

SUNART COMMUNITY COMPANY

PHASE 2 – BUSINESS PLAN

FOR

Longrigg Woodland Purchase



July 2020

Will Richardson (RDI Associates Ltd)

Neil Donaldson (Rural Development Consultant)

Amanda Calvert (Acres, Rural Development Consultant)

Acknowledgement

The Sunart Community Company gratefully acknowledges The Scottish Land Fund for providing the funding to enable this Business Plan to be completed.

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Document Control

| | | | | |
|----------------------------------|--------------------------|-----------------------|-------------------|-------------------|
| Project reference number: | 1281 – Business Plan | Project Title: | Longrigg Woodland | |
| Client | Sunart Community Company | | | |
| Date | Description | Revision | Author | Checked by |
| 04/06/2020 | Draft | 1 | AC/ND | WR |
| 06/07/2020 | Draft | 2 | WR | AC/ND |
| 18/12/2020 | Final | 3 | WR | AC/ND |

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1. Executive Summary

This business plan and the preceding feasibility study were commissioned by Sunart Community Company to support their proposed application to the Scottish Land Fund (SLF) for the purchase of Longrigg woodland, as identified in the Community Action Plan (CADISPA 2015)

Community ownership will not only safeguard this asset for the community enabling them to fulfil many aspirations, in addition, through the restructuring of the woodland, it will enhance the local environment improving the landscape, increasing biodiversity and eventually linking the woodland with other habitat networks.

The community company have been consulted throughout the development of both documents produced and they fully understand the long-term commitment involved in taking ownership of the woodland. They are very pro-active and have already developed many complex projects for the community such as a hydro scheme and a new primary school. Members of the community company and steering group have experience in both project development and management, as well as forestry and other environmental work.

The purchase of Longrigg woodland will strengthen the community and enable them to fulfil many of the objectives set out over several years through successive community consultations and action planning. They are committed to the delivery of real benefits, socially, environmentally, and economically and understand through their previous experience that effective and detailed planning is critical to ensure the project is successful.

Direction for this business plan was taken following community company and steering group feedback of the feasibility study, which had examined a range of options for management of the woodland as well as potential business opportunities.

The plan includes:

- An outline for woodland management under two options as identified in the feasibility study
- Access proposals
- 25 and 5 year financial predictions
- A woodfuel business brief
- Woodlot and woodland croft development
- Timber milling
- Governance and legal obligations
- Funding opportunities

Both the 25 and 5 year cash flows under the different management options demonstrates that through careful planning the woodland is expected to be financially viable. They illustrate that it is possible to mitigate the risks associated with purchase and ownership and deliver financial sustainability in the long term. The community is aware that the first 5 years are critical, particularly in the current climate with potential changes in funding

opportunities for woodland management as well as climate change itself and would review this business on a regular basis. Monitoring and evaluation as well as community consultation will form part of this review.

Several longer-term options were discussed at the feasibility study stage, these are not included as part of this business plan but would be introduced in further reviews of the plan subject to further community consultation.

These include:

- Tree Nursery
- Education and skills development
- Bothy and camping pods
- Keeping pigs, bees, cattle, and sheep
- Furniture Making
- Forest farming and gardening

It is our belief that the best option for the community to achieve the stated community benefits is either option 2 or option 3 from the feasibility study and we have gone on to develop the business case based on these options.

Option 3 would appear to offer the least complex development approach, focusing on generating cash surpluses from commercial timber in the short term that can then be reinvested in community projects in later years to maximise socio-economic benefits.

2. Introduction

Longrigg woodland is currently owned by Forestry and Land Scotland and is situated to the west of the village of Strontian, west Lochaber, and north of the A861 at Ardnastang. Its total area is 87 hectares with a perimeter of approximately 3,890 meters.

Longrigg Boundaries



Figure 1 – Longrigg Woodland Boundaries. Not to scale. For scale version see appendix 5.

The woodland is currently a conifer plantation dominated by 3 species: Lodgepole pine, Sitka spruce and Japanese larch. It has extensive windblow through the middle section of the woodland and has limited access. The overall aim is to restructure the woodland, introducing a more diverse species mix including native and non-native broadleaves. These would be planted in combination with natural regeneration and some areas of diverse conifers for shorter term productivity which would support the proposed woodfuel and timber milling business, as well as providing a source of income from other timber sales in the long-term.

The re-structure of the woodland will increase access, and provision of facilities such as the hard standing, sheds, polytunnel and compost toilets would make the woodland a sustainable and accessible asset for the benefit of the community and visitors. The long-term aim would be to manage Longrigg using eco-sensitive methods to protect the soils and increased biodiversity that the community hopes to achieve through its restructuring.

Longrigg sits within the strategic deer fence that surrounds Sunart Oakwoods and the community will work with the group that manages this, sharing equipment to reduce capital cost requirements and in delivery of landscape scale objectives.

2.1 Business Vision

The community at Sunart has, over a series of community consultations and time, developed a vision '*Keeping Sunart a great place to live, work and visit*'¹.

The purchase of Longrigg Woodland by the community presents an opportunity to contribute towards fulfilling this vision, becoming a vehicle to help to deliver many of the communities' strategic goals².

A community owned woodland can be an enduring community resource, and with focused management will provide multiple benefits through a wide range of social, economic, and environmental functions. This needs to be encompassed in the vision and objectives of the management of the woodland. The business vision for management of the woodland needs to act as a cornerstone, linking actions and motivating the community to achieve development goals.

Longrigg woodland has the potential to become an asset and community resource providing social, economic, and environmental benefits to the community.

The main defining features of owning community woodland are that some, or all of the management objectives, are created by local people who live in the local area with a passionate interest in the woodland, and that the *benefits* arising from its management are shared locally.

Effectively managing a community woodland helps to ensure the health and wellbeing of that woodland, as well as contributing towards the health and wellbeing of the community. Its transformation through community ownership helps to improve not only the woodlands resilience against climate change and pests and diseases, but also the community's resilience, supporting and diversifying rural business opportunities and helping to keep a diverse vibrant population.

2.2 Business Aims and Objectives

Owning woodland can fulfill multiple underlying economic, social and environmental objectives. By purchasing and managing Longrigg Woodland it would be possible to generate many benefits for the community and the woodland that were detailed in the project brief.

This includes, but is not limited to:

¹ Sunart Visioning Report

² Sunart Community Appraisal – Prioritising Result, The Capsida Trust, May 2014

- Local employment.
- Income generation.
- Improved biodiversity.
- Education.
- Health and well-being.
- Business and housing opportunities for the community.

The feasibility study provided the opportunity for the community to give their opinion and contribute to the development of economic, social and environmental objectives that the ownership of Longrigg Woodland could realise.

Outline Business objectives for the ownership and management of the woodland are:

2.2.1 Economic Development Objectives:

- To support local businesses in the area and create new ones that is directly related to the woodland.
- To support tourism and promoting the area to visitors.
- To support crofting and agricultural development.
- To develop the skills of the community.

2.2.2 Social Development Objectives:

- Reconnecting the community with a woodland culture.
- Supporting and developing community facilities.
- Improving social and recreational activities for the community.
- Health and wellbeing. There is an extensive range of evidence that supports working and walking in woodlands as an important resource for the health and wellbeing of a community.

2.2.3 Environmental Development Objectives:

- Restructuring a plantation to provide a more biodiverse and accessible woodland.
- Restructuring a plantation to create more resilient woodland for the future.
- Providing opportunities to create habitat networks.
- Developing the environmental skills and knowledge of the community.

2.2.4 Management Options

This business plan reflects the aims and objectives detailed in the brief. In doing so our assessment of management options is underpinned and guided by the issues of scale, capacity, and priority. Some of the objectives listed above are lower on the list of community priorities and should be regarded as long term. In addition, these objectives are dependent on structured commercial extraction and restocking of the forest, as described in the feasibility study and below.

Strontian is a small, relatively geographically isolated community. Therefore, it is vitally important that the development objectives identified are attainable, deliver the most added

values without overstressing the community's capacity to manage them and do not have a detrimental impact on established businesses.

Throughout the feasibility study the community was invited to discuss and prioritise use of the woodland and potential management options for the woodland.

