DRAFT FEASIBILITY STUDY ON THE ACQUISITION OF AIGAS FOREST BY AIGAS COMMUNITY FOREST

REPORT PREPARED BY BELL INGRAM LIMITED JULY 2009

Acknowledgements
The authors would like to thank all those who contributed their time, knowledge and expertise to the production of this report, especially the members of the Aigas Community Forest steering group (ACF) and the members of the local community. This report was supported by the Community Land Unit. Highlands and Islands Enterprise. In addition ACF would like to thank Community Woodlands Association Scotland for supporting the project:

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EXECUTIVE SUMMARY

The purpose of this Feasibility Study is to assess the options for Aigas Community Forest (ACF) for the potential of Aigas Forest to deliver tangible social, economic and environmental benefits to local residents and visitors alike.

Context
Situated to the south west of Beauly, the Aigas Community Area (the 'community' or 'communities') covered by this report covers an area of 1780 ha including the settlements of Mains of Aigas, 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 (ACF) in 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 specifically 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 and 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. Questionaires 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.

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. However the extent to which these benefits could be realised depends to a large degree on the type of land tenure that the community decides to pursue in relation to Aigas Forest.

Of the three types of land tenure which the community could consider – lease, management agreement or acquisition – acquisition is the option which would enable the greatest amount of public benefit from the forest. Should the community decide to proceed with purchase of the forest, this could either be carried out in a single phase, or in stages. However, if the community is willing to take on the responsibility of ownership, it is advised that it should consider a one-stage purchase of the forest.

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 fulfill 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 is 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 Beauly 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 (See Appendix J). 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. It is not known if the FCS would accept such an approach but if needed a phased purchase of the forest which enabled a turbine(s) to be installed would create an income stream to facilitate subsequent phases. The acquisition of only part of the Forest as an end in itself, for example the less expensive 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 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. All of this augurs well for the future should the community purchase go ahead.

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, there are prospects for market conditions improving in a number of areas in the future. That said 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.

1. INTRODUCTION

<u>Feasibility study aims and objectives</u>
The purpose of this Feasibility Study is to assess the options for Aigas Community Forest (ACF) for the potential of Aigas forest, located in Strathglass, Inverness-shire to deliver tangible social, economic and environmental benefits. The report aims to accurately and realistically reflect the community's opinions and aspirations regarding acquisition of the forest and provides an overview of the socio-economic prospects for the project.

The report outlines the context for the project proposal, considers the potential of the acquisition of Aigas Forest as a means to providing benefits to the local community and visitors alike. An outline is provided of possible ways forward for acquisition of the forest, and consideration is given to the activities which would be enabled by community ownership of the forest. It analyses the capacity of the community to manage and develop a project of this size, and considers means by this could be developed.

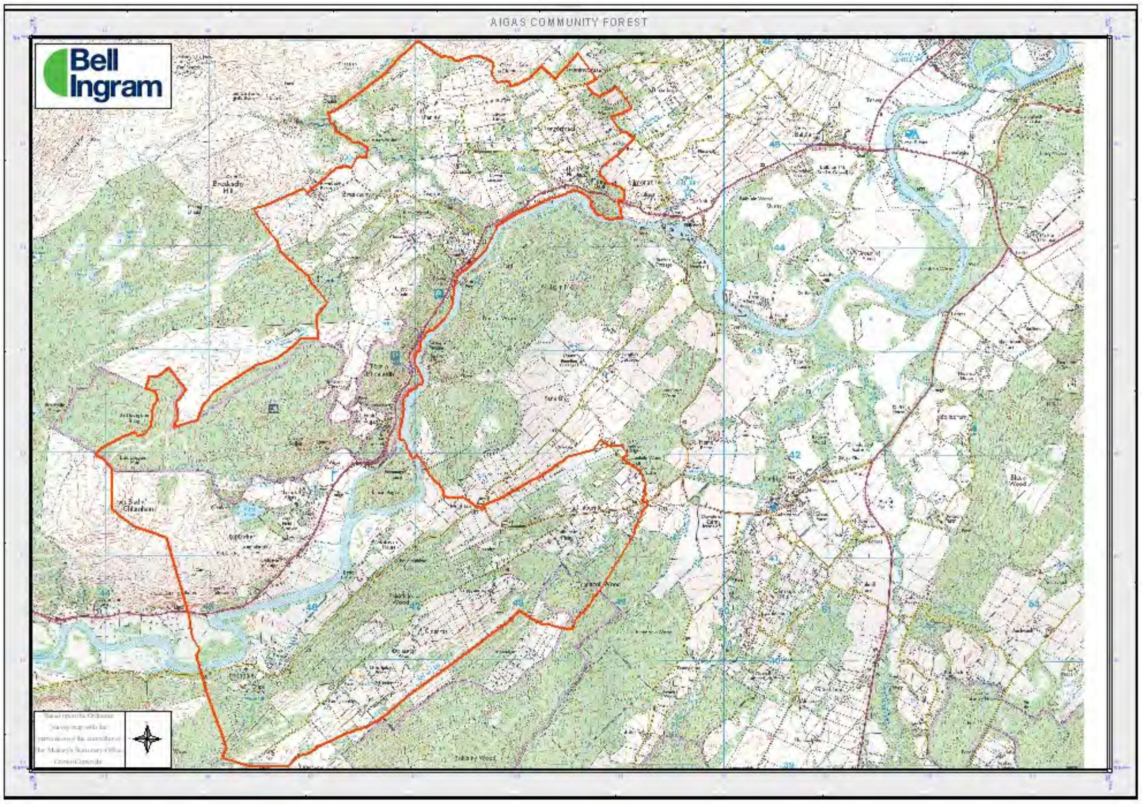
A critique is carried out of the financial implications of each of the options considered, and of the associated benefits.

2. BACKGROUND

2.1.COMMUNITY CONTEXT

2.1.1 The Aigas Community Area

Situated to the south west of Beauly, the Aigas Community Area (the 'community' or 'communities') covered by this report is defined in Appendix D and covers an area of 1780 ha (4,400 acres). It is around 6.7km (4.2 miles) long and just under 4.3km (2.7 miles) at its greatest extent. The main settlements of the community are Mains of Aigas, Crask of Aigas, Culburnie, Kinerras, Teanassie, Beakachy, Farley and Torgormack. It is rolling countryside reaching 257m at its highest point.



2.1.2 Population

The full time resident population of the community is now around 400 and is thought to match the positive population growth patterns of the Aird and Loch Ness Ward of which it forms a part. The community is popular with people of a working age, who form around 70% of the local adult population. The population profile has changed over the last two decades with new people to the area introducing an increasingly commuting professional element although there is still a strong rural bias.

2.1.3 Economic activity

Traditionally, the primary activity of the communities inhabitants was farming. In recent times other activities have developed in the area including tourism, recreation and education.

2.1.4 Housing

There are approximately 130 houses in the community most of which are permanently and owner occupied although there is a small rented sector. In general there is understood to be a strong demand for housing of all kinds in the community evidenced by a number of individual house building schemes taking place. Until the economic downturn the market for houses was buoyant, with prices at or above the national average.

2.1.5 Transport links

The community is comparatively well connected, Crask of Aigas being 6 miles from Beauly, 15 miles from Inverness, and 25 miles from Inverness Airport. The A831 Beauly to Cannich road runs through the centre of the community. There are regular train and bus services from Beauly to Inverness but public transport within the community is rather limited. Beauly station was re-opened about ten years ago. There is a need for local transport to enable the less mobile residents within the community visit the shops, Post Offices or surgery.

2.1.6 Shops

There are no shops in the community with Beauly being the nearest comprehensive settlement for shopping. Most local people now carry out their weekly shopping in Inverness or Beauly. For other items, internet shopping is becoming increasingly popular with local families.

2.1.7 Schools

Secondary school pupils are bussed daily to Charleston Academy, Inverness. The primary school at Teanassie remains open, with currently 67 pupils in the main school and a further 21 in the nursery. There are 14 teaching and support staff in the school.

2.1.8 Services / facilities

Recreational facilities in the community include:

- Community Hall at Kilmorack
- The 9 hole golf course at Mains of Aigas

Other public facilities in the community include:

- A Chapel at Eskadale.
- A public library service which visits the community once a month.
- The Aigas Field Centre
- There is broadband coverage across most of the community
- The Kilmorack under 5's group
- The Kilmorack Heritage Society

2.1.9 Visitors

This scenic area is relatively close to urban centres and is on the A831 Beauly to Cannich road which gives access to the Glen Affric National Nature Reserve, and also Glens Cannich and Strathfarrar. As a consequence the area is frequented by visitors but often en route to Glen Affric. The 9 hole golf course at Mains of Aigas does well from passing trade and a limited membership with about 30,000 visitors annually over the last five years. Mains of Aigas also have five self catering holiday cottages and further holiday cottages are found at the Teanassie old Deer Farm and Dunsmore Lodge. The Aigas Field Course Centre is understood to be Scotland's oldest and most experienced wildlife tour operator providing a range of holidays, they also provide ranger training courses and organised school visits.

2.1.10 Future prospects

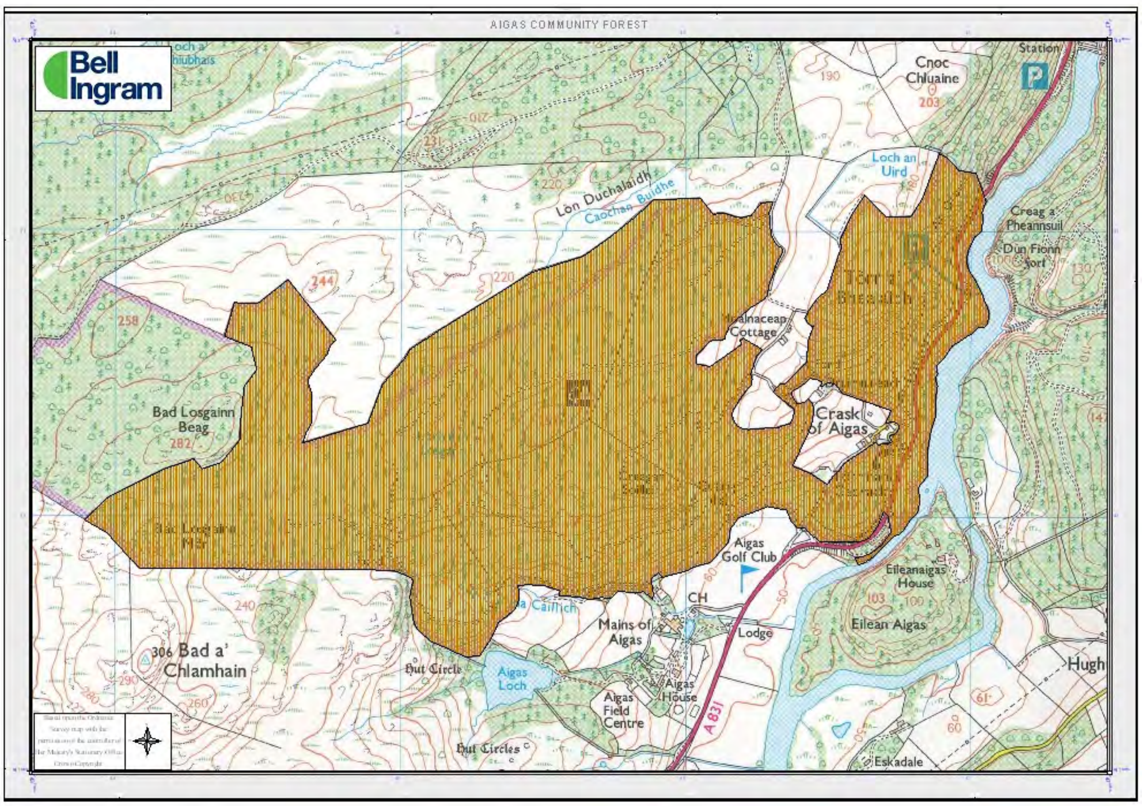
If the local situation continues to develop as at present, the community is likely to develop as a vibrant and capable group of people albeit an ageing one. A shortage of affordable housing however could be a barrier to young families coming into the area something which could have a detrimental effect on the school roll.

2.2. AIGAS FOREST

Aigas Forest, in part adjoins Crask of Aigas, extends over a total area of 285ha (700 acres). As such it is a major local resource, partly very prominent within the local landscape and at present is under managed, and underused, and provides very little local employment. The forest land is currently owned by the State and managed by Forestry Commission Scotland on the State's behalf. The forest was largely planted in phases between 1952 and the mid 1960s. The forest cover consists of 86% conifers, 9% open ground and 4% broadleaves. Large areas are now reaching maturity and early commencement of a restructuring felling plan would be desirable. Although currently dominated by planted conifer crops the records show significant areas, particularly adjacent to the River Beauly, as being Ancient Woodland of semi-natural origin. Other areas are recorded on old plans indicating that they are on the site of Long Established plantations. This information suggests that these sites in particular would be excellent candidates for a restoration project to return the woods to their native character and restore many of the previous bio-diversity benefits.

Within the woodland 100sqm of land was leased to Telcom Securicor Cell Radio Limited in 1998 for the erection of telecommunications mast and this currently provides a comparatively risk free rental income of £7,756pa. The lease came to an end in March 2008 and the tenants remain in occupation on tacit relocation pending a lease extension.

Map: Location of Aigas Forest



2.3. AIGAS COMMUNITY FOREST

The community based organisation which is leading this initiative was set up as the Aigas Community Forest (ACF) in 2009. From establishment, an active 12 person steering group has driven the project forward, and are actively taking steps to establish the organisation as a company limited by guarantee, hopefully with charitable status, called the Aigas Forest Company (AFC).

Membership of AFC 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.

AFC 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.

2.4 POLICY CONTEXT

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 areas, and the Scottish Government has committed to providing assistance to address these issues. This is being realised through the institution of structures, funding and policies to support initiatives which can help to address the issues of rural depopulation, ageing of the rural population, decline of traditional rural industries and wherever possible to support environmental enhancements.

In particular, there are 3 specific areas of policy which specifically relate to the community's aspirations, 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 AFC project are considered in turn.

2.4.1 Scottish Rural Development Programme (SRDP)

The SRDP is a £1.6 billion grant programme of economic, environmental and social measures which aims to develop rural Scotland. The programme will run until 2013. It brings together a wide range of formerly separate support schemes including those covering the farming, forestry and primary processing sectors, rural enterprise and business development, diversification and rural tourism.

The National Strategy for the SRDP is looking to environmentally sensitive, sustainable agriculture, forestry, food production and associated business as a catalyst for rural regeneration and securing the long term viability of rural businesses.

The SRDP National Strategy acknowledges that diversification is required in rural areas as a means of achieving population retention. The continued importance of agriculture, food and forestry to rural areas is recognised, as are the potential employment effects of forest recreation and tourism, forest products, the growth in eco and wildlife tourism, and the development of local wood fuel markets opportunities to build on entrepreneurship in rural areas are identified, alongside building on civic awareness and developing capacity building programmes. There is support for actions to encourage the development of new and innovative products and processes, and a recognition that improved marketing of products will be important.

