning product and that the core community woodland business will require this degree of financial certainty. However environmental improvement is a community driver and capable of being a significant component of the felling and re-structuring programme without compromising financial certainty.

At this stage a full replanting programme has not been produced as the ACF would wish for a community consultation to take place, for which there has not been time. Nevertheless the replanting programme about which the 5 year cash flow is based could provide an example of the type of balance between native species, native woodland structure and commercial plantings which could be developed.

The Forestry Commission will be required to grant permission for the changes to the existing Forest Design Plan and early discussions with them should be undertaken as soon as appropriate to do so.

Summary of the first tree felling and re-structuring proposal

FCCpt	Current Species	Area ha	Proposed Species
2520pt	LP	1.00	Caledonian Pinewood
2521	LP/SP	16.25	Caledonian Pinewood
2522pt	SS/SP	2.63	Caledonian Pinewood
2527pt	MC	7.74	MC/MB
2532pt	MC	3.97	MC/MB
2534pt	SS/DF	1.75	MB Regen
2535pt	DF	3.34	MB Regen
		36.68	

The Caledonian Pinewood

This area will be an important part of the environmental restructuring of the woodland. The original Caledonian pinewood was a mixture of different species with different species dominating certain areas because of their ability to cope better with ground conditions than competitor species. Open spaces or thinly populated areas were also a feature. The compartments identified will provide a fantastic opportunity to recreate this type of woodland and introduce the mix of tree species which in time will considerably enhance the recreation, social enterprise and conservation aspects of the forest for the benefit of the wider community.

The area would be planted using entirely local provenance trees, for example Glen Affric for the Scots Pine trees and could have the following species mix:

Conifer	70%	Broadleaves	30%
Scots Pine Juniper (Nominal)		Downy Birch Silver Birch Alder Willow Juniper Oak	

Mixed Conifer/Broadleaves

This area will have approximately 8 hectares of mixed commercial conifer species planted either in small coupes or in a 'pepper pot' mix, but its function will be to produce a well designed area of productive timber with future income potential. The type of species considered for this would include Sitka Spruce, Hybrid Larch and Douglas Fir. The mixed broad leaved element would extend to approximately 2ha and include species such as Oak, Ash, Rowan and perhaps shrub species and the trees would be planted both in small coupes and separately to assist with the design of the conifer element. The compartments involved would also include an element of open ground to allow for un-productive areas or the shaping of the woodland edge for example.

Mixed Broad leaves Regeneration

The two compartments involved lie adjacent to the public road and are areas which are not suitable for replanting with commercial species and have the prospect of regenerating well with local stock. Such a decision would be in keeping with the woods on neighbouring land and complimentary to the remainder of the compartment species. Natural regeneration is a less costly way of restocking a compartment but does require management to establish a well spaced young woodland with the desired species mix. An element of regeneration is to be encouraged in that it provides an opportunity for voluntary involvement in tree selection as they grow.

5.4 Restocking – income and expenditure

An application would be made to the Scottish Rural Development Programme (SRDP) to for funding support for the restructuring and restocking costs. An element of deer fencing has been included to protect young stock from Roe and Red Deer Populations although this cost could be foregone if the community adopted the principle of deer control as the alternative means of protection.

Operation: *Initial restock Programme* *Area Approx 38 Ha:*

Expenditure		Number	Unit	Unit Cost	Total Cost
Plants	Native broadleaves	3	k	£250.00	£750.00
.. 2ha	Mixed conifers	20	k	£180.00	£3,600.00
8ha	Caledonian pinewood	33	k	£250.00	£8,250.00
22.5ha					
Materials	Tubes + stakes	1.5	k	£1,350.00	£2,025.00
Machine	Continuous mounding	23	ha	£400.00	£9,200.00
	Drainage	4500	m	£0.75	£3,375.00
Hand	Planting	56	k	£85.00	£4,760.00
	Application of tubes	1.5	k	£900.00	£1,350.00
Protection	Deer fencing	6420	m	£6.50	£41,730.00
BI	Project supervision	1		£5,500.00	£5,500.00
Total Expenditure:					£80,540.00
Income					
Grants	SRDP Restructuring	38	ha	£520.00	£19,760.00
	Caledonian pinewood supp.	22.5	ha	£385.00	£8,662.50
	Native broadleaves supp.	2	ha	£385.00	£770.00
Total Income:					£29,192.50
		Operational Cost / (Surplus):			£51,347.50

The above budgets are estimates and cannot be guaranteed.