Table 1 below details these final agreed options.

| Management Option | Priority | Short-term 0-5 years | Medium-term 5-10 years | Long-term 10 years + | Feasibility report section |
|----------------------------------|----------|----------------------|------------------------|----------------------|----------------------------|
| Commercial Extraction | 1 | | | | 3.4 |
| Re-stocking | 1 | | | | 3.4 |
| Firewood | 1 | | | | 3.5.1 |
| Access Development | 2 | | | | 3.6 |
| Woodchip | 2 | | | | 3.5.1 |
| Timber Milling | 2 | | | | 3.5.2 |
| Woodlots | 2 | | | | 3.5.3 |
| Woodland crofts | 2 | | | | 3.5.4 |
| Tree Nursery | 3 | | | | 3.5.5 |
| Education/skills development | 3 | | | | 3.6.1 |
| Bothy/camping pods | 3 | | | | 3.7 |
| Keeping Pigs, bees, cattle sheep | 3 | | | | 3.6.2 |
| Furniture Making | 3 | | | | 3.5.6 |
| Forest farming/gardening | 3 | | | | 3.6.2 |
| Wildlife/biodiversity | 3 | | | | 3.6.3 |
| Community space | 3 | | | | 3.6.1 |

Table 1 - Management Options

Only the options that were prioritised as 1 and 2 for short to medium term development are included in this business plan, except for wildlife and biodiversity improvement which would follow in line with the woodland restructuring and also the use of the woodland as a community space.

2.2.4 Community Space

The conversion of the forest plantation to community woodland will be achieved by working closely with the community. They will be involved in the development of the plan and be able to guide the use of the space within the woodland for current and future generations. Community space will be available from the start of the project with the construction of access and the hard standing. Compost toilets and cleaning facilities will be installed to actively encourage members of the community and visitors alike to start using the woodland as a venue. Management of the woodland will provide volunteer opportunities where members of the community can come along and learn new skills and gain more knowledge and understanding of woodland ecosystems. This will in turn help with the stewardship of the woodland asset.

2.2.5 Housing

A comprehensive housing needs analysis was carried out by The Highlands Small Communities Housing Trust (HSCHT) in 2015 which established that a mix of different housing types was needed for Strontian. Following this, working with Rural Design Architects, a Community Masterplan³ was produced which was subsequently adopted into the West Highland and Islands Local Development Plan⁴. Since then a housing development in the village has been completed as well as the provision of self-build plots. At the point when the masterplan was completed, and local plan published, the potential purchase of Longrigg and use of land within the woodland for housing was not an option and therefore not considered.

Key points made in the local plan include that Strontian has strategic importance and it encourages development that will provide local employment opportunities making particular reference to **community enterprise**. The development of woodland crofts and affordable housing within Longrigg by the community, alongside the restructuring of the woodland to a more diverse semi-natural woodland provides an ideal opportunity to fulfill ambitions within the local plan and the Community Masterplan. However, the local plan specifically states that housing should not expand beyond the periphery of the community and the settlement development area mapped in the plan does not include the housing along the Longrigg Road. Hence obtaining planning approval for a community scale proposal for multiple new houses could present difficulties. That said, there is a policy for allowing ‘Housing in the Countryside’, and there have been seven new builds outwith the local settlement areas in the last few years, so development is not in principle ruled out.

Other factors that need to be taken into consideration include:

- Change of use from forestry to housing and the potential need for land for compensatory planting if woodland removal takes place.
- The possibility of repayment of grants and funding obtained if plots were sold, though the Scottish Land Fund does permit this under certain conditions.

For the purposes of the feasibility study and this business plan the potential for house plots within the woodland was discussed with HSCHT. They have worked with the community over a number of years and already have a good understanding of needs. The community has a strong track record for delivery of projects and HSCHT fully understand the drive that the community has and would be happy to work with them to assess the potential and feasibility of affordable housing within the woodland.

Funders would also need to be consulted when grants are applied for to ensure that sale of plots was a possibility without payback.

³ A Masterplan for Strontian and Surrounding Land, 2015

⁴ West Highland and Islands Local Development Plan, September 2019

Because of the complexity of a housing project and the need for further study, finances relating to this have not been included in the cashflows.

3. Development Plan

This section of the business plan provides detail for the projects and business activities prioritised by the community for the short to medium term as listed in the table in 1.2 above.

These being:

- Management: Production of a management plan, commercial extraction, re-stocking etc.
- Access Development
- Woodfuel business
- Timber Milling
- Woodlots
- Woodland crofts

3.1 Work Plan

This section sets out the short term milestones and 5 year timeline for the business. These should be reviewed on a regular basis by the business with the project manager taking the responsibility for this. Appropriate and timely consultations with board and community members and other stakeholders such as woodlot holders and woodland crofters and neighbouring land users should be carried out to help inform the process.

Note: some of the milestones and activities outlined below assume funding and capacity are available to deliver them in the first 5 years (option 2). In the event that the small/simple approach (option 3) is adopted, these activities and milestones will occur at a later stage.

3.1.1 Year 1 milestones

Figure 2 below illustrates the key activities and milestones for year 1.

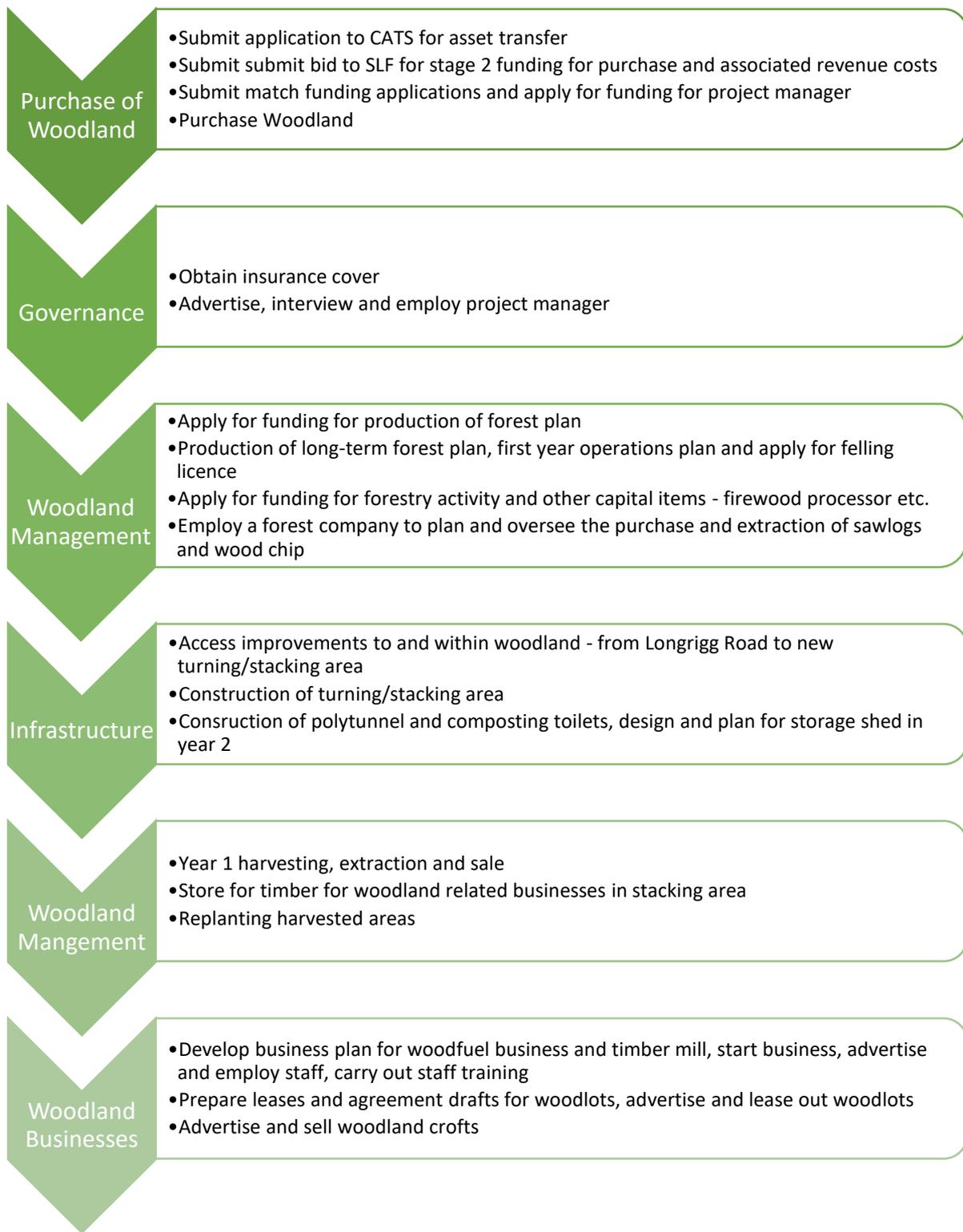


Figure 2 – year 1 milestones

3.1.2 5 Year Timeline

The Gantt chart below sets out the 5 year timeline for the business.