A major focus of the SRDP is to sustain and improve the landscape, and the natural and historical environment. It is recognised that environmental improvements will have a wider role in contributing to general social and economic benefits, for example facilitating tourism opportunities and enhancing living and working environments. The potential which exists to encourage small scale improvements and solutions for services such as recreation, tourism, transport, energy, IT access and housing is acknowledged.

The main outcomes of the programme are envisaged to include well maintained landscapes and biodiversity benefiting people and businesses, and rural development benefiting local communities. .There is support for the reduction of food miles and for the development of renewable energy.

Through these packages funding will be made available to assist communities and others to establish businesses, invest in machinery etc. .While this is potentially encouraging for AFC, it will be important to keep in mind that the SRDP is likely to be extremely competitive, and the organisation would have to remain focused, clear and specific about its requirements were it to apply to the programme for funding.

2.4.2 The Scottish Forestry Strategy

The Scottish Forestry Strategy (SFS) seeks to encourage the positive and creative use of Scotland's forest resources, integrated with other land uses and businesses as a key element in securing long term viability and sustainability of rural communities. The SFS's vision is one where the forestry resource has become a central part of the country's culture, economy and environment. The vision is underpinned by a number of principles, all of which the ACF project envisages following, namely:

- Sustainable development.
- Social inclusion.
- Forestry with people.
- Integration with other land uses and businesses.

The objectives of the SFS, with which the ACF project is again a good fit, include:

- Assisting community participation
- Enhancing opportunities for health and enjoyment
- Contributing to the growth in learning and skills
- Facilitating the development of markets for forest products
- Facilitating rural business diversification and development
- Increasing the contribution of forestry to tourism
- Positive contribution to soil quality and landscape quality
- Helping to protect and enhance biodiversity

The Forestry Commission Scotland's focus, as outlined in the strategy has six priorities, including delivering forestry for people and rural development.

2.4.3 Crofting Reform Act 2007

The Crofting Reform Act 2007 came into effect in June 2007. It allows for the creation of new crofts, addresses the neglect or misuse of crofts and ensures that crofters are able to take full advantage of the economic benefits of securing croft land. It also provides a mechanism to allow a crofting landlord to remove a crofter's statutory right to buy their croft for any new crofts created, and also to limit a crofter's right to assign (transfer) the croft lease to non-family members. Further measures covering the regulatory work of the Crofters Commission and information held on the register of crofts commenced in January 2008. The principal relevance of the Act to ACF is the ability to create new woodland crofts which is one of the organisation's proposals.

2.5 THE PROCESS TO DATE

2.5.1 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.

2.5.2 Early progress

A 12-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 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.

In the opinion of Bell Ingram, the Steering Committee's work to date has been carried out in an exemplary manner. The timetable laid down by the National Forest Land Scheme is demanding, but all meetings have been held as scheduled and recorded with great efficiency and thoroughness. Communications with the local population have been regular and effective. Funding applications and tender documents have also been prepared with great care and professionalism. All of this augurs well for the future should the community purchase go ahead.

2.5.3 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%.

The results are shown below:

Age of respondent:	Under 16	2 (4%)
	16-35	3 (7%)
	36-64	28 (68%)
	65+	8 (20%)

Comment - The under-representation of respondents aged under 35 is typical of surveys of this sort.

Gender:	Male:	19 (46%)
	Female:	22 (54%)

Comment - several survey forms were returned jointly on behalf of couples/families, the gender of the main respondent only is shown.

38 respondents (93%) classed themselves as local residents, 2 (5%) as "fairly local" residents and 1 (2%) as a local school pupil.

1. What would you say was your level of interest in the future of Aigas Forest?

HIGH 26 (63%) MEDIUM 10 (24%) LOW 4 (10%) no response 1 (2%)
Comment - none of those answering "low" currently make use of the forest.

2. Do you and your family currently make use of the Forest?

YES 25 (61%) NO 15 (37%) no response 1 (2%)

3. What activities do you and your family currently carry out in the Forest? (please state all)

Walking	-	24 mentions
Cycling	-	8 mentions
Birdwatching	-	7 mentions
Wildlife/nature (other than birdwatching)	-	5 mentions
Running	-	3 mentions
Picnics	-	2 mentions
Enjoying peace and quiet/relaxing	-	2 mentions
Horse riding	-	1 mention
Photography	-	1 mention
Teaching	-	1 mention
Mushroom gathering	-	1 mention

Comment – most respondents to this question currently use the Forest for more than one type of activity. Although some respondents chose to remain anonymous, it appears that the large majority of current users live very close to the Forest.

4. Do you have any comments about access to, and within, the Forest?

Not clear where the access is	-	5 mentions
Some paths need improved/maintained	-	4 mentions
No signs	-	3 mentions
Opposed to further public access	-	2 mentions
Concern about vehicles driving through Crask	-	2 mentions
There is no access to our knowledge	-	2 mentions
Some areas of the forest are hard to access	-	2 mentions
Needs a car park	-	2 mentions
Need to encourage more public use	-	2 mentions
Access could be better	-	1 mention
Need to improve access for riders	-	1 mention
Access for disabled must be introduced	-	1 mention
Access is good	-	1 mention

Comment – the general tenor of these responses is that considerable improvements to access are desirable

5. Now write down the things you like at the moment about Aigas Forest and its immediate surrounding area (even if you don't visit the forest at the moment). What aspects of the forest do you especially cherish?

Wildlife habitat	-	13 mentions
Peacefulness/lack of people	-	11 mentions
Beauty/attractiveness	-	11 mentions
Pleasing aesthetic back-drop to the area	-	8 mentions
Availability of public access for walking and other activities	-	7 mentions
Mature/beautiful trees	-	5 mentions
Views	-	5 mentions
Unspoilt	-	4 mentions
Birdlife habitat/viewing	-	4 mentions
Good paths	-	4 mentions
Diversity	-	2 mentions
Proximity to canoeing	-	1 mention
Sense of history	-	1 mention
The lochan	-	1 mention

6. Now tell us the things that you <u>don't</u> like at the moment about the forest and its surroundings.

Forest badly managed/neglected/too dense	-	18 mentions
Difficult access	-	8 mentions
Lack of views	-	4 mentions
Monoculture of conifers	-	4 mentions
Paths overgrown	-	3 mentions
Limited wildlife	-	3 mentions
Lack of circular paths	-	3 mentions
Lack of parking	-	3 mentions
No paths for horses	-	2 mentions
Dog walking/fouling	-	2 mentions
No paths for horses	-	2 mentions
Ticks	-	2 mentions
Deer cause garden damage	-	1 mention
Crask properties overshadowed	-	1 mention
Deer stalking	-	1 mention
Horse riders	-	1 mention
No mountain bike trails	-	1 mention

7. Please say what improvements and/or new amenities you would like to see in the forest in future.

Nature trails/waymarked walks	-	14 mentions
Thinning of trees/introducing broadleaf species	-	13 mentions
Mountain bike trails	-	12 mentions
Encourage more sporting activities (various)	-	7 mentions
Create/restore lochans	-	6 mentions
Woodland crafts workshop(s)/office space	-	6 mentions
Horse riding/jumping tracks	-	6 mentions
Encourage more public access/open days	-	6 mentions
"Eco-community" building/information centre	-	5 mentions
Signposting/interpretation	-	5 mentions
Improve access to River Beauly	-	5 mentions
Play area	-	4 mentions
Improve disabled access	-	4 mentions
Explore renewable energy	-	4 mentions
Car parking	-	4 mentions
Birdwatching hides	-	4 mentions
Seats/picnic areas	-	4 mentions
Woodland burials	-	3 mentions
None, leave it as it is	-	3 mentions
Encourage wildlife/biodiversity	-	3 mentions
Trout fishery	-	3 mentions
Replant some areas for commercial timber	-	3 mentions
Forest skills training/horse logging	-	3 mentions
Assault/abseiling course	-	2 mentions
Camping area	-	2 mentions
Create viewpoints	-	2 mentions
Woodland chapel	-	2 mentions
Small-scale agriculture		
Holiday accommodation		
Sculpture trail		
Maintain fences		
Control vermin		
Quad bike trail		
New bridge over the river		

Comment – this is a very wide range of suggestions and whilst clearly some are simply a "wish list" it is also notable that a large majority of respondents wish to see better recreational/leisure opportunities created, with relatively few wishing to consider "economic" activities developed.

8. Tell us why you would like to see the forest change in the ways you have suggested, from the perspective of you, your family's or your club/group's needs.

To encourage more access to the forest for different user groups	-	11 mentions
Will improve local amenities for local people	-	7 mentions
To increase enjoyment of the forest/healthy lifestyles	-	6 mentions
Better land use/more natural afforestation	-	5 mentions
To help wildlife/biodiversity	-	4 mentions
Green fuel resource/reduce local carbon footprint	-	3 mentions
Help local economy	-	3 mentions
Maintain the forest for future generations	-	2 mentions
Improve quality of life for Crask residents	-	2 mentions
Improve educational opportunity	-	2 mentions
More amenities for tourists	-	2 mentions
Enhance community spirit		
Develop forestry and craft skills		

Comment – again, there are relatively few mentions of using the forest as an economic resource.

9. Please score the following possible uses of the forest according to what you feel is most important for the future benefit of the local community.

Total Points scored (lowest number indicates highest priority)

Environment	72
Economy	135
Energy	134
Education	136
Enjoyment	88

(Note - 5 respondents did not complete this question)

Comment – the answers to this question provide a very clear set of indicators about respondents' priorities. There is a marked gap between the two highest priorities (Environment and Enjoyment) and the others. Environment received the largest number of "top priority" scores, and Energy received the largest number of "lowest priority" scores. Energy was however also the theme where opinion was most split, and also received a good number of "fairly high priority" scores. Economy and Education received consistently "fairly low priority" scores.

10. Other comments.

Most respondents did not provide additional comments; of those who did, the only themes repeated more than once were (a) the forest is large enough to support a variety of activities (4 mentions); (b) community purchase would be a waste of money which would be better spent on public services (3 mentions); (c) no motorised sports should be permitted (3 mentions).

Only four respondents (10%) expressed outright opposition to the idea of community buy-out/encouraging greater access. Their opposition was for a variety of reasons, so the risk of any strong and consistent opposition to the Community Forest concept would appear to be low.

Public Meeting

The Public Meeting and workshop session was held was held at Kilmorack Hall on the evening of 29 June. The event was publicised in the Steering Committee's newsletter, on the household questionnaires circulated the previous week, and in the local press.

The event was well attended, with 9 Steering Committee members and 32 members of the public present. 22 of the 32 members of the public were current users of the forest. The format of the workshop session was that each attendee spent 15 minutes at each of five different tables devoted to the five "themes". The discussions at each table were facilitated by Bell Ingram staff, who also kept a record of the major points that emerged. The evening concluded with a summing up and refreshments.

Summary of views expressed:

Environment - Although many topics were covered under this heading, the consensus was that more native trees should be introduced, which would improve visual amenity and biodiversity; large-scale clear felling should not take place (if it had to happen it should be in small blocks); the wooded areas of high landscape value (near the main road, bordering Aigas Golf Course and along the river) should never be felled. Most participants felt that the forest was largely "sterile" in terms of wildlife and birdlife, though some were more aware of different species present than others.

Economy - It would be fair to say that this theme was perhaps the one which participants found it hardest to comment on - the economics of commercial forestry are not well understood. Whilst a number of ideas for small forest-based businesses were expressed, these tended to be aspirational rather than well-developed as business concepts. Interestingly, nobody mentioned the possibility of building houses in the forest, and it was also notable that almost nobody felt there was any potential for tourism-based businesses such as holiday accommodation. Many people did say that the forest was large enough to allow for both recreational and commercial activities, and there was a general understanding of the need to generate some economic return from the forest.

Energy - Participants were asked their views about three types of renewable/sustainable energy: hydro power, wind power and wood-related energy sources. There was little support for micro-hydro generation (mainly because of doubts about its viability in this location rather than any in-principle opposition). The idea of wind turbines saw opinion split equally between "pro" and "anti". However there was total support for the principle of using the forest as a source of wood energy, whether that was wood chip, pellets, logs/firewood or brash.

Education - There was good awareness of the possibility of using the forest as an educational resource, and a broad definition of "education" was held by most. Key groups who could benefit were seen as school children (primary and secondary), young offenders, and the elderly. It was felt that sensitively-sited interpretation materials would be of assistance in explaining the forest's ecology and history. Partnerships could be developed with Aigas Field Centre and/or the University of the Highlands and Islands. Skills training and volunteer working parties improving the forest could also be viewed as "education".

Enjoyment - It was accepted that a community buy-out had the potential to increase the use of the woodland to both locals and visitors but this was welcomed on the whole, and it was seen as part of the future ownership that better access, through improved parking, upgraded footpaths, designated cycle tracks etc. would be a benefit to the local community as a whole. There was outright antipathy to charging for any activities partaken purely for enjoyment. There was also a unanimous feeling that without being able to enjoy the woods in a personal, unrestricted way (communing with nature) there was no point in owning the woodland, and that ownership, which would give personal involvement and responsibility, would enhance that enjoyment.

<u>One-to-One Interviews</u>

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.

<u>Overall Summary of Consultations</u>

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.

It is however a nagging worry that despite good turnouts at the public meetings and the undoubted enthusiasm of those close to the project, it does not yet seem to have captured widespread local engagement. Although the household survey returns were largely anonymous, there is a strong likelihood that many of them were completed by the same people as had attended the workshop meeting. This contrasts with the much higher levels of community involvement in the concurrent campaign for upgrading Kilmorack Hall.

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 frequent 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 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 forst 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.

2.5.4 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.

2.5.5 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.

2.5.6 Community Ballot

A ballot must be held to demonstrate widespread community support and the ACF are arranging for a ballot to take place on the 27th August 2009, time and location to be agreed. The requirement for community support will be satisfied if at least half the members of the community (those resident and registered to vote) vote in the ballot and the majority of those voting vote in favour of the community buying the land.

2.5.7 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 Commiteee, 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, pathbuilding, 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 in the medium to longer term, it is almost inevitable 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.

3. THE WAY FORWARD

3.1 COMMUNITY CONTROL – POTENTIAL OUTCOMES

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

- The forest acting as a catalyst for a more healthy, secure and diversified community
- Enhanced recreational facilities
- Greater environmental biodiversity benefiting wildlife, local people and visitors
- Creation of renewable energy opportunities
- Establishment of housing and crofts – housing with forestry land
- Provision of opportunities for employment and local income generation
- Provide opportunities for training and skills development
- Become an educational resource

3.2 OPTIONS FOR THE COMMUNITY

The extent to which these potential benefits can be implemented and maximised depends to a large degree on the type of land tenure that the community decide to pursue in relation to Aigas Forest.

3.2.1 Tenure options

ACF have a range of options open to them to gain control over the management of Aigas Forest and to achieve their organisational objectives.

3.2.1.1 Acquisition

The acquisition of land is the principal option open to the community and perhaps the one which has the greatest potential rewards as well as risks.

Pros

- ACF would have security of tenure over the asset.
- Flexibility to utilise the land asset according to the current and future requirements of the community. This flexibility is of course usually tempered by conditions attached to offers of grant given to purchase the land as well as legislation, planning controls etc.
- Income stream potentially available from sale of timber. Once the capital timber asset is purchased, the community can utilise the proceeds from the sale of timber to cross-subsidise other non-income generating aspects of the project. It is particularly useful to be able to contribute a community contribution when putting together funding proposals.
- Potential for the future lease or sale of land to 3rd parties to achieve objectives. This would be subject to the agreement of funding organisations and would be dependant upon the sale / lease of land contributing towards the community achieving its objectives.