Figures do not include VAT

APPENDIX 2 – CASH FLOW

FIVE YEAR PROPERTY BUDGET

PROPERTY : Aigas Community Woodland

EXPENDITURE	Page Ref	Year 1	Year 2	Year 3	Year 4	Year 5
Road/Loading Areas Upgrade	21		10000.00			
Roads Maintenance (internal)	21	250.00	1000.00	500.00	250.00	250.00
New fencing	18/21			41750.00		
Fence Maintenance	21				250.00	250.00
Site Preparation	18			12500.00		
Conifer replanting	18/21			5300.00		
Broadleaf Replanting	18/21			12000.00		
Tree shelters/protection	18			3400.00		
Weeding	21				750.00	500.00
Tree maint./replacement	21				850.00	500.00
Access Project	16		50000.00			
Access Project Management	21		3000.00			
Felling Project Management	18			5500.00	250.00	250.00
Wildlife Management	21	500.00	550.00	500.00	500.00	500.00
Fire Protection	21	250.00	200.00	200.00	200.00	200.00
Woodland Insurance	21	3000.00	3000.00	2600.00	2600.00	2600.00
Management Fee	21	1800.00	1800.00	1800.00	1800.00	1800.00
Certification Expenses	21	1500.00	250.00	250.00	250.00	250.00
Forest Plan Preparation	21	4000.00				
Access Plan Preparation	21	2000.00				

Total (£)		13300.00	69800.00	86300.00	7700.00	7100.00
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INCOME						
SRDP Forest Plan	18	4400.00				
SRDP Restructuring	18/21			4940.00	4940.00	4940.00
SRPD Replanting	18			9432.50		
SRDP Access Project	16		37500.00			
Timber Sales	21		138900.00			
Mast Rental	21	7500.00	7500.00	7500.00	7500.00	7500.00
Sporting Lets	21	1000.00	1000.00	1000.00	1000.00	1000.00

Total (£)		12900.00	184900.00	22872.50	13440.00	13440.00
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Total Net Income						
or (Net Expenditure); (£):		(400.00)	115100.00	(63427.50)	5740.00	6340.00

Accumulation (400.00) 114700.00 51272.50 57012.50 63352.50

All Figures Exclusive of VAT

Budget Notes:

1. Felling and restocking program follows the revised Forest Design Plan mode.
2. Restocking comprises of approx:
 - 22.5 ha. of Caledonian pine woodland (Scots pine & native broadleaf mix)
 - 2.0 ha. of commercial/amenity broadleaves
 - 8.0 ha. of commercial conifer
 - 4.0 ha. of native woodland natural regeneration
 - 1.5 ha. of open ground
3. Deer fencing to be erected around the majority of the planting, and some of the regeneration areas, small areas of broadleaves outside the fence to be protected within grow tubes.
4. Years 3, 4 & 5 contain approx. £12000 of contract labour which could be substituted by community volunteers.
5. Restructuring grant is paid over 4 years, final payment due in 2015.
6. Road Loading/Loading Areas Upgrade – work required to make infrastructure suitable for vehicular access and the temporary storage of felled timber.
7. Road Maintenance (internal) – Provisional sum in anticipation of minor annual maintenance to drains, verges, potholes.
8. Fence Maintenance – Provisional sum in anticipation of minor annual work to ensure deer/vermin proof.
9. Weeding & Tree Main./replacement – Provisional sum anticipating annual husbandry during establishment of trees.
10. Access Project Management – Provisional cost for supervising access project which could in part be substituted by Community volunteers.
11. Wildlife Management – Prov. sum recognising that in addition to stalking lets contract deer control may be needed.
12. Fire Protection – Cost of putting up warning signage/beaters and membership of local fire group if there is one.
13. Woodland Insurance – Protection against the loss of timber/value by e.g Fire, Storm etc. reduces after trees extracted
14. Management Fee – Provisional sum recognising the management, legal, accountancy services needed each year.
15. Certification Expenses – Costs incurred certifying the woodland as a sustainable and managed source of timber.
16. Forest Plan Preparation – Fees for applying to the FCS revising the Forest Plan through the SRDP process.
17. Access Plan Preparation – Fees for application for funding assistance through the SRDP process.
18. Timber sales – Net timber income after deduction of contractors charging for felling, haulage etc.
19. Mast Rental – Annual income from tenants of mast site on Torr a Bhealaidh.
20. Sporting Lets – Provisional rental income from stalking at the same level achieved by FCS up to 2008.