| Year → | 1 | | | | 2 | | | | 3 | | | | 4 | | | | 5 | | | |
|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarter Commencing → | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Tasks ↓ | | | | | | | | | | | | | | | | | | | | |
| Apply for funding and purchase woodland | █ | | | | | | | | | | | | | | | | | | | |
| Employ project manager | █ | █ | | | | | | | | | | | | | | | | | | |
| Produce long term forest plan | █ | █ | | | | | | | | | | | | | | | | | | |
| FGS and other equipment grant applications | █ | █ | █ | | | | | | | | | | | | | | | | | |
| Purchase equipment | | █ | █ | | | | | | | | | | | | | | | | | |
| Erect polytunnel | | | █ | | | | | | | | | | | | | | | | | |
| Erect compost toilets | | | █ | | | | | | | | | | | | | | | | | |
| Access improvements to and within woodland | | | █ | █ | | | █ | █ | | | | | | | █ | █ | | | █ | █ |
| Timber harvesting and extraction | | | █ | █ | | | █ | █ | | | | | | | █ | █ | | | █ | █ |
| Sale of woodland crofts and woodlots | | | █ | █ | | | | | | | | | | | | | | | | |
| Firewood sales | | | | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Erect storage shed | | | | | | | █ | | | | | | | | | | | | | |
| Timber milling | | | | █ | | | █ | | | | █ | | | | █ | | | | | █ |
| Site prep and replanting | | | | █ | | | █ | | | | | | | | █ | | | | | █ |

Table 2 - 5 Year Timeline

3.2 Community Projects and Business Activities

This section of the plan discusses the short and medium-term business priorities highlighted through community consultation:

- Forest Management: Production of a management plan, commercial extraction, re-stocking.
- Access Development.
- Woodfuel business.
- Timber Milling.
- Woodlots.
- Woodland crofts.

3.2.1 Forest Management

The Feasibility Study identified three main options for the long-term management and restructuring of the woodland to meet the objectives of the community purchase of the woodland. Options 2 and 3 - Medium and longer term transformation with a focus on diversifying the woodland – have been selected in the feasibility study as most likely to meet the objectives of community ownership and use, allowing the woodland to be restructured in a way that suits the long term needs of the community and those that use it, creating a more diverse, resilient and multi-purpose woodland.

In order to help achieve the desired outcomes from the management of the woodland, a long term forest plan should be prepared from the outset and, subject to availability, funding from the Forestry Grant Scheme for the production of the plan and ongoing management should be applied for⁵. Section 3.4 of the feasibility study explores these options more fully.

3.2.2 Longrigg Access and Infrastructure

The feasibility study provides detail of the three access options that could provide access to and within Longrigg Woodland. Of these only option 1 – the use of the bottom section of Longrigg road is deemed to be viable at the time of writing. Figure 3 below shows the three main options considered.

Full costs for using this option, including access into the forest and junction realignment have been listed in the Feasibility study and are contained in the 25 and 10 year cashflow forecasts.

Not only is this access essential for the extraction of timber from the wood, but it also provides access to the timber yard and any future community facilities including the woodlots and wood crofts.

⁵ <https://forestry.gov.scot/support-regulations/forestry-grants>

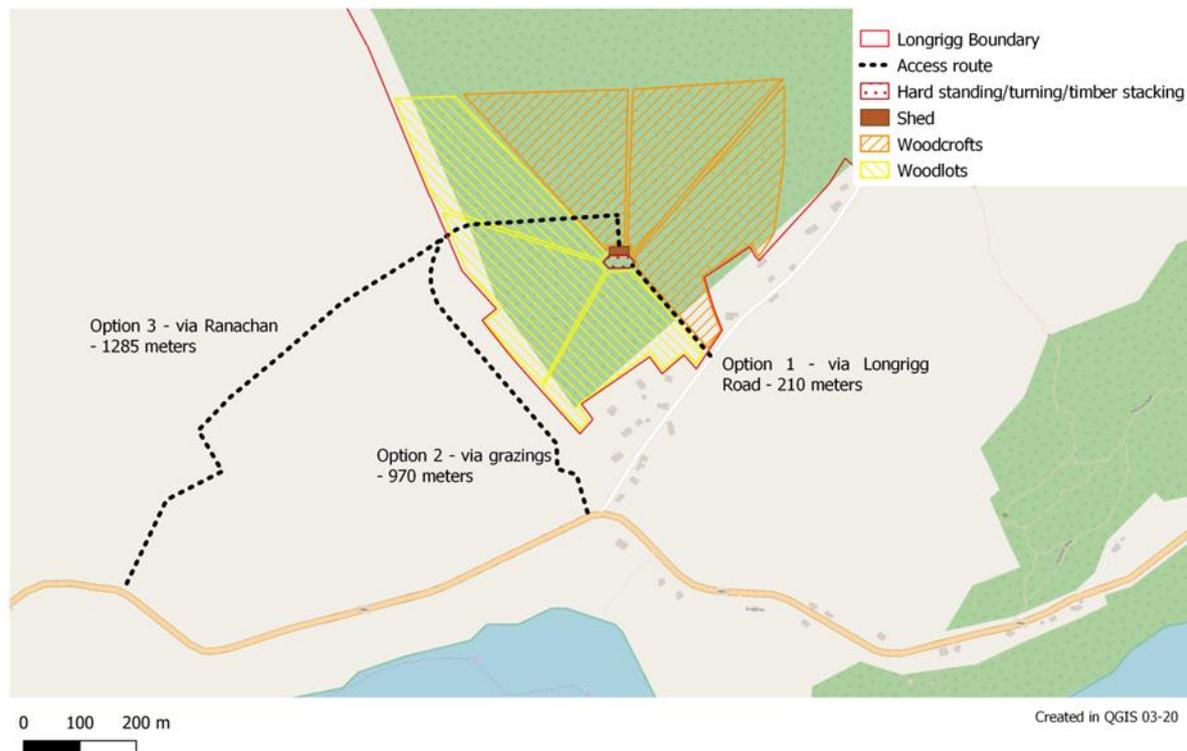


Figure 3 Map illustrating Longrigg access and infrastructure. Not to scale. For scale version see appendix 5.

Option 3 for woodland management and transformation uses a shorter, 100 metre, forest road moving the transfer point nearer to the forest edge.

3.2.3 Woodfuel

The most effective way to manage the woodfuel business is to operate directly through the community woodland company.

This means that the company:

- Has control over supply and consistency of quality of supply.
- Obtains the income from firewood sales.
- Provides employment opportunities.
- Provides training opportunities for the production of firewood and its use.
- Encourages more of the community to move from fossil fuels to locally sourced renewable woodfuel.
- Has the opportunity to provide supply for any future renewable projects e.g. district heating schemes for housing or workshops, heated greenhouses and local food and combined heat and power plants.

To achieve rapid commercial growth and stability the business would require capital investment for a storage and processing shed and a polytunnel which could be used for multiple purposes including firewood seasoning, tree nursery and food production. In addition and more specific to the firewood production, the business would require a woodfuel processor, riddle and other small tools such as moisture testing equipment and storage boxes and or bags.

However some community owned woodlands eg Dunnet Forest have ‘started small’ with volunteer-led processing business models and lower capital investment, which is an alternative start-up model. Any woodfuel business emerging from community acquisition would reflect the prevailing conditions of entrepreneurial interest, community involvement and access to capital investment.

3.2.4 Timber Milling

A contractor should be brought in on an as required basis to mill any timber for use on site or to sell locally. Roundwood would be stored on bearers on the hard standing and milled timber would be kept in the shed once processed until adequately dried for use and sale. This would be managed by the project manager.