Cons

- The initial purchase of the capital asset is expensive and the closure of the Growing Community Assets Fund to new applications meaning considerable fundraising will be required.
- Any funds raised are then tied up and cannot be used. It would be theoretically possible for a community to borrow money using the community owned land as security but would require considerable financial management to repay capital and meet interest payments.
- The ownership of land is a considerable commitment for a community to take on and entails responsibilities – for the land itself, as well as for any staff employed and for visitors to the property. Taking out insurance can mitigate against any risks to third parties.
- Community volunteering commitment. The establishment and running of a community land initiative by ACF entails considerable commitment in terms of volunteer time and energy. This requirement is also ongoing, and requires the community group to consider issues of succession (ensuring that new directors and office bearers are brought on-board), maintaining membership levels, and finding ways of keeping the community informed, participating and being involved in the operation and management of the ACF.

3.2.1.2 Lease

This option is to lease areas of the forest in order to carry out specific activities.

Pros

- Less funds required up-front. As ACF would not be purchasing the land, then a capital sum would not normally need to be paid.
- Any funds raised by the community itself could be utilised in the development of the project itself rather than on purchase costs.
- Less onerous in terms of responsibilities

Cons

- The principal problem with this option is that, under the terms of the Forestry Acts, FCS can not lease land to 3rd parties for forestry purposes – i.e. the community could not lease areas of forest in order to carry out woodland management activities. This would severely restrict ACF's ability to achieve its objectives.
- Given the restrictions in terms of land use under the terms of the lease, this option gives ACF a more limited ability to achieve its organisational objectives.
- An ongoing annual rent payment would be required. Whilst it is possible to source funds to purchase a capital asset, it would be difficult for ACF to find funding for annual rental payments.
- Use of the property would be restricted to the terms of the lease. It is likely that any lease would seek to limit the use of the land.
- Under Scots Law, it is not possible to lease land for the purposes of the construction of housing.
- A lease is a depreciating asset. At the end of the term of the lease, then the community would have no physical asset, despite any investment made by them.
- Reduced security of tenure. At the end of a lease, it may not be possible for the tenant (ACF) to renew the lease. In addition, if any of the terms of the lease were broken, then the landlord (FCS) would have recourse to terminate the lease.

3.2.1.3 Management agreement

Some community woodland groups in Scotland have entered into management agreements with FCS regarding the management of FCS forests. These agreements usually allow for the community to be involved in aspects of woodland management. This is the least onerous of the options open to the community.

Pros

- Low risk
- Little or no funds required up-front
- Funds raised can be utilised on project development rather than acquisition

Cons

- Use of property restricted to terms of agreement.
- Given the limited scope of these agreements, there would be a limited ability for ACF to realise its organisational objectives.
- No security of tenure – usually FCS can opt to terminate these agreements immediately.
- It is likely that this option would have little financial impact on local economy
- Limited funding is available to groups that wish to carry out activities that involve improvement of the land asset if they do not have any security of tenure over that asset.
- Due to the time and management input required by FCS on on ongoing basis, this would not be the preferred option of FCS

3.2.2 Scale of acquisition

It is theoretically feasible for ACF to look to a phased purchase of Aigas Forest, and this is certainly an option that the ACF identified at tender stage. This option would involve the initial purchase of a smaller area of land, followed in a number of years by the remainder of the forest. The advantages of both approaches are set out below:

3.2.2.1 Single purchase

This would involve the purchase by ACF of Aigas Forest in one transaction. The benefits of this approach are:

- The FCS may not accept a phased purchase.
- There is remains strong political and some agency support for community purchase of land and assets.
- Only one acquisition and funding process is required. As the acquisition process is complex and time consuming, it is more efficient in terms of volunteer time and effort if it is concentrated in one purchase.
- Greater range of projects possible from the start.
- The purchase of the more commercial areas of the forest will allow for the future sale of timber to subsidise other, non-income earning aspects of the project elsewhere in the forest.

3.2.2.2 Phased acquisition

This option is based on the premise that a phased purchase may enable the community to stage the purchase of the woodland as they raise funds, it may also allow the community to develop skills and experience in a smaller, less onerous area of land. It is not known if the FCS would accept such an approach but if needed a phased purchase of the forest which enabled a turbine(s) to be installed its revenue could then facilitate subsequent phases. The acquisition of only part of the Forest as an end in itself, for example the less expensive road side sections, would considerably reduce income earning potential across the board. Some of the proposed could be done but would heavily rely on donations or grant funding assuming it is available. Renewable energy projects would not be possible.

3.3 RECOMMENDED COURSE OF ACTION

It is advised that, assuming the community is willing to take on the responsibility of ownership and can raise the acquisition cost, that the following would be the best course of action for AFC:

- Purchase of Aigas Forest would be the best option to allow community to realise its objectives and give it the necessary flexibility to meet changing circumstances and provide the greatest public benefit.
- Purchase of the forest should be undertaken in one phase.
- That immediate attention should be given to raising sufficient finances to supplement the funds available from HIE and others.

3.4 ACQUISITION PROCESS

3.4.1 The National Forest Land Scheme

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:

- The community organisation must be an eligible community body.
- The land must not be excluded land (not relevant).
- The community must have a substantial connection with the land.
- The community must have the capacity to manage the land.
- The proposal must have community support.
- The proposal must be consistent with the principles of sustainable development.
- The proposal must be in the public interest.
- The proposal should not be significantly detrimental to the management of the National Forest Estate.

An initial assessment would seem to indicate that ACF is able to fulfil all these criteria.

The Community Consultation out as part of this report identifies a depth and range of skills and experience within the community which, given appropriate support from funders and involved organisations, should allow community to competently manage the forest should it choose to do so.

3.4.2 Acquisition Funding

The acquisition of Aigas Forest by ACF would entail the raising of considerable funds. As of the date of the production of this report the valuation has not been carried out and it is therefore not possible to detail exactly how the necessary acquisition funding could be raised. However, it is possible to identify the principal sources of funding, as used in similar circumstances by other community land initiatives. This is summarised in the below table:

Funding Source	% of Acquisition Costs
Growing Community Assets Fund (maximum)	nil
Community Land Unit (approximately)	10
The Third Sector Enterprise Fund (approx.)	10
Community own contribution (minimum)	80
TOTAL	**100**

Growing Community Assets Fund of the Big Lottery Fund
The GCA closed to new applicants during the first half of 2009. It has recently completed a consultation exercise for the new fund due to be launched mid 2010. It is understood that the priorities of the new scheme will be known from November 2009.

Highlands & Islands Enterprise (HIE) Funding.
HIE's Community Land Unit can provide financial support for both the acquisition and the subsequent development of community land projects and this can form a vital funding bridge for any community land purchase. For acquisition, HIE can provide a grant of 10 % of acquisition costs. The criteria for and levels of funding available through HIE are currently under review. The outcome of the review should be known before the end of 2009.

The Third Sector Enterprise Fund
This £12 million fund is operated by the Scottish Government and runs between 2009 and March 2011. It is designed to help 'third sector' organizations to make a 'transformational step change towards building capacity, capability and financial sustainability'. The fund makes payment up to £100,000. It is possible that the ACF would be eligible to apply to the scheme for assistance with the capital acquisition costs and a business plan would be required for applications over £70,000. An application would only be considered if there was a high degree of certainty that the purchase would go ahead because all fund must be claimed by March 2011 and the fund managers will want to ensure that monies will be used.

The fund will make funds available for staff appointments and the payment of wages, plant and machinery, governance and financial controls etc.

Community funding
A vital element of land acquisition funding will the raising of a considerable proportion of the price paid by the community itself.

The community funding element can involve the following:

- Charitable Trusts. There are a number of grant giving charitable trusts who have supported community land initiatives in the past (e.g. the Tubney Trust or the Carnegie Trust)
- Private donors. Many of the large community land buyouts have been assisted by sizeable donations from private individuals who have had links with the area, or support the communities' objectives
- Local fundraising. This can take the form of fundraising events (sponsored activities such as walks, swims etc), ceilidhs, raffles, bring and buy etc.
- Use of pledges within the appeal process.
- Holding a public appeal. This option has been successful for other community land initiatives when looking to raise funds for land acquisition and subsequent land development. It entails contacting / reaching out to people who have a connection with the community (e.g. people have been coming to visit the area for generations) and / or those who would like to support the aims and objectives of ACF. Elements of a public appeal include:

- Public launch of appeal
- Use of all available media – local radio, national and local press, Scottish Community Land Network etc
- Production of appeal fliers
- Use of ACF website
- Potential for the establishment of a non-voting membership scheme - "Friends of ACF".
- This would allow for non-local people to be able to be involved and part of ACF on an on-going basis. Such friends-of schemes in similar community land initiatives are an important source of regular, non-allocated funding and support.

- Establishment of a “patrons” scheme for funders and organisations which have donated significant amounts. Funder and recipient both benefit and achieve their own objectives when they are part of developing a successful project together. It is vital that a positive and enthusiastic relationship is developed and maintained – studies show that once a funder has successfully invested in a project, then they are more likely to recognise the mutual benefits of continuing their involvement.

Commercial Loans

The closure of the Growing Community Assets Fund means that the ACF may need to look at the possibility of some level of borrowing or gearing. There are a number of banks’ who are generally well disposed to community and ethically based borrowing for projects. The reality of course is that the business model and the loan to value ratio need to be commercially viable and provide the banks with a sufficient level of certainty that the debt and interest payments can be repaid and that in the event of a default the loan can be repaid by a sale of the asset the loan is secured against.

Three banks with a track record of funding community projects are:

- The Co-operative Bank
- The Triodos Bank
- Social Investment Scotland, the Social Investment Scotland Fund.

The Co-operative Bank

The Co-operative Bank have a good track record assisting communities with a particular interest in renewable energy projects.

The Triodos Bank

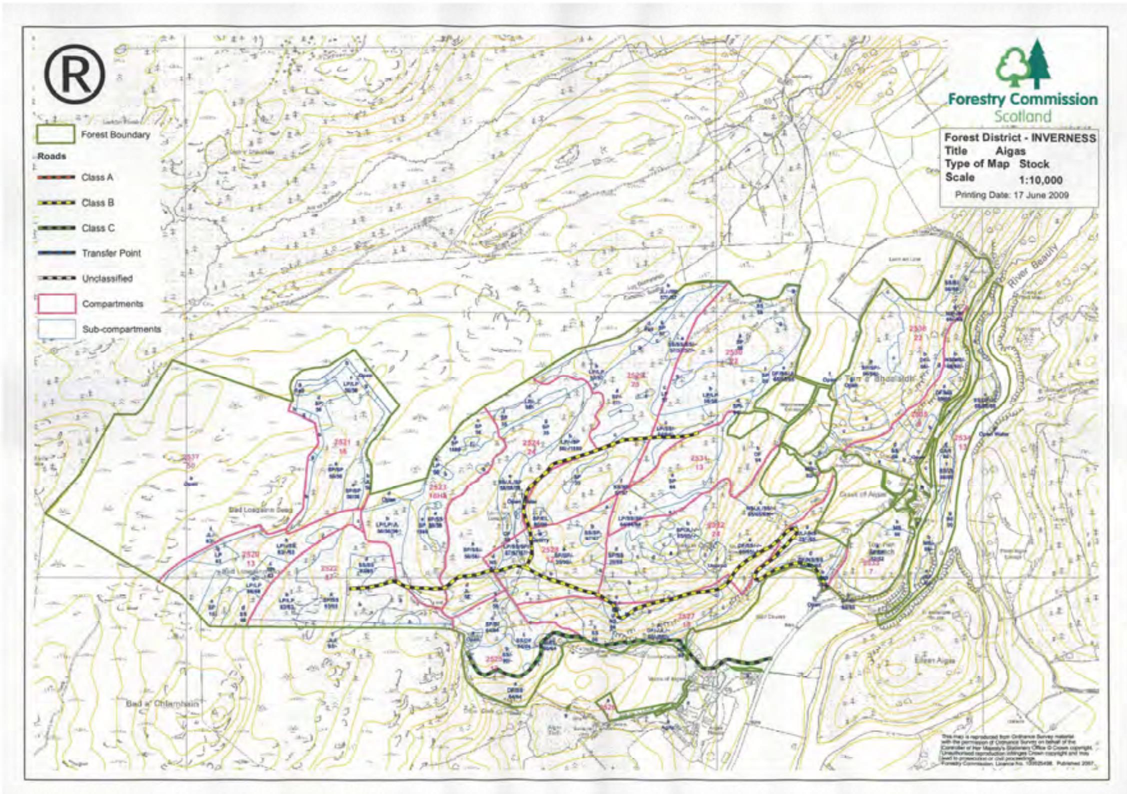
Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage corporate social responsibility and a sustainable society. They are, as a priority, interested in the ethical credentials of the proposal. At the present moment they seek a loan to value ratio no higher than 70%. They offer fixed or variable rate loans. Fixed term rates are for up to ten years at a current rate of 6%. Variable rates are given for up to 25 years currently at a rate of 2 ½ % above base or a minimum of 3 ½%. They charge a fee of 1%.

Social Investment Scotland

The Social Investment Scotland fund is typically geared towards smaller social businesses and community enterprises. Borrowing is available for between £10,000 and £250,000, with larger amounts available in exceptional circumstances. Investments made from this fund are in the form of a loan. Typical pricing would be a fixed interest rate of 8% with a fee of 1%. Loan terms are available for up to 10 years. These terms are flexible depending on the nature and quality of each investment. All their investments are made to social businesses or community enterprises where there are key, tangible social outputs.

4. AIGAS FOREST

The following section is largely compiled from information and statistics provided by Forestry Commission Scotland (FCS) and includes their management stock map (below) and compartment schedules plus the Forest Design Plan prepared by FCS in 2006.



4.1 Location

The Aigas Forest extending to 285 hectares lies to the west of the River Beauly and the A831 approximately 5 miles south west of Beauly immediately adjacent to the community of Crask of Aigas.

4.2 Forest Structure

According to FCS's compartment database over 90% of the woodland comprises of productive high forest with the balance being open ground, water and naturally occurring broadleaves.

Aigas Forest - Land Use Classification

Sum of Ha.	PLYR																			
LUSE		1880	1900	1915	1920	1928	1935	1952	1956	1957	1958	1960	1963	1964	1965	1966	1967	1968	1990	Grand Total
AGR	1.1																			1.1
FMQ	0.1																			0.1
MOW	4.6																			4.6
OPN	6.5																			6.5
PFA	2.9																			2.9
PHF		0.8	3.7	1.1	2.1	1.0	5.9	5.3	16.7	21.8	46.9	2.1	25.9	25.2	23.8	44.6	5.5	3.8	2.4	238.7
PIB														0.2	0.3	0.4		0.4		1.4
PWB									0.4	0.0	0.2		0.1							0.8
UNP	7.7																			7.7
Grand Total	22.9	0.8	3.7	1.1	2.1	1.0	5.9	5.3	17.2	21.8	47.1	2.1	26.0	25.4	24.1	45.1	5.5	4.2	2.4	263.7

Sum of Ha.	PLYR																			
LUSE		1880	1900	1915	1920	1928	1935	1952	1956	1957	1958	1960	1963	1964	1965	1966	1967	1968	1990	Grand Total
AGR	0.4%																			0.43%
FMQ	0.0%																			0.04%
MOW	1.7%																			1.74%
OPN	2.5%																			2.48%
PFA	1.1%																			1.12%
PHF		0.3%	1.4%	0.4%	0.8%	0.4%	2.2%	2.0%	6.3%	8.3%	17.8%	0.8%	9.8%	9.6%	9.0%	16.9%	2.1%	1.4%	0.9%	90.49%
PIB														0.1%	0.1%	0.2%		0.2%		0.53%
PWB									0.2%	0.0%	0.1%		0.0%							0.28%
UNP	2.9%																			2.90%
Grand Total	8.7%	0.3%	1.4%	0.4%	0.8%	0.4%	2.2%	2.0%	6.5%	8.3%	17.9%	0.8%	9.8%	9.6%	9.1%	17.1%	2.1%	1.6%	0.9%	100.00%

Key:	
AGR	Agricultural
FMQ	Quarry
MOW	Open w ater
OPN	Open Ground
PFA	Plantation - Failed areas
PHF	Plantation - High Forest
PIB	Plantation - Intrusive broadleaves
PWB	Plantation - Broadleaves
UNP	Unplantable

The forest comprises of 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 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 predominant species is Scots pine, almost 40%, as this was traditionally considered to be the appropriate species particularly for the undulating free draining sites within this locality. Lodgepole pine at approximately 15% is the next most widely used species and being a low nutrient demander this has been concentrated towards the western end of the forest particularly on the more impoverished peaty soils. Douglas fir has been successfully planted to good effect particularly on the lower southern and eastern slopes capitalising upon the improved shelter and better quality mineral soils. The remaining major productive conifer species, Sitka spruce, accounting for just over 10% has largely been planted in small groups amongst other species throughout the woodland principally to capitalise on small pockets of wetter and more fertile soils. The balance of the woodland comprises of other conifers including larches, Norway spruce and grand fir along with a small percentage of planted and naturally occurring broadleaves.

Aigas - Age Class by Species

Sum of Ha.	PLYR																		
SPIS		1880	1900	1915	1920	1928	1935	1952	1956	1957	1958	1960	1963	1964	1965	1966	1967	1968	1990	Grand Total
BE			0.24																	0.24
BI												0.34		0.21	0.29	0.68				1.52
CAR																1.03				1.03
DF								0.26			0.22			8.40	11.10	17.50				37.49
EL			0.07											0.09						0.16
GF																0.37				0.37
HL															0.67					0.67
JL						1.00			2.42	0.39	2.77		1.56		1.31	0.66				10.12
LP									4.76	4.92	10.77		13.61	3.11			0.60	1.51		39.27
MB												1.79				3.34	1.16	1.47		7.76
NS															3.87	5.36	0.54			9.77
SP		0.84	3.38	1.11	2.06		5.91	5.03	9.98	15.08	30.79		9.74	9.74	3.89	7.03	0.68			105.24
SS										1.43	2.57		1.05	3.89	2.97	9.13	2.52	1.25	2.36	27.16
(blank)	22.95																			22.95
Grand Total	22.95	0.84	3.69	1.11	2.06	1.00	5.91	5.30	17.16	21.82	47.11	2.13	25.96	25.44	24.09	45.09	5.49	4.23	2.36	263.75

Sum of Ha.	PLYR																		
SPIS		1880	1900	1915	1920	1928	1935	1952	1956	1957	1958	1960	1963	1964	1965	1966	1967	1968	1990	Grand Total
BE			0.1%																	0.1%
BI												0.1%		0.1%	0.1%	0.3%				0.6%
CAR																0.4%				0.4%
DF								0.1%			0.1%			3.2%	4.2%	6.6%				14.2%
EL			0.0%											0.0%						0.1%
GF																0.1%				0.1%
HL															0.3%					0.3%
JL						0.4%			0.9%	0.1%	1.1%		0.6%		0.5%	0.3%				3.8%
LP									1.8%	1.9%	4.1%		5.2%	1.2%			0.2%	0.6%		14.9%
MB												0.7%				1.3%	0.4%	0.6%		2.9%
NS															1.5%	2.0%	0.2%			3.7%
SP		0.3%	1.3%	0.4%	0.8%		2.2%	1.9%	3.8%	5.7%	11.7%		3.7%	3.7%	1.5%	2.7%	0.3%			39.9%
SS										0.5%	1.0%		0.4%	1.5%	1.1%	3.5%	1.0%	0.5%	0.9%	10.3%
(blank)	8.7%																			8.7%
Grand Total	8.7%	0.3%	1.4%	0.4%	0.8%	0.4%	2.2%	2.0%	6.5%	8.3%	17.9%	0.8%	9.8%	9.6%	9.1%	17.1%	2.1%	1.6%	0.9%	100.0%

The compartment records indicate a wide range of yield classes, i.e. productivity, which is symptomatic of the undulating site, exposure, varied soil patterns and finally species choice. The dominant range is between yield class 8 and 10, slightly below the national average of approximately 12 and is largely a factor of the high percentage of Scots pine planted as this a relatively slow growing and lower yield class species.

Aigas Woodland - YC Distribution

Sum of Ha.	YLDC													
SPIS		2	4	6	8	10	12	14	16	18	20	22	24	Grand Total
BE						0.2								0.2
BI	1.2		0.3											1.5
CAR	1.0													1.0
DF						0.2	4.3	13.7	15.2	0.8	3.3			37.5
EL				0.1	0.1									0.2
GF							0.4							0.4
HL						0.7								0.7
JL			1.0	3.4	3.3	1.4	0.6	0.4						10.1
LP				5.7	25.4	8.2								39.3
MB	6.8	1.0												7.8
NS									4.3		1.5	4.0		9.8
SP	3.1		3.4	7.2	36.8	41.8	13.0							105.2
SS	0.7			0.3			0.7	2.5	4.0	9.9	8.7		0.5	27.2
(blank)	22.9													22.9
Grand Total	35.7	1.0	4.7	16.6	65.6	52.5	18.9	16.6	23.5	10.7	13.5	4.0	0.5	263.7

Sum of Ha.	YLDC													
SPIS		2	4	6	8	10	12	14	16	18	20	22	24	Grand Total
BE						0.1%								0.1%
BI	0.4%		0.1%											0.6%
CAR	0.4%													0.4%
DF						0.1%	1.6%	5.2%	5.8%	0.3%	1.3%			14.2%
EL				0.0%	0.0%									0.1%
GF							0.1%							0.1%
HL						0.3%								0.3%
JL			0.4%	1.3%	1.2%	0.5%	0.2%	0.2%						3.8%
LP				2.2%	9.6%	3.1%								14.9%
MB	2.6%	0.4%												2.9%
NS									1.6%		0.6%	1.5%		3.7%
SP	1.2%		1.3%	2.7%	14.0%	15.8%	4.9%							39.9%
SS	0.3%			0.1%			0.3%	0.9%	1.5%	3.7%	3.3%		0.2%	10.3%
(blank)	8.7%													8.7%
Grand Total	13.5%	0.4%	1.8%	6.3%	24.9%	19.9%	7.2%	6.3%	8.9%	4.0%	5.1%	1.5%	0.2%	100.0%

4.3 Management Constraints

The working proposal is that ACF acquire the commercial scale upland mostly mature plantation and manage for timber production to fund ongoing developments and other projects. 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.

4.3.1 Wind throw

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 distribution of scores for Aigas taken from FCS compartment records is illustrated in the table below, from which it can be seen that the majority of the woodland is classified as WHC3. This does provide 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.

The "critical height" for WHC 3 in unthinned woodlands is typically 22.0 metres at which height the onset of endemic windthrow can be expected to become a serious issue over a large area. This height reduces to 17.0 metres within thinned woodland. There were no obvious areas of windblown crops appearing in the forest but these "critical heights" should be a consideration within future management strategies to ensure that the risk doesn't become unacceptable as harvesting and extraction becomes considerably more difficult and expensive, significantly reducing timber values in windthrown crops. The "thinning window" for a first thinning has largely been missed due to crop age and consequently there are now limited opportunities to allow any significant thinning in the current rotation of crops due to windthrow risk.

Aigas Forest - WHC

Sum of Ha.	WHCL				
SPIS		2	3	4	Grand Total
BE			0.2		0.2
BI		0.4	1.1		1.5
CAR			1.0		1.0
DF		18.7	18.8		37.5
EL			0.2		0.2
GF			0.4		0.4
HL			0.7		0.7
JL		0.2	6.9	3.0	10.1
LP		0.6	23.1	15.5	39.3
MB		1.2	6.6		7.8
NS		5.2	4.6		9.8
SP		0.1	86.6	18.5	105.2
SS		4.6	20.4	2.2	27.2
(blank)	0.2	3.5	16.0	3.2	22.9
Grand Total	0.2	34.7	186.5	42.4	263.7

Sum of Ha.	WHCL				
SPIS		2	3	4	Grand Total
BE			0.1%		0.1%
BI		0.2%	0.4%		0.6%
CAR			0.4%		0.4%
DF		7.1%	7.1%		14.2%
EL			0.1%		0.1%
GF			0.1%		0.1%
HL			0.3%		0.3%
JL		0.1%	2.6%	1.1%	3.8%
LP		0.2%	8.8%	5.9%	14.9%
MB		0.5%	2.5%		2.9%
NS		2.0%	1.7%		3.7%
SP		0.1%	32.8%	7.0%	39.9%
SS		1.8%	7.7%	0.8%	10.3%
(blank)	0.1%	1.3%	6.1%	1.2%	8.7%
Grand Total	0.1%	13.1%	70.7%	16.1%	100.0%

4.4 Access

4.4.1 External Access

Aigas Forest straddles the A831 which is a major public road in good condition and suitable for heavy forestry traffic. There are currently two internal forest road networks which exit onto the public road south of Crask of Aigas and having been in place for a number of years it is anticipated that there will be no restrictions on the use of these entrances.

Access to the woodland east of the A831 and the woodland on Torr a' Bhealaidh is more problematical with steep ground rising rapidly from the roadside and no current utilisable internal road network. It is therefore envisaged that new lorry entrances, turning and stacking areas will need to be created at appropriate points to facilitate the safe loading of timber off the public highway. An existing layby and picnic area provides one potential safe access point into the woodland and elsewhere gates and unmade tracks could be utilised with appropriate upgrading. All new entrances or upgrading of entrances onto the public highway would be subject to planning permission and would require appropriate consultation with the roads authority.

4.4.2 Internal Access

There is currently a very sound forest road formation through most of the woodland and evidence of borrow pits providing a good source of stone that was used during the construction of this road. In conclusion it can be anticipated that this road would be suitable for timber traffic with very little upgrading required. The initial section is somewhat overgrown due to a lack of use by FCS in recent years but this could be rectified at the time of harvesting relatively easily.

In order to implement the full harvesting programme over an extended period it will be appropriate to upgrade short sections and extend this road network further into the woodland. However, observation of the site indicates that this could be done relatively economically and indicative costings have been built into the budget proposals.

The major future roading project would be to extend the northern section of forest road to the edge of the woodland and over a suitable, to be agreed, route across the short section of open ground by Moalnaceap onto the wooded hillside at Torr a' Bhealaidh in order to facilitate future management and harvesting of the woodland on the western side of this hill.

The final section of road upgrading would be to the track which extends beyond Mains of Aigas Farm and runs along the southern edge of the forest. This is currently a fairly rough and unmade track in places but as it runs along the bottom of a relatively steep face it will be required for future harvesting as it would be more cost effective to bring timber down to this road rather than the alternative of hauling uphill to the internal forest road above.

4.5 Forecasted Timber Output

In the absence of a detailed management plan and inventory of the woodland which would be inappropriate at the current time, timber output forecasts have been prepared from the FCS compartment records and based upon two alternative scenarios. Firstly that the current approved FCS design plan is implemented and secondly that an alternative plan is prepared and substituted for the above.

The design plans referred to above predict areas of clear felling within five yearly cycles and for the purpose of this study work and income is projected to be received towards the end of each cycle. The alternative felling proposals are shown diagrammatically on the felling proposals map in Appendix I.

The timber sales income used within the feasibility study is derived from a number of assumptions which are shown within the investment analysis report. In summary the income is a factor of predicted volume of saleable timber produce at time of felling, the average tree size, the working costs and the market price for the anticipated range of produce. Timber volumes and average tree sizes are estimated from management tables for the appropriate species, age and yield class which are determined from the current crop records. The harvesting costs and market values are estimated from recent comparable contracts and are all shown at current i.e. 2009 prices.

During the period under assessment there will be numerous opportunities for ACF to investigate niche markets, review working methodology and equipment and generally explore avenues for adding value to the produce in the forest or to reduce operational costs. Any such improvement obtained will increase the financial viability of the project, create opportunities for local employment and generally increase the flexibility for exploring alternative woodland management options.

4.6 Woodland Management Options

For the purpose of this feasibility study the woodland management options have assumed that all areas of clear felling are replanted within two years and that the general forest infrastructure of roads, drains, fences etc are all maintained to an appropriate standard to prevent any degradation to the quality or capital value of the woodland.

For budgeting purposes the replanting is assumed to follow current best practice for the most common situations, combining a mixture of replacement conifers for future timber production, appropriate broadleaves to enhance the biodiversity and amenity value of future rotations and a small element of open space for sporting and biodiversity enhancement. It is anticipated that, subject to funding being available and / or generated from other projects, that ACF may wish to modify these basic proposals to meet their own aspirations and requirements as the project matures.

4.7 Telecommunications mast

FCS entered into a lease with Telcom Securicor Cell Radio Limited on March 1998 granting them the right to site a telecommunications mast 100sqm land at Torr a Blealaith. The rent agreed at entry was £2750. The rent was last reviewed in 2007 to £4500pa. In 2001 site sharing arrangements were agreed to allow Orange Telecommunications to use the site and a similar deal was made in 2004 for Airwave mmO2 Limited to do the same thing. FCS currently receive £750pa or 30% of the licence money received by Telcom Securicor from Orange and £2,506pa or 35% of the fee earned by them from Airwave. The mast remains in operation and currently occupies the site on 'tacit relocation' from year to year.

Given the present lease position it would be important for the ACF to discuss the tenant's future requirements and ideally agree terms for an extension of the lease and review the rent.

5. APPRAISAL OF OPPORTUNITIES

5.1 INCOME GENERATING ACTIVITIES

5.1.1 Woodfuel

Introduction
It is presumed that the community surrounding Aigas is not an exception to the rule that most people admit to being concerned about the rising cost of fuels and the more general effects of the growing use of dwindling global resources of fossil fuels.

Both the UK government and the Scottish Government are dedicated to increasing the use of renewable energy. The recently approved Climate Change (Scotland) Bill makes a number bold steps towards a strategy for achieving relatively tough targets for renewable energy, equivalent to an increase by 3% of our total energy use, per annum from now until 2050 including both electricity and heat.

Aigas Community Forest is in a position to play its part by the commercial production of wood fuel in various forms – log, chip, pellet and charcoal – and electricity generation from its very small hydro and substantial wind resources and can expect encouragement from the state to do so.