3.2.5 Woodlots and Woodland crofts

The steering group has local expertise in this field who would guide these options. The sales and leases would be managed by the project manager.

Figure 3 above illustrates where these would be located. Access to all plots would be constructed at the same time as access to the site and to the hard standing.

The occupants would be required to produce a woodland management plan in consultation with the project manager to ensure they fitted with the overall management plan objectives set within the long term forest plan for Longrigg.

3.3 Cash Flow Projections

3.3.1 25 year cash flow option – option 2

For option 2 for woodland management, a twenty-five-year cash flow is included as appendix 4. This illustrates that over a 25-year period the community woodland is financially sustainable.

These are projections and the figures would be subject to change as grant systems alter and future markets are not fixed. The community’s aspirations and needs may also alter over this period which would also impact on the cash flow. Other factors that will influence the forecasts include existential threats on the woodland including climate change related events such as windblow and pests and diseases. The risk assessments sets out these risks and the way in which they can be mitigated and woodland and business plan adapted.

Please note this does not include any income or expenditure related to affordable housing, or future potential projects such as workshops, or tourism related projects such as camping pods or huts. These would need individual feasibility studies to develop and deliver.

A summary of the cashflow for the first 5 years is illustrated below in table 3. The main factor to consider in year one is the requirement for an overdraft facility to cover cashflow up to the point when the woodland crofts can be sold. This has been included at the end of the first year but would depend entirely on whether they are sold with standing or cleared trees and the demand for them. One of the key roles that the project manager would have in the first year is to advertise

and sell the crofts. If they are not all sold in the first year the forecast will need to be reviewed and or the overdraft facility extended. Table 4 provides a basic profit and loss account.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|
| RECEIPTS | | | | | |
| Harvested timber - sawlogs | £24,750.00 | £14,269.61 | | £24,750.00 | £14,269.61 |
| Harvested timber - fencing/bars | £31,875.00 | £18,377.53 | | £31,875.00 | £18,377.53 |
| Harvested timber - chipwood/firewood | £65,250.00 | £37,619.89 | | £65,250.00 | £37,619.89 |
| Firewood Sales | £5,000.00 | £13,000.00 | £21,000.00 | £25,000.00 | £25,000.00 |
| FGS - woodland improvement at £550/ha | £4,125.00 | £4,125.00 | | £4,125.00 | £4,125.00 |
| FGS - long term plan production | £2,200.00 | | | | |
| Grant Funding for Woodland project officer | £16,800.00 | £16,800.00 | | | |
| Grant Funding for Polytunnel and compost Toilets | £13,000.00 | | | | |
| Grant funding for processing equipment | £6,500.00 | | | | |
| Woodland crofts | £120,000.00 | | | | |
| Woodlots | £2,000.00 | £2,000.00 | £2,000.00 | £2,000.00 | £2,000.00 |
| Milled Timber | £1,000.00 | £1,000.00 | £1,000.00 | £1,000.00 | £1,000.00 |
| TOTAL RECEIPTS | £292,500.00 | £107,192.03 | £24,000.00 | £154,000.00 | £102,392.03 |
| PAYMENTS | | | | | |
| Direct Costs | | | | | |
| Road and track repairs | | £5,500.00 | | £5,500.00 | £5,500.00 |
| Improve junction with A861 | £30,000.00 | | | | |
| Improve Longrigg Road from forest access to junction with A861 | £30,000.00 | | | | |
| Form new access and bell mouth at forest access to Longrigg Road | £10,000.00 | | | | |
| Access track - from Longrigg Road to new turning/stacking area in wood and woodlots. | £25,200.00 | | | | |
| Turning and timber stacking area in woodland | £15,000.00 | | | | |
| Steel framed storage building | | £20,000.00 | | | |
| Woodfuel processing equipment | £13,000.00 | | | | |

| | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fence repairs | £1,000.00 | | | | |
| Site prep - scarifying | £4,500.00 | £4,500.00 | | £4,500.00 | £4,500.00 |
| Replanting | £8,336.00 | £8,336.25 | | £8,336.25 | £8,336.25 |
| Polytunnel | £7,000.00 | | | | |
| Compost Toilets | £5,000.00 | | | | |
| Maintenance | | £2,397.63 | £3,231.25 | £3,231.25 | £4,064.88 |
| Indirect costs | | | | | |
| Professional fees | £2,600.00 | | £400.00 | £400.00 | £400.00 |
| Insurance | £960.00 | £960.00 | £960.00 | £960.00 | £960.00 |
| Woodland/project Officer | £16,800.00 | £17,136.00 | £17,484.00 | £17,832.00 | £18,192.00 |
| Woodland/Project officer capital costs | £500.00 | | | | |
| Woodland/Project officer support costs | £1,200.00 | £1,200.00 | £1,200.00 | £1,200.00 | £1,200.00 |
| Woodfuel Staff | £6,396.00 | £13,044.00 | £13,308.00 | £13,572.00 | £13,848.00 |
| Sawmill | £400.00 | £400.00 | £400.00 | £400.00 | £400.00 |
| TOTAL PAYMENTS | £177,892.00 | £73,473.88 | £36,983.25 | £55,931.50 | £57,401.13 |
| NET CASH FLOW | £114,608.00 | £33,718.16 | -£12,983.25 | £98,068.50 | £44,990.91 |
| CLOSING BALANCE | £114,608.00 | £148,325.91 | £135,342.66 | £233,411.16 | £278,402.06 |

| | | | | | |
|----------------------|------------|------------|-----------|------------|------------|
| VAT | | | | | |
| Due on sales | £24,375.00 | £11,618.49 | £1,250.00 | £25,725.00 | £10,768.49 |
| Reclaim on purchases | £32,770.00 | £7,246.78 | £3,213.50 | £1,546.25 | £4,280.23 |

Table 3 – 5 year cash flow Option 2

Table 4 below provides a basic profit and loss for the first 5 years. The figures illustrate that year 3 is the main area for concern with an overall loss. This is due to reduced income as there are no timber sales forecast for this year. Profits from years 1 and 2 are sufficient to cover this loss in the short term. The medium to long term forecasts in appendix 4 indicate a financially viable and sustainable business.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------|-------------|-------------|--------------------|-------------|-------------|
| Sales | £292,500.00 | £107,192.03 | £24,000.00 | £154,000.00 | £102,392.03 |
| Capital purchases | £79,036.25 | £40,733.88 | £3,231.25 | £21,567.50 | £22,401.13 |
| Cost of sales | £28,856.00 | £32,740.00 | £33,752.00 | £34,364.00 | £35,000.00 |
| Depreciation | £7,903.63 | £7,903.63 | £7,903.63 | £7,903.63 | £7,903.63 |
| Profit (-Loss) | £176,704.13 | £25,814.53 | -£20,886.88 | £90,164.88 | £37,087.28 |

Table 4 – 5 year Profit and Loss Option 2

Figure 4 below illustrates that income will increase over the first five years, but contingency in the form of a bank overdraft or other form of lending or credit facility should be secured to smooth over any shortfalls in year 1.