Indeed the revenue from this could play a crucial part in the economic sustainability of the community forest project.

Context
Grants of 30% for households and 50%+ for community groups for the installation of certain automated wood-fired room heaters and system boilers will soon be backed up by a Renewable Heat Incentive (RHI) which should greatly improve the economics of heating by wood which is currently very much more expensive to install than conventional oil, gas and electrical heating systems.

Many claim to be attracted to the concept of the money they pay for heating remaining in the local area rather than being exported to fossil fuel-producing countries, although in practice the price they are prepared to pay in reduced convenience as well as in fuel cost is very small. This price is very much affected by their received opinion of the rate and scale of short-to-medium term fuel price changes and their particular economic circumstances.

- A study was commissioned by Highland Birchwoods and published in November 2007 into the market for firewood. It considers and makes recommendations on the following:
- Assistance to firewood suppliers;
- Firewood user education;
- The development of the supply side of the firewood market;
- The development of the processing side of the firewood market; and
- Further stimulation and promotion of the market for log stoves and boilers

Its findings, insofar as they are most relevant to this current study, can be summarised as follows:

- In areas of Scotland off the mains gas network, heating by wood is price competitive with heating oil, LPG and electricity and the market is growing.

- The availability and promotion of a sustainable firewood supply of high and reliable quality is key to developing the market.

- To achieve maximum benefit it is important that users are supported and educated in best practice for firewood management and use.

The opportunities for Aigas Community Forest

Profitable wood fuel market makes extraction more viable.

Aigas forest has a large quantity of quite low value timber. The growing value of firewood in the form of split and seasoned logs and also dry chips set against the cost of supplying them could allow this timber to be extracted for a greater financial return. See comments on the markets for different types of wood fuel below.

If ACF could co-operate with one or more other groups such as, for example, Abriachan Forest Trust, they could make savings in capital costs for, eg. forwarder, splitter and cracker, etc, or in hiring the services of contractors for chipping and other operations.

There are already plenty of suppliers of firewood logs. The opportunity in the market is for a premium product of high and reliable quality (sub-20% moisture content), available at a predictable price on demand throughout the heating season. This will involve more thoughtful management and advance planning than is usually employed, and some arrangement for 'secondary drying' (see 'Options for Drying' below).

Softwood makes a good fuel

Although it is quite widely perceived that softwood does not make a good fuel, in fact its only drawback for enclosed appliances (traditional log stoves and automated batch boilers) is its lower density, requiring about 50% more by volume than hardwood logs (but no more weight) for the equivalent calorific content, resulting in the value being lower by both weight and volume.

Countering this, softwoods are easier to dry to the necessarily low moisture content (<20% for logs, <35% for chips) and, being straighter and generally more uniform, easily handled particularly by mechanical handling equipment, chippers and semi-automated crackers and splitters.

For this reason the reduction in value by weight should be outweighed by a reduction in production costs, making softwood fuel at least as profitable.

Options for drying

There are a number of ways of carrying out the necessary seasoning – including:

- stacking under open cover, allowing air to circulate;
- accelerated drying under polytunnels in an open sunny location, with a good through draught, or otherwise with solar assistance; or
- kiln drying.

Having a range of drying arrangements is an advantage as it is important for a developing wood fuel business to be able to supply reliably even when spikes in demand occur. If an associated business is created processing milled timber this could improve the feasibility for both of setting up a kiln. The existence in Aigas Forest of quantities of standing dead timber is also an advantage in this respect.

Straightforward air drying without protection from the weather only occurs across 2 to 2.5 seasons (ie. semi-dry wood may take in moisture again during the winter) and takes up to two years, tying up a lot of capital in stock. Secondary drying may involve sheds or polytunnels, benefiting from passive solar assistance, and has been used to shorten the drying period to as little as 3 months and to extend the drying season significantly.

There is a lack of formal empirical study evidence of such methods, but there is positive anecdotal evidence from small-scale and informal experiments. There is scope for assistance to be obtained from funding bodies in setting up a system at Aigas which could be monitored and used to compile this body of evidence.

'Supply push' rather than 'Demand Pull'

Customers appreciate good service and advice from firewood suppliers and an Aigas fuel wood community enterprise would be in a good position to provide this service. The demand for fuel wood is unlikely to grow quickly of its own accord (by Demand Pull) simply due to the availability of a supply, however good this is. It could be expected to respond more, however, to Supply Push, ie. the active development of the market by the community enterprise, and to grow as a result.

This assistance could take the form of advice on choosing the most appropriate type and size of stove or boiler, on the procurement of systems and the setting up and management of fuel stores.

In respect of the market for fuel chip, advice could be provided on the feasibility and the procurement of district/community heating schemes for multiple buildings or dwellings. This could involve the marketing of heat supply contracts by the community enterprise operating as an Energy Services Company (ESCo).

The market for logs

To assess the scale of the local market it is necessary to estimate the type and quantity of heating used by local people and businesses. This information is not known but assumptions can be made. Of the say 300 private houses in the community and immediate area, 20% of them may be assumed to have open fires or wood burning stoves. Some of these 60 households are likely to only use wood for burning in an open fire on an occasional basis while others may use it for the majority of their space and water heating. Usage could vary from less than 1 tonne annually to 10 tonnes or more.

An average annual demand of 3 tonnes per household would mean a market size of around 180 tonnes. This would provide revenue of c.£10,500-18,000, assuming prices of £60 to £100 per tonne. If the service is good and supply proves reliable this demand could be expected to increase. Also a high quality product could support a significantly higher price.

Requirements and estimated costs

- Log splitter £15,000
- Storage for drying – kiln - £10,000, polytunnel - £1,500 and / or covered space open to good air flow - £2,500
- Trailer £2,500 or open backed truck for deliveries - £5,000
- Purchase of raw timber @ £10 / tonne (depending on how it is supplied)
- Marketing and promotion - £100 / annum

Log sales from Abriachan Forest are handled by one of the crofters making use of unsaleable residues from their main felling activities. It is likely that the income could be a lot higher if they chose to gear up the operation as described above.

A 10kg bag of seasoned firewood (20% moisture) at £2.00 (Dobbies Garden Centre price £4.95!) is approximately the equivalent value to 1 tonne of wet soft wood (55% moisture) at £112.50.

A 10kg bag at £1 is equivalent to wet wood at £56.25.

The Market for Chips

The market for auger-fed, automated wood boilers is split between those designed to burn pellets and those to burn chips. Pellets are better suited to all but the very largest domestic situations because for a given heat demand, chip systems require very much more space both for the larger boiler and particularly for the fuel which, in chip form, takes up around four times the volume per unit of calorific content. Chip boilers also cost more than pellet boilers of a given output.

However, at the moment heat supplied by chip costs around half of that from pellet (c.2.5p/kWh compared to c.5p) and so where there is space and a large and relatively steady heat demand, chips come into their own.

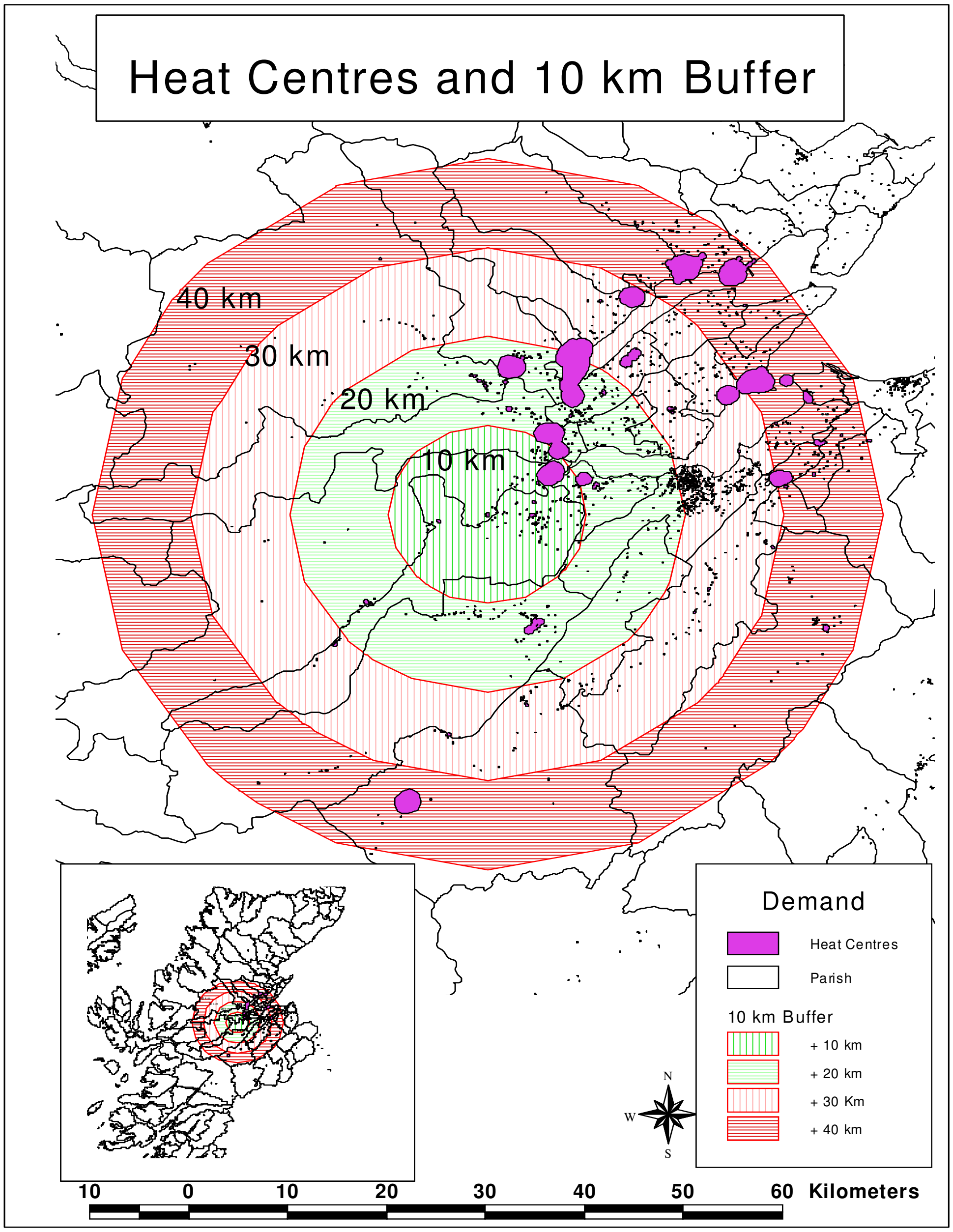
A significant characteristic of the chip fuel market is that, as a large portion of the weight and volume of a delivery is moisture and air, it is relatively expensive to transport with the result that the markets are very local. Suppliers of sites within, say, a 30 mile radius have a competitive advantage which will grow as the price of transport fuel rises.

This radius around Aigas takes in Nairn and Dalcross Industrial Estate, Moy, Garve, Alness and Drumnadrochit, for example. The large market of Inverness is likely to become more fertile in due course despite its mains gas network due to political pressures to cut carbon emissions as well as predicted gas price rises.

To estimate the potential market for fuel chips it is necessary to survey the large buildings and institutions within this radius of the supply point. Typical users are schools, hospitals, council offices, factories, hotels and visitor centres, blocks of flats and other high density social housing developments, particularly those located off the mains gas network.

Identifying these buildings and surveying the current condition, heating capacity and fuel consumption and ideally obtaining the attitude towards the concept of a switch to biomass will give a reasonable idea of the potential market.
Highland Birchwoods have developed a 'heat mapping' computer tool which identifies potential chip heating sites and estimates the financial feasibility based on various assumptions. It identifies areas off the mains gas network where the density of heat demand is likely to be high enough to make feasible the replacement of oil or LPG heating with a chip-fired district heating network. The diagram below is an extract from the report compiled especially by Chris Perkins of Highland Birchwoods, showing the areas within a 40km radius of Aigas which, by their assumptions, could feasibly switch to chip heating.

These assumptions include a chip price of £60 delivered per tonne at 30% moisture content which they believe may now be too low, and an oil price of 40p/litre. This map must be considered in the context of the full report but it shows there to be a large number of long term potential beneficiaries within range of Aigas, enough to soak up the supply from a large number of similar operations of the same scale.



Secondly it will be necessary to consider the potential competition from other suppliers overlapping your 30 mile radius catchment area. It may be worth considering inviting them to join a cooperative or supply syndicate in order to share fixed and production costs, create orderly competition and greater reliability of supply in the eyes of potential customers.

A non-profit social enterprise Energy Services Company (ESCo) with a strong community link might be attractive as a contractor to a public body, particularly if a member of a larger producer group. It would also be in a strong position to raise funds (for example from the Community and Renewable Energy Scheme) to purchase capital equipment such as boilers to install under long term heat supply contracts, in which case the operation and maintenance and an element of capital repayment may be included in the heat price.

The register of wood fuel suppliers maintained by the Forestry Commission via the website at www.usewoodfuel.co.uk lists four existing wood chip suppliers within 50 miles, as follow:

• Fettes Sawmill	Black Isle	10 miles from Aigas
• Inverness Tree Services	Black Isle	25
• Raddery Sawmill	Fortrose	22
• Dietrich Pannwitz	Inverness	16

Dietrich Pannwitz is closely connected with Abriachan as forestry consultant. It is not known what contracts any of these suppliers have in place.

The market for heat supply contracts is very immature and a determined approach to developing it, particularly by a well organised non-profit group or co-operative, could reap dividends in the medium term. Assistance in this is already available through the Forestry Commission's Woodfuel Development Officers, Highland Birchwoods and the Community and Renewable Energy Scheme.

Practical help, advice and support for new and growing biomass supply chain businesses is available through the Business Gateway

Where plans to install a chip boiler or district heating system are not already in train, it can take at least a couple of years for a thoroughly developed project to come to fruition. For this reason it cannot be assumed that a fledgling ESCo will be able to support the Community Forest Trust activities in the first few years unless a supply contract can be organised in respect of either an existing boiler or one already in development.

Pellet Production

The production of good quality fuel wood pellets is technically possible on a sub-industrial scale but past experience has shown it to be marginally economic at best, even for a non-profit group. Several very large producers are setting up in Scotland and price competition is likely to be strong. As they are very energy-dense they can, unlike chips, be transported over long distances so no captive market will exist.

It is not recommended that pellet production is considered by ACF.

Pellets currently cost around twice as much as wood chip per unit of heat supplied so although the boilers that suit them are cheaper to install, there is a cut off point in terms of heat output, above which chip systems become more cost-effective. This varies with the situation. Where a smaller chip boiler will be used continuously, for example, to supply heat for horticulture, drying kilns, a swimming pool or steam production for an industrial process, the cut off will be quite low. On the other hand where the maximum heat load is high but is called on only occasionally, for example in a large old house, the minimum feasible size will be higher.

Briquette Production

The market for briquettes as a green, clean alternative to coal is small but could be economic as a by-product from timber milling activities where saw dust is produced in steady quantities and requires handling of some sort, possibly as a controlled waste product. The equipment is a lot cheaper and the energy requirement lower. Competition is less fierce as it is a lower value product than pellets.

The equipment for briquette production may cost £10-20,000 but such an investment would be a high risk without a carefully quantified, reliable demand identified in advance.

Charcoal Production*

The primary uses of charcoal are for barbeques and as a carbon sink or soil improver. The UK imports 90% of its charcoal. The BioRegional Home Grown charcoal body supplies FSC- certified hardwood charcoal and currently has around 25 suppliers, most based in England, and sells around 300 tonnes of charcoal per year.

Profits for small scale charcoal operators are low, but medium scale operations are likely to be commercially viable if charcoal production is tied in with other woodland management activities. Charcoal kilns can range from £1,000 - £2,000 up to tens of thousands of pounds.

The conversion rate for timber to charcoal is in the region of 16%. Most of the UK's charcoal comes from coppiced hardwoods. Wood requires to be air dried for at least a year before it is processed. Historically, charcoal burning was a summer occupation. Softwood charcoal burns well, but is commonly believed to break up in transit, and generally be more friable than hardwood charcoal. Lumpwood charcoal retails for around £4.15 per 5 kg bag.

It is possible that planning consent would be required from the local authority to set up a charcoal kiln. The location of a kiln would need to be carefully considered to ensure that health and safety issues were properly dealt with, and to avoid fires.

Charcoal burning is a very dirty, dusty and time-consuming (and potentially anti-social) activity. While burning, charcoal needs to be constantly attended, as left unattended the charcoal can burn out and the kiln buckle. The process includes stacking, emptying, sieving and bagging.

Opportunities for production – softwood charcoal and Stockholm Tar

AFT could consider producing charcoal from the by-products of timber milling. This would be almost exclusively from softwoods. Softwood charcoal lights and burns relatively quickly, which can be an advantage for barbecuing. Another valuable by product from the process of producing charcoal from softwood is Stockholm Tar which has a variety of uses as a natural waterproofing and sells for £10s per litre.

The supply of UK manufactured Stockholm Tar is unknown and more research is needed before sales of the product could be included in a business plan.

It is likely that the most appropriate size of local operation would be small scale and may not be economic, so any decision to proceed with charcoal production should be on the assumption that it would be carried out essentially as a non-profit activity.

Requirements and estimated costs
- Kiln £2,000
- Safe location
- Space to stack air-dried wood
- Manpower
- Sales and marketing
- Transport to deliver
- Funding

Benefits
- Constructive usage of a plentiful resource in the forest, which would otherwise be of little value.
- Non-chemical approach to soil improvement.
- A potential carbon-sink.

* This section on charcoal draws heavily on that produced for the Kilfinan Forest Trust in 2008 and on information supplied by its committee member, David Blair

Notes on wood fuel versus heating oil:

1 wet tonne of soft wood at 55% moisture, chipped and fed into an 80% efficient boiler can supply approximately 1,620 kWh of heat. At £55 delivered the cost per kWh is 3.39p.

1 tonne soft wood at 20% moisture in 85% efficient dry fuel boiler can supply 3,510 kWh. At £85 delivered the cost per kWh is 2.28p.

Kerosene at 10.5 kWh per litre in a 90% efficient boiler delivers 9.45kWh per litre. At 40p/litre the cost per kWh is 4.23p.

Kerosene at 10.5 kWh per litre in a 70% efficient boiler delivers 7.15kWh per litre. At 40p/litre the cost per kWh is 5.6p.

Example:

A building using 100,000 kWh per annum (14,000 litres oil costing £5,600 @ 40p inc VAT) saves £3,320.

Renewable Heat Incentive (RHI) of, for example, 3p/kWh adds £3,000.

- Installation costs £60,000 for 60kW boiler.
- Simple payback 9 years.
- CO_2 saving is c. 35 tonnes per annum; 525 tonnes over 15 years.
- A 50% capital grant makes payback 4.5 years and
- saving over 15 years c.£65,000.

Renewable Heat Incentive (RHI)

The Renewable Heat Incentive (RHI) is intended to come into force from April 2011. There is pressure from the industry to bring this date forward in order that demand for equipment isn't caused to stagnate during 2010. Details may be known by the end of 2009, although it is quite likely that there will be delays in publication. As the name suggests, it is expected to result in a significant increase in the take-up of biomass, solar and heat pump heating.

In order for the economics of these systems to become attractive enough to overcome the perceived risk associated with adopting a relatively new technology, it will have to be significant. In the pre-consultation discussions between the government and the industry, various figures were considered as suggestions. The policy is now out for consultation.

As yet nobody knows what the rate will be set at for different fuel types and boiler sizes and uses, nor whether recipients of publicly-funded grants will find themselves excluded or having to pay back their grants. If they do, it may be relatively easy for them to do so as the subsidy rate will be fairly predictable and so borrowing should be easy. The subsidy could be based on a nominal output related to the capacity of the boiler or perhaps, for larger boilers, as measured by an accredited heat meter.

The system is likely to favour biomass over heat pumps as the proportion of heat equivalent to the electricity used by a heat pump (a third to a quarter of the total heat produced) will probably be deducted before the calculation is made.

If the incentive is reasonably generous it could potentially greatly increase both the size of the potential market (by improving the feasibility of currently marginal opportunities) and the value of the fuel, to the obvious benefit of the proposed Aigas business.

Emissions Trading Scheme

The EU Emissions Trading Scheme currently involves only the industries which are the heaviest users of fossil fuels, such as power generation and cement-making. The UK government is introducing a parallel scheme which will involve other less energy-intensive sectors. It involves notional carbon-equivalent emission quotas and penalties for exceeding these, or marketable credits for those that undershoot.

It is not known yet when or what types of businesses or public bodies may be drawn into the net but if or when they are it will no doubt be beneficial to be generating minimal fossil carbon emissions. Any benefit cannot be calculated at this juncture but this likely to benefit wood fuel businesses to some degree at some point in the medium term.

5.1.2– Renewables

Hydro Power

Hydropower can be the most cost-effective of renewable energy generators given its relatively predictable supply of free energy. Unfortunately the catchment area and topography of the Aigas forest is such that there is limited opportunity to benefit from it.

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 3 kilowatts 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.

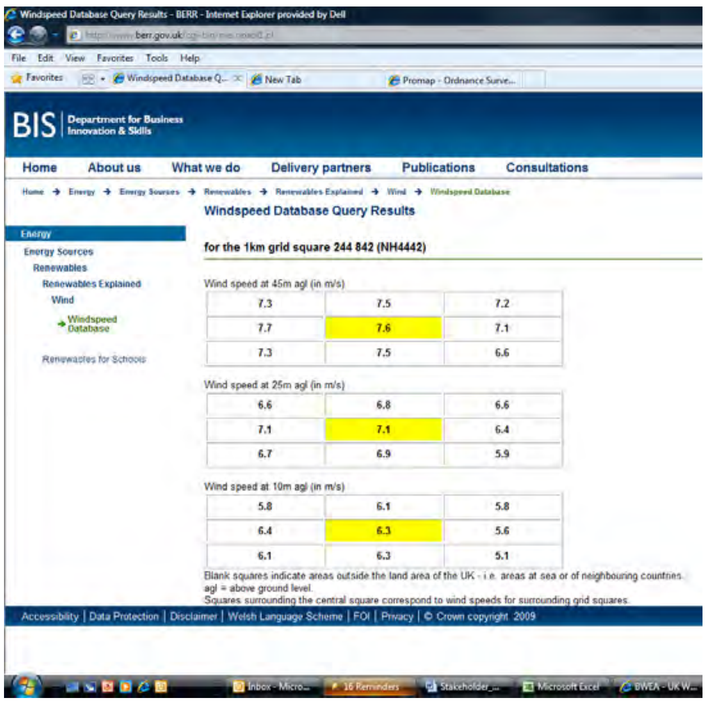
The main advantage of this scheme may be the strengthening of the sustainable credentials of the Forest development, assisting fund-raising efforts and attracting crofters and other entrepreneurs.

Wind

The high elevation at the top of the forest, around 240-280 metres AOD, means a good resource for wind generation. Highland Council's Renewable Energy Strategy indicates this area as being in the second most attractive category for wind development and it appears to be technically feasible.

The Distribution Network Operator (DNO), Scottish & Southern Energy, has suggested that the local grid currently has sufficient capacity for up to 5 megawatts of wind generation. The 33kV distribution network passes close by Mains of Aigas and a connection could be made to the forest from where it crosses to the West of the main road near the old quarry just to the South of Oldtown of Aigas, either underground or (at half the cost) on a small overhead line.

The public windspeed database, now maintained by the Department for Business, Innovation and Skills, suggests a mean windspeed at 25 metres above ground level of 7.1 metres per second, averaged across that square kilometre (see the table below). This probably underestimates the available resource as much of that square kilometre is in the lee of Bad Losgainn Beag. The actual resource can only be judged by an anemometry mast and data logger over many months. Assistance with the cost of this might be obtained from the CARES. The cost may be in the region of £5-10,000.


Windspeed Database Query Results

for the 1km grid square 244 842 (NH4442)

Wind speed at 45m agl (in m/s)

7.3	7.5	7.2
7.7	7.6	7.1
7.3	7.5	6.6

Wind speed at 25m agl (in m/s)

6.6	6.8	6.6
7.1	7.1	6.4
6.7	6.9	5.9

Wind speed at 10m agl (in m/s)

5.8	6.1	5.8
6.4	6.3	5.6
6.1	6.3	5.1

Blank squares indicate areas outside the land area of the UK - i.e. areas at sea or of neighbouring countries.
agl = above ground level.
Squares surrounding the central square correspond to wind speeds for surrounding grid squares.

A commercial developer (with a large number of sites to choose between) might look for a minimum of 8m/s, which could theoretically yield almost 50% more output than 7m/s, but this should still be sufficiently productive to justify the investment, particularly if a portion of the capital cost is met by grant assistance from, for example the Community and Renewable Energy Scheme (CARES).

This could be harvested on several quite different scales; large scale for large revenue generation, medium scale to generate an income that covers the costs of an ACF enterprise, or building-integrated microgeneration for enhanced low impact, low cost housing or business activities.

Large Scale Wind

The feasibility of a large wind turbine is a complex matter, for which the parameters include:

- Level of Community support
- Environmental issues – such as birds, hydrology, peat, etc
- Access for construction
- Eligibility for Energy for All and/or CARES support?
- ZVI result – cumulative visual impact considering other development proposals in the area
- Local Plan stance on wind generation by communities
- Revenue dependant on the confirmed feed-in and export tariffs, proposed to total 9.5p/kWh, or 21p for schemes of <500kW capacity

If these and any other parameters are, or become, favourable then the installing of even a single large turbine on the plateau to the West of the Loch nan Losgann could transform the economics of the entire community forest plan. Yielding just 22% of its theoretical maximum output, a 2MW turbine on an 80m tower can generate over £360,000 per year against a capital cost of £2,000,000. Because of the significant fixed costs a second could be installed for perhaps £1,600,000 or less. With a lifespan of over 20 years and the availability of local equity funding organised by Energy for All, for example, the economics are very attractive, hence the (until recently) blooming commercial development industry.

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.

Wind development scenarios

The following four scenarios are examples based on various assumptions and giving simple paybacks for the purposes of comparison between them. Actual finance costs will add between a few months and three years to these, the actual amount depending on interest rates and grant funding received.

Example 1

4MW development (beneficial as 2MW turbines, such as pictured right, are well sorted and two turbines enable one to provide cash flow to fix the other if it breaks down (which it shouldn't!):

Possible Cf:	22%	
Avg annual output:	7,708MWh	
@	£95	per MWh (4.5p/kWh feed-in tariff plus 5p for export)
=	£ 732,000	per annum
O&M costs:	£63,000	per annum
Operating profit:	£669,000	per annum
Capital cost:	£4,000,000	
Simple payback:	6 years	

Example 2

2.55MW development (3 x 850kW - beneficial as these machines a lot smaller so easier to install and with less environmental impact)

Possible Cf:	22%	
Avg annual output:	4,467MWh	
@	£95	per MWh (4.5p/kWh feed-in tariff plus 5p for export)
=	£ 466,000	per annum
O&M costs:	£66,000	per annum
Operating profit:	£400,000	per annum
Capital cost:	£2,550,000	
Simple payback:	6.4 years	

Example 3

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	

Example 4

A single 225kW turbine

Possible Cf:	22%	
Avg annual output:	430 MWh	
@	£230	per MWh (18p/kWh feed-in tariff plus 5p for export)
=	£99,700	per annum
O&M costs:	£25,000	per annum
Operating profit:	£74,700	per annum
Capital cost:	£600,000	
Simple payback:	8 years	

Example 1 produces a very substantial income to the organisation but would have a big environmental impact and may not be practical in terms of the access roads, etc.

Example 2 would be easier to install and less intrusive although less profitable.

Example 3, the pair of 225kW turbines (such as that pictured left, owned by the community group on Gigha), is attractive as it maximises the benefit of the proposed feed-in tariff (which could be reduced after the ongoing public consultation) whilst having a much lower environmental impact. Using two turbines rather than a single larger one reduces the risk of revenue voids when a turbine is off-line for technical reasons.

Example 4 is least economic of the set but minimises the environmental impact and may be the best fit with the revenue requirements of the organisation over the long term.

Any project on these scales will take years to bring to fruition and cost anything up to £200,000 to get past the planning permission stage. The grid connection costs, included in the rough cost estimates above, will be in the region of £200,000 to £500,000.

However, with persistence such an investment could:
1. make the ACF self-sufficient in due course;
2. in a phased purchase scenario, finance the latter phases once operational;
3. provide security and sustainability without the need for continually chasing revenue grants;
4. give the ability to pay proper salaries so not relying on volunteer staff;
5. bring more money into the local economy and
6. give the whole enterprise a negative carbon footprint.

Building-scale wind

Whether or not a full scale development is adopted, buildings constructed in the forest could use micro wind turbines to supplement solar heating or PV generation and perhaps hydropower.

As turbines are very sensitive to turbulence this would require careful design. The buildings would have to be on South-facing slopes and an area of clear felling would have to give unfettered open views from the turbine site to the South-East to South-West quadrant at least. The towers should be 9-15metres high and both it and the rotor could be finished in any colour. They could always be seen only against hill or trees so would not be at all conspicuous.

The benefit could be, as with the micro hydro described above, to improve the credentials and attractiveness of any housing or crofting business development as well as to improve the performance of any off-grid power system, reducing reliance on fossil fuel for generators, as the output from hydro and wind turbines, and Photovoltaic panels, will vary independently.

System costs for typical 2.5kW turbine, ancillaries and installation: £18,000 less any in-kind installation work on foundations and cable-laying by the user. Output value depends on the off-grid set-up. Displacing diesel generator fuel, the 3,500-4,200 kWh might be worth over £800 with Renewables Obligation Certificates (ROCs) or the future equivalent.

Conclusions

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, 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.

Woodfuel – Chips
The latent market for woodfuel chips is substantial within a 30 mile delivery radius and it 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.

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 (21p/kWh rather than 9.5p for >500kW).

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.

Although such a project would take a long time to come to fruition, if a phased purchase of the forest enabled a turbine to be installed, its revenue could then facilitate subsequent phases.