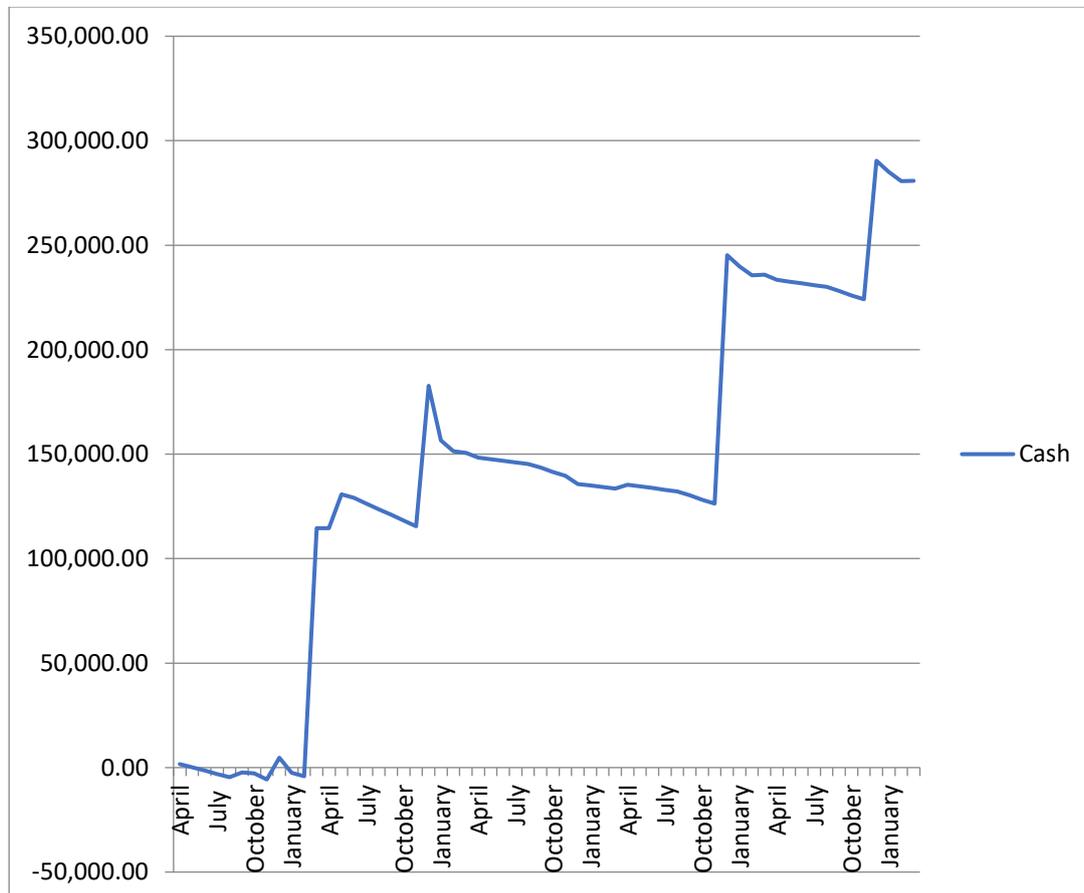


Figure 4 – Graph illustrating first five years cash option 2

Other points to note are that grants have been included at a conservative rate of 50% for a number of capital items. This may or may not be achievable depending on availability of grants and success when applying. There are other options to achieve the same ends, for example hiring of equipment instead of purchase until sufficient income is available for capital purchase of equipment, or working with other local communities to share equipment. In addition the raw materials for construction of for example the compost toilets could be milled on site from timber. This could potentially reduce the costs considerably. Temporary facilities could be hired until the point the timber was sufficiently seasoned for use.

With respect to staff a shared forester approach could be taken where the manager is employed for 5 days and services to other local woodland owners are provided to increase income for the community organisation and to potentially encourage more expertise to move into the community if the job was not given to someone already living in Strontian or local area. The woodfuel staff could potentially be volunteers as opposed to paid staff and receive payment in the form of

firewood. If this is taken forward it is essential that the work is managed professionally by the project manager and all volunteers should be trained and payment in kind should be to an appropriate value.

3.3.2 5 year cash flow option – option 3

Option 3 for the management of the woodland as set out in the feasibility study provides an argument for a more simplified and lower risk option which may suit community interests better. This includes the short term realisation of the value of the spruce elements followed by the longer term, lower intervention in the remaining larch and pine elements. This option includes a shorter stretch of new forest road, bringing the transfer point closer to the forest edge. The table below summarises the work programme for the first 5 years:

| | |
|---------------|---|
| Year 1 | Carry out access improvement works as per Access Option 1, page 22 of feasibility study with the following modifications: <ul style="list-style-type: none"> • Reduce length of access road from 210m to 100m • Removal of the shed element |
| Years 1 & 2 | Harvesting, extraction, haulage and sale of all 23.1ha of spruce. This will be spread over an 18 month window to meet Highland Council timber transport limits. |
| Year 2 | Reinstate Longrigg road. This element is described in Access Option 1 as 'Improve Longrigg road' but will follow the harvesting and haulage of the felled timber, not prior to it. |
| Years 3 to 5 | Ongoing woodland maintenance and monitoring |
| Year 5 | Ground preparation and restock 18.5ha of felled area which is 80% of spruce element allowing for 20% open ground. 50% to be mixed broadleaves and 50% to be mixed conifers. The site will have fallowed for five years to reduce the risk from weevil damage. |
| From Year 6 | Ongoing woodland maintenance and monitoring |
| Years 1 to 30 | Long term retention of all non-spruce conifer areas subject to the following management prescription (to be confirmed/refined by the management planning process): <ul style="list-style-type: none"> • Non-native regen to be controlled, |

| | |
|--|--|
| | native regen to be encouraged <ul style="list-style-type: none"> • Accessible windblow to be recovered for local firewood • Open glades to be established through windblow clearance |
|--|--|

The long term retention areas will form the heart of the community element in the woodland going forward. The intention is to carry out activities in these areas by local and other volunteers, so adding no extra cost. For this option a 5 year cash flow has been produced. This reflects the status of option 3 as the option that is most likely to be adopted by the community should the purchase go ahead and allows for changes to the business plan to be made once the woodland management plan has been written, the access to the woodland upgraded and the first tranche of felling works successfully completed.

A summary of the cashflow is illustrated below in table 5. Table 6 provides a basic profit and loss account. As with the option 2 model, a short term credit facility may be required to smooth over any cash flow deficit in year 1.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------------------|------------------|-------------------|-------------------|------------------|
| RECEIPTS | | | | | |
| Harvested timber - sawlogs | £53,014.50 | | | | |
| Harvested timber – local firewood | £15,708.00 | £8,701.29 | | £10,152.98 | £8,701.29 |
| Harvested timber - chipwood | £117,810.00 | | | | |
| FGS funds | £2,200.00 | | £21,835.00 | | |
| TOTAL RECEIPTS | £188,732.50 | £8,701.29 | £21,835.00 | £10,152.98 | £8,701.29 |
| PAYMENTS | | | | | |
| Direct Costs | | | | | |
| Improve junction with A861 | £30,000.00 | | | | |
| Form new access and bell mouth at forest access to Longrigg Road | £10,000.00 | | | | |
| Access track - from Longrigg Road to new turning/stacking area in wood and woodlots. | £12,000.00 | | | | |
| Turning and timber stacking area in woodland | £15,000.00 | | | | |
| Fence repairs | £1,000.00 | | | | |
| Road and track repairs | | £30,000.00 | | | |
| Maintenance | | £1,564.00 | £3,116.00 | £3,116.00 | £3,116.00 |

| | | | | | |
|------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Replanting | | £15,523.20 | | | |
| Site prep - scarifying | | £5,550.00 | | | |
| Indirect costs | | | | | |
| Professional fees | £3,300.00 | £2,100.00 | £575.00 | £750.00 | £400.00 |
| Insurance | £960.00 | £960.00 | £960.00 | £960.00 | £960.00 |
| TOTAL PAYMENTS | £72,260.00 | £55,697.20 | £4,651.00 | £4,826.00 | £4,476.00 |
| NET CASH FLOW | £116,472.50 | -£46,995.91 | £17,184.00 | £5,326.98 | £4,225.29 |
| CLOSING BALANCE | £116,472.50 | £69,476.59 | £86,660.59 | £91,987.58 | £96,212.87 |

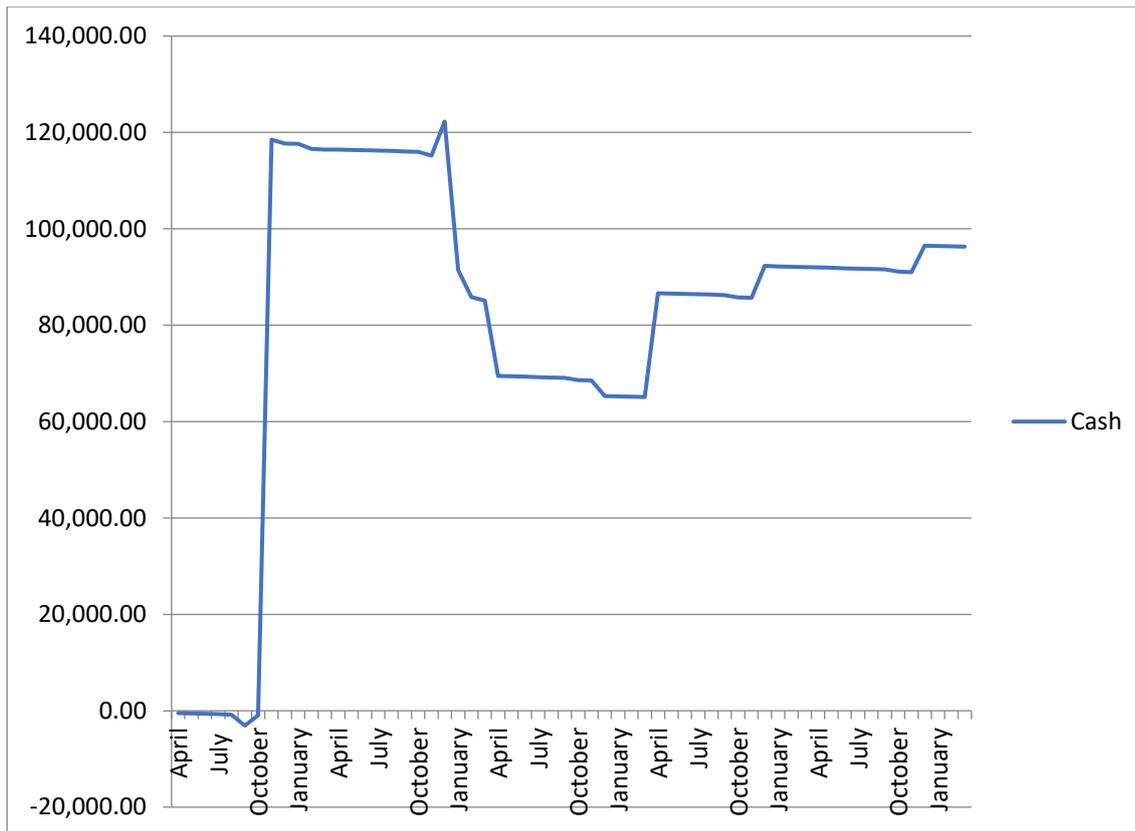
| | | | | | |
|----------------------|------------|-----------|-----------|---------|---------|
| VAT | | | | | |
| Due on sales | £34,950.30 | £435.06 | £0.00 | £507.65 | £435.06 |
| Reclaim on purchases | £13,400.00 | £6,512.80 | £4,837.84 | £623.20 | £623.20 |

Table 5 – 5 year cash flow option 3

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------|-------------|-------------|------------|------------|------------|
| Sales | £188,732.50 | £8,701.29 | £21,835.00 | £10,152.98 | £8,701.29 |
| Capital purchases | £28,000.00 | £31,564.00 | £3,116.00 | £3,116.00 | £3,116.00 |
| Cost of sales | £4,260.00 | £960.00 | £1,535.00 | £1,710.00 | £1,360.00 |
| Depreciation | £2,800.00 | £5,956.40 | £5,956.40 | £5,956.40 | £5,956.40 |
| Profit (-Loss) | £153,672.50 | -£29,779.11 | £11,227.60 | -£629.42 | -£1,731.11 |

Table 6 - 5 year Profit and Loss Option 3

Figure 7 below illustrates the cash flows over the first five years, but contingency in the form of a bank overdraft or other form of lending or credit facility should be secured to smooth over any shortfalls in year 1.



3.3.3 Assumptions to the Cash Flow Forecast

Appendices 4a and b detail the assumptions made when developing the cash flows. Generally, the focus of the business under option 2 in years 1 to 10 would be the restructuring of the woodland in line with the long term forest plan and the development of local markets for firewood and timber products and the sale and lease of woodlots and woodland crofts. Under cash flow a, years 11 to 25 would see consolidation of the business in terms of the completion of the main objectives of the restructuring and local markets and the addition of new business opportunities such as educational courses and training provision. This could be extended in a similar capacity to cash flow b.

3.4 Evaluation

Constant monitoring and evaluation should take place to ensure that the community is achieving its objectives from an environmental, economic and social point of view.

This requires indicators to be put in place to measure against. These are drawn from the main objectives as listed in 1.2 of this document:

- Local employment.
- Income generation.
- Improved biodiversity.
- Education.
- Health and well-being.

- Business and housing opportunity for the community.

Baselines for these should be recorded, these will then be evaluated at regular intervals to measure change. This review represents an opportunity to make changes to the business and operational plans.

3.4.1 Measuring Change

Table 5 below sets out the objectives to be measured, the baseline and key indicators.

| Objective | Baseline | Key Indicator |
|-----------------------|---|---|
| Local employment | At start of the project no staff are in place | Number of jobs created |
| Income generation | £0 | Income reflects the cashflow forecast, or exceeds expectation |
| Improved biodiversity | Conifer plantation with low biodiversity. A baseline environmental study could also be carried out to provide a more accurate measure of change over time. Soils should also be assessed at this point as this will help guide the management plan. | Increase in biodiversity: <ul style="list-style-type: none"> • a greater diversity of ground flora and fauna • greater diversity of tree species, increase in native broadleaf species • more diverse age classes and woodland structure |
| Education | 0 | <ul style="list-style-type: none"> • Number of training courses held and number of people trained • Number of volunteers trained and helping with ongoing woodland management |
| Health and well being | 0 | <ul style="list-style-type: none"> • Number of people using the woodland for activities such as walking and cycling • Number of community events and numbers attending |
| Housing opportunities | 0 | Member of houses built and sold or rented |
| Woodland Crofts | 0 | 3 |
| Woodlots | 0 | 3 |

| | | |
|-------------------------|---|---|
| Business opportunities: | | |
| • Woodfuel | 0 | • Woodfuel business set up. Number of customers and value of sales. |
| • Timber Mill | 0 | • Timber mill set up. Amount of timber produced and sold. |

Table 5 – measuring change

In addition to the above direct measures of change, the community will be consulted on a regular basis, for example at an AGM or through consultation processes, to ensure the community woodland company is working towards the wider communities aims and objectives for the woodland, noting that these may change over time.

4. Governance

To date the project has been led by the community company working alongside a steering group, with the community company holding ultimate responsibility for the woodland acquisition.

The first task once the purchase has taken place will be to set up a new organisation to take responsibility for overseeing the implementation of the management of the community woodland. The community company and the steering group should work together and decide this new group’s legal structure and the system of governance.

Figure 5 below provides an example summary organisational structure that the new organisation could adopt.



The community woodland steering group and community company have a range of skills ideally suited to bring forestry and woodland management expertise together with project and business management.

The community has a strong record of developing and implementing projects, for example the community owned school and hydro project. Both were completed in the face of considerable challenges.

Key members of the steering group together with a representative (or representatives) from the community company would go on to form the board of the new community woodland group.

This board would be responsible for:

- Strategic direction.
- Policies and overall management.
- Ensuring that the organisation meets its statutory obligations.
- Finance (for example preparation of accounts).
- Recruitment of a project/woodland manager.
- Line management of the manager.

The choice for the legal structure moving forward needs to be thought out carefully to ensure that the community is legally able to achieve all that it wishes.

The information detailed below provides an overview of the range of governance structures that could be adopted.

4.1 Governance Systems

Many community buyout organisations register as a company limited by guarantee and as a charity. The Highlands and Islands website provides some resources for review of the options: <http://www.hie.co.uk/community-support/community-assets/resources.html>.

4.1.1 Charitable Status

The main perceived benefit of registering a company limited by guarantee as a charity is that they can be exempt from corporation tax. However, this must be weighed up against the time taken to administer the charity. There is further information, advice and guidance on becoming a charity on the Scottish Charity Regulator (OSCR) website⁶. Becoming a charity also requires registering at companies' house⁷. The definition of a company limited by guarantee is that *'the "owners" of the company are the members. Members do not hold shares in the company but contribute a nominal*

⁶ <https://www.oscr.org.uk/>

⁷ <https://www.gov.uk/government/organisations/companies-house>

sum (usually £1) upon becoming a member. Liability is restricted to the nominal sum paid. Companies limited by guarantee are widely used for not-for-profit activities where no sharing of profit is contemplated. It is possible for profits to be distributed to members but, under the Companies Act 2006, no entity other than a member may share in the profits of a company limited by guarantee. The structure lends itself towards situations where grant-funding is envisaged and where a number of bodies seek to come together for a "community" or "social" purpose where something other than a simple return on investment is sought'.