5.1.3 Deer management and venison

Context
Aigas Forest has the potential to develop as a location for shooting and hunting and generate a local source of venison and other game. There is a population of red and roe deer in Aigas Forest, and the need for management of these populations has already been identified. If possible, any opportunities for ensuring that deer management does not become a cost should be considered.

Venison is a healthy foodstuff, which is lower in cholesterol and fat than other forms of red meat. In recent years the Forestry Commission in particular has been promoting venison from forests. Forest dwelling deer are organic, and tend to be much more healthy and large than those which have to feed on relatively poor open hills. Experience of the wider area would tend to indicate that there is a local market for venison as well as the more traditional trade with Europe.

Where stalking is managed in hand through the services of a ghillie open hill stalking can fetch around £350/ stag, and £180 / hind. Stalking in the forest is rather different. It can be done on foot, more commonly for Roe Bucks, at around £60 per outing plus a trophy charge between £60 and £200 depending on quality. Shooting from high seats beside clearings and waiting until a deer appears to shoot it is also possible and could be let, but at a lower rate. There is a demand for longer term stalking leases where a stalker would have exercise those rights from year to year on payment of a rent.

Some estates in Scotland add value to their game activities by producing and selling venison products, including steak, burgers, sausages etc. Sales can be made locally and nation wide via the web or telephone orders. Processing of venison is an expensive business, which is heavily regulated. The Food Standards Agency requires that venison be chilled to 7° once it comes off the hill / out of the forest. For this, a chill larder is required. If a chill larder is used, the deer carcasses can be kept for a week until they are collected. If the venison is to be processed on-site, an EU- compliant facility, which ensures that the meat is moved forward all the time, and that there is a separate entrance and exit, is required. Butchering facilities include: a butchers table, scales, mincer and vacuum packer.

The stalking season is as follows:

- Red stag: July 1st – October 20th Red hind: October 21st – February 15th
- Roe buck: April 1st – October 20th Roe doe: October 21st – March 31st

Opportunities
Given the potentially dangerous nature of stalking, appropriate management would berequired to reconcile stalking with any other land management activities taking place in Aigas Forest. In order to identify the most appropriate way forward for ACF, it is necessary to gain an understanding of the number of deer which would need to be culled in the forest on an annual basis. If the numbers are relatively low, for example, less than 100 / annum the most appropriate approach to deer management would probably be to bring in a stalker to shoot the deer, and to take the carcasses to a suitable off-site location for uplift by the local game dealer. Alternatively, consideration could be given to setting up a local club, as is the case in North Harris with the Hind Stalking Club, which shoots hinds at no cost to the local community. In either case, it is possible that ACF could make an arrangement with a local estate, or the FCS, which has a suitable chill larder to store the carcasses until they are uplifted by the local game dealer.

If the deer numbers were higher than 100 / annum, it might be possible for ACF to sell the stalking in Aigas Forest, possibly by agreeing for a certain number of deer to be stalked during the course of a year at certain times / dates, and to manage the uplift of the carcasses. Additional value added could be derived from the production of venison by producing and selling venison products, as is done elsewhere in the country. This would require investment in butchering facilities. Venison products could be sold directly to local markets and nationally using the web and telephone sales.

Requirements and estimated costs

- Gamekeeper (part time) - £4,500 p.a. (0.25 FTE)
- Chill larder (for preparation and hanging) - £40,000
- Butchery equipment - £12,000

Funding

- SRDP, The Third Sector Enterprise Fund, proceeds from standing timber sales

Benefits

- An activity which helps to maintain the ecological balance of the forest and its surrounds, by maintaining browsing damage at an acceptable level.
- Local produce minimises food miles to point of delivery.
- Healthy eating foodstuff.
- Job opportunities – 0.25 FTE.

Implementation options

- Bring in a local gamekeeper as required
- Set up a local shooting club to carry out hind cull
- Engage a gamekeeper part time
- Install a chill larder in the forest
- Install a chill larder with butchery facilities in the forest

5.1.4 Bunkhouse/Holiday Accomodation

Context

There is currently no budget "indoors" accommodation in the area. The nearest campsite is the Lovat Bridge Caravan and Camping Site Nr Beauly located off the main road between Inverness and Dingwall. The site is being upgraded and extended with new facilities and will also have a number of cabins onsite.

There are no bunkhouses or hostels on in the area with the nearest Youth hostels found at Glen Affric and Inverness and the nearest independent bunkhouse accommodation is at Shiel Bridge serving walkers on the Five Sisters of Kintail

Opportunity

The development of a sympathetically designed bunkhouse is likely to be a good complement to the accommodation which is currently available in the area. It would be advisable for ACF to perform some checks to ensure that there would be no adverse impact on existing local accommodation providers.

It is possible to conceive of one bunkhouse or series of smaller bunkhouses, built of local timber providing family friendly, year round accommodation for up to e.g. 20 people. The building could be heated using wood from the forest. The facilities could be promoted to a range of different user groups, including walkers,cyclists, nature conservationists, those attending training sessions in the forests, families etc. This form of promotion of the bunkhouse could be complemented by membership of the Scottish Independent Hostels Association and its associated promotion.

Requirements and estimated costs

- An eco-friendly, efficient building with open public space, a drying room, small bedrooms, showers etc. - £350,000
- Parking for cars - £5,000
- Bike storage - £500
- Marketing / web-site - £500 set up, and £500 marketing costs annually

Funding

It would not be easy for the community to raise the funds necessary for this option, as for this type of development it could not receive any more funds from public sources than could a private individual.

Benefits

- Broadening of the visitor offer to the area, encouraging people who are likely to buy their food locally, and to provide other forms of economic contribution to the area.
- An additional visitor service provided in an environmentally friendly manner.
- Usage of local timber in construction, and local wood for fuel.
- Job opportunities – 1 FTE

Implementation options

- Run directly by ACF
- ACF lease the hostel to an independent business on long term lease.
- ACF obtain outline planning permission for a hostel and sell or lease the serviced site.
- There are several ways in which ACF could implement this option. For example Knoydart Forest Trust runs its own hostel, which brings in a moderate income to the Foundation, while Kinlochleven Land Development Trust leases its hostel to an independent business on a long term lease. The latter option is a simpler means of obtaining income for the community, but it is not straightforward to raise the money to build a hostel in the first place.

5.1.5 Woodland Burial

Context

A natural burial is an increasingly popular form of burial that seeks to minimise its effect on the environment; typically, it is the committal part of traditional funeral (like going to the crematorium). A woodland burial is a natural burial which takes place in a woodland managed for that purpose. Typically an exclusive right of burial is purchased in advance, ideally a plot will be sold as part of a funeral plan, and a certificate is issued entitling customers to be buried at any time within a 50 year period after their purchase.

Plots are usually single depth; so if family plots are required then adjacent plots need to be reserved at the time that the first burial is arranged to ensure their availability. Families tend not to be able to choose a precise plot but may be able to choose an area within the burial ground. Managers instead will offer the next available plot in that area when the time comes; with plots allocated on a sequential basis.

Grave digging is always arranged through the manager/owner of the woodland who will have a contracted grave digger. Given the nature of the setting surface tracks are not usually provided to the graveside. Burial grounds tend not to be manned. In most circumstances no memorial stones or other grave markers are permitted. In some cases small, flat, local stones are permitted more likely will be the planting of a commemorative tree as part of the agreement for the site. After a funeral a certificate of burial is commonly issued and sometimes a digitally produced location plan showing families precisely where the grave is located, enabling them to find the exact spot again in the future.

The types of coffins preferred coffins are made from natural, biodegradable materials such as wicker, bamboo, FSC pine, cardboard, ecopods etc.

Cremated remains are usually accepted and often areas for scattering ashes are provided.

Requirements

- Land/woodland capable of meeting the suitability criteria set by the Highland Council for burial grounds.

Funding

- Proceeds from the sale of burial rights

Benefits

- Strong long term bond between the families of the deceased and the woodland

5.1.6 Wildlife tourism

Context

Wildlife is a growing tourism sector, with forest-based tourism featuring in the Scottish Forestry Strategy. Wildlife tourism covers a range of activities including wildlife viewing, finding out about nature, and how it is managed, and visiting and finding out about natural, archaeological and historical features in the landscape. The area around Aigas is well suited to the development of wildlife tourism, with a range of habitat types, including forest and wooded areas, open hill ground and great views. The area is home to a wide range of flora and fauna –including the iconic golden eagle, red and black grouse, red-throated divers and mammals including otters, red squirrels and deer. The River Beauly is a well respected salmon river. Once sufficient facilities / destinations were put in place, the wildlife element of tourism could be fully integrated and developed in tandem with existing tourist promotion of the area. The Aigas Field centre is a well established expert in the provision of environmental/wildlife base holidays in the locality. As a supporter of the ACF they would seem a natural partner in the first instance with whom to develop this idea.

The opportunity

It would be possible to develop wildlife tourism in the area in tandem with the development of the forest. The track network could incorporate nature trails, viewpoints, hides (viewing birds and red squirrels) and interpretation, and it would be possible to promote all aspects of the wildlife /nature experience in the area as a whole.

Wildlife tourism visitors could act as a source of business for the bunkhouse and for other tourism service providers in the area. It is also possible that there would be an opportunity for a wildlife tour operator to set up and operate in the area and take visitors on guided walks or tours.

Requirements and estimated costs

A track network in the forest, signage and interpretation - £10,000
Promotional materials on the web and in leaflet form - £2,000
A number of hides (3) constructed in places where wildlife is known to frequent - £9,000

Benefits

- Relatively low impact, sensitive addition to the facilities / opportunities for visitors.
- Appropriate celebration of the natural features of the local area.
- Opportunities for formal and informal education.
- Job opportunities – 0.25 FTE direct (as an element of a wildlife tour operator / wildlife guide opportunity), and possibly help to secure other local jobs through visitor usage of
- other local facilities.

Implementation

This option would probably be best suited to being pursued by a private individual who sets up their own business and uses forest as well as other local land as bases for tourism. It is possibly the case that that forest would not be the best place locally to watch wildlife, but having a community forest on the doorstep could provide an engaging story – the regeneration of a natural forest habitat, community ownership bringing about sustainable living etc – and easy access.

5.2 WOODLAND CROFTS

Context

Crofting is a system of land tenure regulated through the Crofting Acts with a crofter being the tenant of a croft who leases land from, and pays rent to, a landlord. Traditionally, agricultural crofts range in size from less than ½ ha to more than 50 ha but an average croft is nearer to 5 ha. The possible land use put forward by ACF is for the creation of "woodland crofts" in Aigas Forest. Woodland crofts are a fairly recent concept although in essence they are essentially the same as normal agricultural crofts and are governed by the same legislation and regulations. The woodland croft idea aims to link housing, local rural livelihoods and woodland management.

Key features include:

- crofters being able to create new land-based rural businesses through the lease of forested land under regulated crofting tenure, crofters being able to build affordable and sustainable housing; croft housing created helping to meet the long-term local community housing needs
- the community being involved in land management decisions through the long-term retention of community ownership of the croft land
- broad-based community involvement and support.

There is considerable interest and support in the woodland croft concept from the Scottish Executive and In partnership with Forestry Commission Scotland, HIE has employed a woodland crofts project officer to develop this concept. However, given the new nature of the concept, the range of different rural development sectors involved (forestry, housing, crofting) the complexity of the issues are still being resolved, although some woodland croft models, such as the Four Penny Woodland near Embo are being been developed. FCS has stated that it does not wish to create any new crofts on FCS land. Its preferred option would be to sell land through the NFLS to community groups (such as ACF) so that the community can create the new crofts and become the crofting landlord.

Before looking at the opportunity for ACF to create woodland crofts, it is useful to look at more general crofting legislation.

Crofting legislation and regulation

The creation, disposal and management of registered crofts is regulated by the Crofters Commission through legislation. The most recent legislation governing crofting is the Crofting Reform Act, passed in January 2007. This act allows for the creation of new crofts and crofting townships and gives the ability to a landlord on new crofts to exclude a crofters right to acquire the croft or to assign (transfer the crofting lease) the croft to a non-family member. The Minister for Environment, Roseanna Cunningham MSP, published a draft Crofting Reform (Scotland) Bill, for consultation on 19 May 2009. It sets out proposals for changes in crofting legislation that would implement the proposals set out in the Government's response to the final report of the Committee of Inquiry on Crofting.

Croft tenants Right to buy croft house site and garden ground.

Croft tenants (other than new croft tenants) have the absolute right to buy their croft house site and garden ground. An area of between 0.1 and 0.2 hectares is usually considered to be appropriate for a house site and garden ground. The Land Court decides the price of a house site based on the agricultural value of the land alone, i.e. as if there were no house on it, and considers what the house site would be worth if:

- it was agricultural land on the open market;
- it was being sold by a willing seller, with vacant possession; and
- no development would be allowed on the land.

As a result, the cost of the site is usually modest.

Croft tenants right to buy croft land Croft tenants (other than those of newly created crofts) also have the right to apply to their landlord to buy their croft land. In addition, they can also buy their share of the common grazing if it adjoins their croft. Once croft tenants have bought their croft land, they can sell it to anyone. However, if sold to a non-family member within 5 years, the croft landlord may be entitled to some of the profit from the sale. This 'claw back' is generally one half of the difference between the later sale price of the land, and the price when it was first sold to the tenant. The croft tenant and the landlord can mutually agree terms and conditions of sale, including the sale price. However if this is not possible the tenant can apply to the Scottish Land Court for an Order that requires the landlord to sell and for the Land Court to state the sale price - normally 15 times the annual rent of the land, or a proportion of that if only part of the croft is being sold. The Land Court can refuse to approve an application to buy croft land if it would cause the landlord substantial hardship, or severely disrupt his estate management. Where the landlord is a community organisation (such as ACF), the Land Court may take the aims of the community trust into consideration before making a decision.

Crofters right to assign croft tenancy
Crofters currently have a statutory right to assign (i.e. pass on) their croft tenancy – often for a financial consideration to the highest bidder. Along with a perceived lack of enforcement of crofting regulations (for e.g. absenteeism and croft neglect), this has meant sale of croft tenancies that have increasingly been operating in a similar way as the free market in property. However there is the ability for this statutory right to be removed from new crofts created with new crofters only having the right to assign their tenancy to family members. Thus a if a new crofter wishes to terminate their tenancy and does not wish to assign it to someone from his/her family, the croft would revert to the crofting landlord who could then re-assign it to a new tenant following their own allocation policy.

Crofting Grants
Crofters are eligible to apply to a number of grant schemes unique to crofting. This could help make the possibility of leasing a newly created croft within Aigas Forest more attractive – particularly to those who would otherwise have difficulty in gaining access to land and building plots.

a. Crofting House Grant Scheme
The Croft House Grant Scheme (CHGS) provides grants for new houses and the rebuilding and renovation of existing croft houses. Only crofters and cottars with a genuine housing need are eligible, with grants provided at the discretion of the Scottish Ministers: there is no automatic entitlement. The scheme is geographically targeted with three levels of grant determined by priority areas with the highest grant maxima available in the more remote and fragile communities. Currently the Aigas area is seen as a low priority area in terms of CHGS grants. As such the maximum grant available to contribute towards the construction of new croft houses is 20% of costs up to a maximum of £11,500. It has not yet been decided whether this scheme will be extended to cover new crofts created under the Crofting Reform Bill.

b. Crofting Counties Agricultural Grants (Scotland) 2008 Scheme
This scheme provides assistance for investment in agricultural production on crofts and small holdings in the crofting counties. The Scheme offers discretionary grant rates of up to 50% of the agreed costs in Less Favoured Areas and 40% in other areas of the Crofting Counties up to a maximum amount of grant of £25,000 for an individual and £125,000 for groups of individuals, in any two year period.

c. Croft Entrants Scheme
The Croft Entrants Scheme ended at 31 May 2008.