4.1.3 Scottish Charitable Incorporated Organisation

The Scottish Charitable Incorporated Organisation (SCIO) is a legal form where the organisation can enter contracts, employ staff, incur debts, own property, sue and be sued. It also provides a high degree of protection against liability. Another advantage is that the organisation only reports to one regulatory body, the OSCR. A disadvantage of this structure is that a SCIO can only exist if its charitable status exists. If the organisation loses or decides to drop its charitable status, the organisation legally ceases to exist. The OSCR website provides further information on this.

4.1.4 Community Interest Company

The Community Interest Company (CIC) model is designed to provide an effective legal form for enterprises which aim to provide benefit to the community or to trade with a "social purpose," rather than to make a profit. More information on setting up a social enterprise can be found on the gov.uk website⁸.

4.1.5 Community Benefit Society

A community benefit society serves the broader interests of a community. Members hold shares and are run democratically purely for the benefit of the community. This includes any profit that is made. The community already has experience of this. The school, developed and built by the community, adopted this model⁹.

4.1.6 Subsidiary Trading Companies

This is a second layer to the company used to manage specific developments (e.g. income generating activities). This is useful from an administrative point of view and to manage risk. They can be used to avoid jeopardising charitable status. The company structure and legal position should periodically be reviewed as the company develops and its circumstances change to ensure that its structure remains appropriate to its activities and ambitions.

The Sunart Community Company has already established a dormant subsidiary company – Sunart Community Enterprise (Company Limited by shares) which could be utilized to house the development of the woodland with the company as the asset owner.

⁸ <https://www.gov.uk/set-up-a-social-enterprise>

⁹ <http://communitysharesscotland.org.uk/resources/handbook/community-benefit-societies>

4.2 Statutory Obligations

Governance of any new forest based company and any type of trading arm that may be created will be the legal responsibility of the board of directors. Hence it is essential that board members are aware of their responsibilities. The information detailed below provides an overview of the main statutory responsibilities the board needs to consider.

4.2.1 Duty of Care

Managing the risk from trees is the responsibility of the owners and managers of the land on which they grow. Under both civil and criminal law, an owner of land on which a tree stands has responsibilities for health and safety of those on or near the land and has potential liabilities arising from the falling of a tree or branch.

It is generally accepted that the overall risk to human safety from trees is extremely low. That said, it is important that landowners and managers undertake their responsibilities in managing the risk. Tree management should not expose people to significant likelihood of death or injury, but such risk can be seen to be tolerable only in the following conditions:

- The likelihood is extremely low.
- The hazards from operational activity are clear to all users.
- There are obvious benefits.
- Further reducing the risks would remove the benefits.
- There are no reasonably practicable ways to manage the risks.

As identified in the Analysis of Risk section below, the main risks associated with Longrigg in regards to tree safety are the potential risk of damage to property and people from the trees on the Southern boundary, fire and as the woodland will be used more for access and recreational activity, visitors.

The Forest Industries Safety Accord (FISA) produce a useful set of guidelines to help with the management of health and safety in forest operations and any owners and managers of woodland, especially where they are considering operational activities, would benefit from either familiarising themselves with these guidelines and or attending Forest Works Manager Training courses. Useful FISA guidelines include:

- Guidance on Managing Health and Safety in Forestry
- FISA 802 Emergency Planning
- FISA 805 Training and Certification

The above list is by no means exhaustive and FISA provide guidance notes on the full range of forest operations and machinery use. The group may decide that a member is appointed health and safety lead coordinator to help oversee the responsibilities associated with risk management who either has knowledge of management of health and safety or would be willing to be trained up in such.

4.2.2 Visual Tree Assessment

A Visual Tree Assessment (VTA) should be carried out by a suitably qualified and insured professional on trees adjacent to properties and where they may be identified as being potential future threats e.g. where they are adjacent to new access roads and any internal forest infrastructure that may be built in the future. The VTA method compares the tree being inspected to a notional healthy, vigorous and defect free specimen (it is important to note that even healthy, vigorous and defect free specimens have natural failure rates). It is generally accepted that a VTA should be conducted on a property four times in a five-year period where the woodland in question is visited once during each of the seasons. Additional inspections could be carried out after specific incidents such as stormy weather and periods of high fire risk. A budget of between £300 and £500 should be set aside for 15 monthly VTAs which would cover on site assessment and report write up to an acknowledged format for VTA reports. Alternatively, this could be included in the list of project manager required skills.

4.2.3 Forest Infrastructure

As the group may wish to encourage the use of the woodland for amenity, recreational and personal enjoyment, any associated infrastructure such as forest roads, paths, access points and the like would need to be inspected on a regular basis to ensure they are safe and fit for purpose. This inspection regime could be tied in with the VTA and any additional tree inspections.

4.2.4 Insurance

It would be prudent for any landowner to take out public liability insurance which would indemnify the insured for accidental bodily injury to visitors and loss of or damage to property of a third party such as neighbouring properties, fences, and buildings. The premium for such insurance cover is dependent on the limit of liability but, for a limit of £5 million in any one claim, the cover would cost in the region of £200 per annum. Cover will not normally extend to activities carried out in the woodland such as horse riding, shooting, mountain biking and orienteering. These activities should be insured by the organiser or individual running those activities. It is possible to ensure the growing timber from fire and windblow and this would attract an additional premium.

Other insurance needs of the business are as follows:

- Public and product liability Insurance.
- Employers liability insurance.
- Building and equipment insurance.
- Event insurance.
- As above possibly fire and windblow liability insurance.

4.2.5 Health and Safety

The company must comply with the Health and Safety at Work act (HSWA) as well as specific requirements relating to individual developments.

4.2.6 Discrimination

The company should have policies in place to ensure no job applicant, employee, worker, customer or visitor is discriminated against either directly or indirectly on the grounds of race, colour, ethnic or national origin, religious belief, political opinion or affiliation, sex, marital status, sexual orientation, gender reassignment, age or disability and adhere to the Equality Act (Specific Duties and Public Authorities) Regulations 2017.

4.2.7 Data Protection

The Data Protection Act (2018) and EU General Data Protection Regulation 2016/679 (GDPR) must be adhered to. GDPR applies to 'Data Controllers' and 'Data Processors' of an individual's personal data. A Data Controller determines the purposes and means of processing personal data. A Data Processor is responsible for processing personal data on behalf of a data controller. It is likely that the business will be both a data controller and data processor.

4.2.8 Working Time Directive

Those working more than 48 hours per week must have consented to do so in writing.

4.2.9 Costs

There are a number of direct costs that are associated with governance are included in the cash flow. These include revenue costs such as insurance, accountancy, office, and other sundry item costs and capital costs such as the purchase of a laptop.

4.3 Staff & Volunteers

A Project Manager Post should be employed to oversee all business activities. These would include, but not be limited to:

- Support ongoing community engagement and develop opportunities for community and volunteering activities within the woodland.
- Implementation and regular review of the operations timeline and financial forecasts.
- Production and implementation of a long-term forest management plan.
- Submission of funding applications.
- Employment of a forest company to plan and oversee the purchase and extraction of saw logs and wood chip.
- Submission of all required planning permissions.
- Employment of contractors to install access to, and within the wood.
- Development of the woodfuel and all other business opportunities.
- Source funding for a feasibility study for affordable housing.

An example job description can be found in Appendix 8.

Recruitment and management policies should be developed to manage the relationship between the business and any staff or volunteers from joining to leaving the company. Appropriate training

will be given to all staff and volunteers. Volunteer agreements could be put in place to enable ease of management and expectation.

4.4 Risks and Challenges

With the ownership of any property and running of a business comes risk. Woodlands have a diverse range of risks associated with them and those most apparent for Longrigg are summarised in Table 6 below along with a risk rating (low, medium, high), potential outcome and any controls that could be implemented.

| Risk | Description | Rating | Outcome | Controls |
|---|---|--------|---|---|
| Securing all funding required to purchase the woodland. | There is a risk that sufficient funding may not be secured to meet any gap between SLF funding and the purchase costs. Public funding sources are extremely limited and sourcing funding is an extremely competitive environment | High | If funding is not obtained the woodland cannot be purchased | A funding strategy should be developed, and a broad range of funds considered and applied for including the possibility of private finance. |
| Managing community expectations | The community company needs to communicate effectively with the wider community to clarify what community ownership will involve, what aims to achieve and the roles of the community company and the working group in that regard. | High | <ul style="list-style-type: none"> The community disengages and do not use the woodland A limited number of the community engage increasing the risk of fatigue | The community should be involved at every opportunity so that they take ownership as a whole |

| | | | | |
|---|---|--------|--|---|
| Unable to agree access to the wood for extraction and public access | Suitable access for extraction of saw logs is essential to the viability of the future plans for the forest | Medium | Unable to proceed with proposals outlined in the business plan | <ul style="list-style-type: none"> • Continue to explore and discuss access proposals |
| Unable to secure adequate funding to deliver management options | Funding not available to employ staff and deliver management options | Medium | Unable to undertake proposals as originally planned | <ul style="list-style-type: none"> • Consider whether additional income can be generated from timber sales alone. • Take longer to implement proposals. • Develop income generating activities. • Seek grants from a wide variety of sources • Undertake as much work as possible using volunteers |
| Drop in income from timber/wood sales | Income from timber/ wood sale drops due to falling market | Medium | Loss of income and therefore ability to implement options | Develop ways to add value to timber such as wood fuel and local milling, artisan products |
| Lack of suitable skills locally | Lack of skills locally in project and forest management | Medium | Unable to progress with delivering objectives as proposed | <ul style="list-style-type: none"> • Contract out woodland management and woodland business rather than take on in house. • Carry out training and upskill |

| | | | | |
|---|--|--|---|--|
| Increased public access and increased liability | Increasing public access for a variety of recreational will increase the likelihood of accidents | Medium | Potential litigation resulting from injury | <ul style="list-style-type: none"> • Carry suitable public and employer's liability. • Produce a safety plan to identify significant hazards. • Instigate a regular inspection regime to identify and mitigate hazards. |
| Fire | Wildfires starting within or spreading to the woodland from surrounding moorland. | Medium – risk of wildfire damage to mature woodlands is considerably lower than to young plantations or open moorland but the significant areas of windblow will increase this risk. | Damage to standing trees, boundaries and neighbouring land or property, personal injury or even loss of life. | Enforcement notices, patrolling and/or monitoring of the site, fire beater points throughout the woodland, maintain rides and tracks as firebreaks, easy access to a source of water e.g. water course. |

| | | | | |
|--------------------|--|----------------|--|--|
| Pests and diseases | Infectious tree diseases (P. ramorum in larch and needle blight in pine), browsing damage by mammals, particularly deer. | Medium to high | If standing trees are known to be infected with a notifiable disease (e.g. P. ramorum in larch) then the trees would require felling by law under a Statutory Plant Health Notification. Browsing damage by mammals is greatly reduced in mature woodlands but any natural regeneration or restocking can be affected. | <ul style="list-style-type: none"> • Monitor condition of trees. • Carry out pre-emptive felling of larch trees. • Thin pine trees to make conditions less habitable for needle blight. • Ensure boundaries are secure. • Control mammals. • Produce a biosecurity plan. • Ensure the woodland management plan is well designed to reduce stress on standing trees, regeneration, and new planting. • When re-stocking check for local and regional pest and disease problems to guide species choice. • Re-stock with a broad range of species to increase resilience. |
|--------------------|--|----------------|--|--|

| | | | | |
|---|---|--------|---|--|
| Windblow | Trees blown down during stormy weather. | High | Significant areas in the wood are already windblown and this increases the likelihood of further areas being affected. Windblow leads to reduced value of the standing timber crop and increase risk of wildfire damage. | <ul style="list-style-type: none"> Thinning and providing a more diverse age range of trees and species within the woodland will greatly reduce the risk from windblow. |
| Roads, rides and tracks and soils | Damage caused by timber harvesting and extraction operations. | High | Longrigg Road is not suitable for any kind of heavy traffic/use and there are potential issues with getting timber lorries onto the A road at the junction with Longrigg Road. There are no in forest roads or tracks and harvesting machines would need to travel on brash mats within compartments. Significant damage to soils with resulting runoff will occur. | <ul style="list-style-type: none"> Operational planning and creating new access prior to felling operations will reduce the risk. Access used would not include travelling down the length of Longrigg road |
| Boundaries with neighbouring properties | Liability of upkeep and repairs to damaged properties and boundary fences with neighbouring land. | Medium | Blown trees and branches falling on and damaging fences and properties. | <ul style="list-style-type: none"> Pre-emptive felling/clearing trees back from boundaries. Erecting new and upgraded deer proof fences. |
| Planning requirements | Planning permission for new access and infrastructure | Medium | If planning is needed then there may be time delays whilst permission is applied for. | Forest roads and basic storage and processing sheds can come under permitted development rules, but the |

| | | | | |
|--|--|--|--|---|
| | | | | local planning authority should be consulted before any infrastructure works begin. |
|--|--|--|--|---|

Table 6 – Risk Analysis

5 Funding Sources

5.1 Funding Sources for Acquisition

The key source of public funds for the acquisition of the Estate and eligible assets is the Scottish Land Fund. This can fund up to 95% of eligible project costs.

In February 2018 the woodland was valued at £270,000. A new valuation will be required in order to submit an application to the Scottish Land Fund, and to apply to FLS for a Community Asset transfer. Forestry & Land Scotland will share the cost of a revised valuation with the community.

Assuming no change in value the community would have to raise £13,500, assuming the full 95% is awarded, however pressure on SLF funding may mean that 95% cannot be guaranteed.

However the application for a Community Asset Transfer includes the opportunity for the community to make a case for an acquisition at less than open market value on the grounds of community benefit. This discount can be used to cover the match funding requirement of SLF.

If the application to the Scottish Land Fund is successful the Scottish Land Fund advisor that is responsible for support during the application process will be able to signpost funding to help match the public funds.

There is also some possibility for a small amount of revenue funding which could help meet revenue costs.

Potential options for match funding include:

- Community shares¹⁰ (although this would require a new community benefit society to be created for the woodland)
- Applications to a range of small grant giving bodies

¹⁰ <https://communityshares.co.uk/>

- Sunart Community Benefit Fund – this typically donates £20,000 per year to local good causes with uplifts available for legacy projects. See: <https://sunartcommunitycompany.co.uk/directory/community-benefit-fund/>
- A contract for a standing sale of timber prior to purchase with capital provided by negotiation with a forestry company in advance of purchase. This would reduce income from timber sales, and affect the overall cash flow.
- Social investment options which enable the company to borrow money from any one of a range of social investment institutions or offer community bonds in order to raise the match funding and / or revenue funding for the first year.
- Generating operational profits from the sale of commercial timber in the early years and minimising capital outlay provides the community company with income which will enable a range of match funding or financing options to be considered.

5.2 Revenue and other Funding Opportunities

Table 7 below provides links to a number of funding sources that relate to community and environmental funding.

| Source | Links to Further Information |
|--|---|
| Aviva Community Fund | https://www.avivacommunityfund.co.uk/about-us |
| The Gannochy Trust | https://www.gannochytrust.org.uk/our-grant-making/ |
| Esmee Fairbairn Foundation | https://esmeefairbairn.org.uk/environment |
| Foundation Scotland (links to a number of funds) | https://www.foundationscotland.org.uk/grants-and-funding-for-organisations/grant-programmes/ |
| Greggs Foundation | https://www.greggsfoundation.org.uk/environmental-grant |
| Gordon & Ena Baxter's Foundation | http://www.gebfoundation.com/ |
| Garfield Weston Foundation | http://www.garfieldweston.org/ |
| Postcode Local Trust | www.postcodelocaltrust.org.uk |
| Lindsays Charitable Trust | callumkennedy@lindsays.co.uk |
| The W M Mann Foundation | mail@wmmanngroup.co.uk |
| Lydia Michael Trust | ARUP 13 FITZROY STREET, LONDON, W1T 4BQ |
| Pump House Trust | Turcan Connell Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE |

Table 7 – funding sources

6 Appendices

Appendix 4 – Cash Flow Projections a and b

Appendix 5 – Maps

Appendix 8 – Project Manager Job Description