Opportunity
ACF could create a number of woodland crofts to help towards meeting local demand for access to agricultural / forest land and for housing. Under the provisions of the Crofting Act 2007 ACF will be able to apply to the Crofters Commission to designate part of Aigas Forest as "croft land". If approved, ACF will be able to create new crofts within the forest. However there are many issues that still need to be resolved, both at a national and local policy level before ACF could proceed with creating new crofts in Aigas Forest.

These include:

Lottery Funding.
It is currently uncertain whether the Growing Community Assets Fund when relaunched would allow the creation of crofting tenure on any land for which it has grant aided the purchase. The lease of croft land to individuals by a community and the subsequent creation of any housing on the land would require the prior consent of the GCA. These are all untested issues.

Sale of croft houses on the open market.
It is normal for most crofters who purchase the lease of a bare land croft to wish to build a house on the croft land. This requires the house and garden site to be decrofted (no longer subject to crofting tenure law) and this then allows the crofter to obtain a mortgage using the land as security. However this also means that the house can be freely sold on the open market. Over time this usually results in a separation of the croft house from the croft land and, given current housing market prices, the loss of the croft house from the local "affordable" market. Without placing some restrictions on the sale of croft houses, the creation of new crofts and croft houses would thus not necessarily address the long term housing needs of local communities. Potential remedies for this include applying a Section 75 planning agreement to the house to ensure that the house could not be sold separately from the attached croft land.

Housing Burdens.
An alternative means to ensure housing meets long term local needs is for the crofting landlord to utilise the provisions of the Title Conditions Act 2001 to have a Housing Burden applied to any land sold for housing.

These burdens give the beneficiary of the burden (the Housing Body) the right to purchase back the land and any house created whenever it is sold in the future. This is done at a preagreed price (e.g. the amount that the house plot was originally sold for, plus build costs of the house and any improvements, plus inflation). The Housing Body can then re-sell the house to a local individual at that price. As Housing Burdens apply to these houses in perpetuity, their value should theoretically be considerably lower than the market value for an unburdened house. Other conditions which can be applied include a stipulation that housing has to be used a principal residence (and thus not become a holiday home). In this way the speculative element of house price increases can be eliminated and theoretically the housing should continue to help meet the long term local housing needs. There are however some issues relating to the use of these housing burdens by a community crofting landlord:

It is unlikely that a community crofting landlord will be recognised as an appropriate Housing Body and therefore would not be able to be the beneficiary of any Housing Burdens. This would however not prevent a community body from selling land with housing burdens attached with another body being the beneficiary.

Although housing associations (such as the Highland Small Communities Housing Trust) can become the Housing Body and be the beneficiary, they may not have the same approach to allocations policy as a community body.

Experience shows that individuals are reluctant to purchase house plots with Housing Burdens attached as effectively it means that they are unable to benefit from any market house price rises during their ownership of the house. This could be onerous for someone who buys a plot of land (with a Housing Burden attached) and builds a house on it and subsequently sells it but, due to housing market price rises, is not able to purchase another similar house with the proceeds.

Some lenders are reluctant to grant mortgages over land which is encumbered with such Housing Burdens as it considerably reduces the value of any house built and the bank's ability to sell the asset should the borrower default on repayments

Rented housing.
It should be theoretically possible for a Registered Social Landlord (RSL) - to provide the housing element for the crofts with crofters renting the houses, or purchasing them with shared equity. However, there are several issues that would need to be resolved with this approach:

A mechanism would have to be found to tie the rented accommodation to the croft land. RSLs construct and allocate new houses for rent on the basis of housing need, which would not necessarily coincide with local demand for crofts. If rented housing and croft land were tied, allocations of both would have to be done together by one body. Would the RSL or ACF have responsibility for allocation? There are currently considerable uncertainties over the future of housing policy and funding. There is as yet no model for this approach and the mechanisms proposed are as yet untried

Common Forest.
With agricultural crofts, there is usually an area of "common grazings" where local crofters in a township have a right to graze a set number of animals on land leased "in common" by all the crofters from their township. It is not clear how a similar "common forest" system might apply to communal management of forest land by crofters. Much would depend upon whether crofters would want to take on the control (and responsibility) of the collective management of an area of forest and how the community would ensure that the wider community interest in this "common forest" was maintained. Certainly collaboration with the community-owned and managed areas of the forest would be necessary in terms of landscale and biodiversity, but also desirable in terms of efficiently carrying out woodland management activities, timber marketing etc.

Sub-leasing.
ACF would want to limit sub-leasing of crofts as this could be detrimental to the local community interest.

Assignment of croft land.
For newly created crofts, the Crofting Reform Act allows for a crofting landlord to prohibit the assignation of a croft lease by a crofter to anyone other than to family members. This will help ensure that a community crofting landlord can meet the long term community demand for croft land. However, this also means that at the end of the tenancy the crofting landlord will have to pay compensation to the outgoing crofter for any improvements that they have made to the croft during the course of the tenancy. This compensation could of course be recouped from any ingoing croft tenant as a one-off payment at the start of their lease.

Use of Section 75 Planning Agreements.
These agreements, applied and enforced by the local authority, can be used in a crofting context to bind the owner of a croft house to the tenancy of a piece of croft land. The house and the croft are thus linked together and the house can not be sold unless the lease of the croft land is also transferred (and vice versa). As a community landlord would control who was granted the connected crofting lease, theoretically they could control who purchased the house. In practice there are several difficulties with this system that have still to be resolved:

- The existence of such an agreement could considerably reduce the value of any croft house created on the land. This could mean that the value of a newly created house is less than its build cost.

- Lenders may be reluctant to grant mortgages on houses where it would be difficult to sell the property should the borrower default on their repayments.

- Where a crofter no longer wishes to retain the croft tenancy (due to ill health, retirement etc) the use of a Section 75 Agreement would force the outgoing tenant to also move out of their house. This could be unduly onerous – especially if the outgoing crofter built the house or if alternative housing is not available locally.

Wider community involvement.
The lease of forest land to an individual under crofting tenure would result in a lack of a means of wider community engagement in local land management planning over this croft land.

Ownership of existing standing timber.
Under existing crofting legislation existing trees are owned by the landlord, with the crofter owning timber from any trees planted by themselves. Crofters could purchase the standing timber by agreement, though a market value for it would have to be paid.

Woodland croft rental
Under existing regulations and legislation, crofters pay a rental based upon the agricultural value of the land. However, if crofters were to lease areas of forested land where the existing timber crop and potential for future income from forestry was significant, then it would be reasonable to expect the new crofters to compensate the community owners through paying an appropriate market rental.

Neglect of crofts.
Current forestry incentives and controls support proactive management but have little influence where owners have no interest in managing woodlands. Agreement between the community landlord and the crofters of a long term management plan could be a vehicle for ensuring against neglect but new mechanisms could be considered. It would be important to ensure the land management element of any new crofts was delivered, and that interest in woodland crofts was not confined to creating house sites.

Wider community involvement.
Under current legislation, regulation and practice, there is a lack of community engagement in local land management planning over land under crofting tenure. If new crofts in Aigas Forest were to involve significant areas of land (either as individual crofts or as part of “common grazings” - forest collectively leased by the crofters - then a mechanism would need to be found to ensure wider community involvement. Potentially this might need to involve the community retaining an element of community control over croft land – perhaps through an agreed management plan over the woodland. However such mechanisms do not currently exist and would be potentially difficult to reconcile with the current legislative and regulatory system designed to apply to agricultural land.

Location of crofts.
This would require to be subject to a separate study to determine the practical locations, taking into account the provision of services and sewerage and the desirable locations taking into account other land use aspirations and the programme of tree felling.

Conclusion

ACF could create woodland crofts in Aigas Forest utilising the provisions of the Crofting Reform Act 2007 but they are a new concept and there are no working examples that have been created elsewhere to date. It has not been established whether potential funding bodies will fund the woodland crofting element of this project. “Woodland crofts” could be created with access to forest and agricultural land. It is probable that the most workeable model is for the croft land to be leased from community but croft house and garden sites to be decrofted and owned by the croft tenant. In order to retain the community’s interest and to maintain the crofts ability to meet the long-term local housing and land management needs, restrictions on crofters’ statutory ability to buy and assign their croft land need to be put in place. Mechanisms to link the croft land and newly created houses and thus ensure that both croft land and housing meet the long term needs of the community are currently being examined. It is likely that legislation along with further regulation and guidance will be developed in the coming 2 -3 years and a workable model created.

5.3 EDUCATION / TRAINING

Context
There is a growing recognition of the role of woodlands in the school curriculum. This is reflected in the Forest Education Initiative, where accredited Forest School leaders take children into forests to carry out a wide range of activities which are engaging, fun and educational. The community consultation indicates that there is a good depth of local experience in land-based skills in general, coupled with experience of training of and working with people of all ages and abilities.

Opportunities
As the forest is close to the Teanassie primary school, there is a possibility that the school could “adopt” an area of woodland close by, which could be a focus for a range of outdoor activities including arts and crafts, exercise, exploring nature etc. Forestry Commission and Highland Council Rangers as well as staff from the Aigas Field Centre would be well positioned to advise on possibilities and to run group activities with children from the local school and, possibly link with the surrounding area. The Scottish Wildlife Trust also provides the structure for ‘Watch’ Groups which are run by community sourced SWT trained leaders for children to learn and develop an affinity with wildlife and the countryside.

Many of Scotland’s community woodland groups have built huts or shielings which are used as an educational base, as a workshop for indoor activities, to display the local children’s work, or as a place to shelter in cold or wet weather. Shelter building could be carried out as part of an arts project.

Acquisition of the forest would open up a whole range of volunteering opportunities for local people, for example vegetation clearance, hand-felling small diameter trees, brashing, ditching, constructing small buildings and paths etc.

There is capacity in the community to lead work-party sessions. Volunteering in this way is a practical way to acquire skills, and can be a route into employment.
ACF could consider becoming a service provider for special needs groups. Abriachan Forest Trust provides this type of service, engaging clients in a wide range of activities, and obtains revenue income from the service provision.

There is a possibility that ACF could become involved at some level in the delivery of existing training courses, such as those organised by the Aigas Field Centre or the Community Woodlands Association, or the Community Land Unit, either by providing the venue for a course to take place, or by providing trainers.

Requirements and Estimated Costs
Access to the forest
A base (shelter) constructed using volunteer labour with timber from the forest - £1,000

Benefits
- Involvement of local school children in an informal, engaging educational setting
- Opportunity for practical skills development
- Opportunity for local people to use their skills to engage groups
- Income generation possibilities

5.4 PATHS / TRACKS

Context

There are few paths / tracks at present in the Aigas area and the area is significantly less well provided for in terms of 'all abilities' and other forms of tracks than the landscape could comfortably accommodate. There is also little in the way of active promotion of walking in the area, despite the fact that its natural beauty would act as a good pull to potential walkers and other access users. The nearest organized routes are a 2.5 mile walk around Phoieas Hill, near Belladrum, a 5 miles walk at Loch nam Bonnach listed by Visit Scotland and a series of walks identified by the Lovat Arms Hotel described on their web site and fanning out from the town centre.

Opportunity

There is an excellent opportunity to create a network of circular paths in Aigas Forest, using to as great as possible an extent the existing tracks. Access could be managed to avoid conflict with forestry operations in the standard way (by means of notices etc.). Ideally a range of paths / tracks could be created for a variety of abilities and modes, with short circular all-abilities tracks close to car parking for wheelchair / buggy etc. usage and a survey should be carried out to determine the most appropriate routes the paths should take and what addition path building would be required.

Paths close to car parking need to be built to a relatively higher construction standard than those which are more distant, as they will receive considerably greater usage by a wider range of people. The area of forest in these access paths could be zoned for recreation primarily, and the woodland management priorities in the area set accordingly.

The path network could be a key element in wildlife promotion for the area, and in local recreation provision. The wider network could be designed to enable access to a variety of view points – including the vista down the Beauly from Torr a Bhealaidh and Creagan Soilleir across the Golf Course.

Elements of path clearance work could potentially be undertaken by volunteers. Activities of this sort can engender a good community spirit and be used to set a series of goals, achieving which can help to foster the energy required in the community to move things forward.

Requirements and Estimated Costs

Footpaths

- All abilities trail. Cost: circa £25/m (1.8m wide compacted aggregate path. Assumes aggregates have to be bought in. Costs would be approximately £15/m if borrow pits from within forest are used for material.)
- Multi-use tracks (suitable for recreation and light management use) Cost: £20/m (assumes use of material from within forest and significant lengths of tracks constructed)
- Raised causeway. Cost £35/m. (with drainage pipes through)
- Boardwalk. Cost: £75/m. (1.2m wide, treated timber)
- Drainage ditching. Cost: £2.50/m (required in addition to any footpath construction costs)
- Culverts. Cost: £200 each (3m twinned walled plastic pipe with stone mortared walls either end)
- Water bars. Cost: £120 (using stone from within forest)
- Clearance and management of paths. Cost: £1.50/m/anum.

Signs and interpretation

- Signs (brown).Cost :£400 per sign, to include pole, sign and erecting
- Interpretation panels. Cost £1,500 each to include design, print on GRP and simple wooden lectern
- Promotion - Web design. Cost £1,000
- Walks leaflet design, print and distribution. Cost £1,200 (assume 5,000 print run)

Benefits

- Access to timber resource
- Access for walkers, cyclists and horse-riders of all ages
- Access to parents / carers with children in buggies
- Health benefits to people in the area – widen the opportunities for pleasant, safe and stimulating exercise
- Broaden the visitor offer in the area
- Opens up opportunities for forest based formal and informal education for people of all ages
- Job opportunities – depends on how the path / track creation is managed, but could provide local employment for 1 or 2 FTE for two years.

5.5 ENVIRONMENTAL IMPROVEMENTS

Context
Due to the commercial nature of Aigas Forest as a conifer plantation the forest is made up of a range of non-native conifer species planted in even-aged stands predominately over a 15 year period. This supports a relatively low biodiversity. There are small areas of native woodlands (around 4%), mainly on the eastern edge of the forest and adjacent plantations on Ancient Woodland sites. The same areas also feature significantly in the local landscape and are visually very important for locals and tourists alike.

Opportunity
The FCS Design Plan identified, in outline, a range of environmental objectives along with measures to be taken in order to reach them:

To enhance the biodiversity value of the forest through:

- Harvesting conifers when economically mature and restocking selected sites with mixed conifers.
- Harvesting conifers when economically mature and restocking sites with native tree species in order to increase the area of native woodland.
- Leaving significant areas of clear-fell sites as open ground for native tree regeneration.

To enhance the amenity value of the forest through:

- Diversifying the species and age ranges of the conifer forest.
- Consider creating waymarked routes to viewpoints and other landscape features.

To conserve and enhance the landscape value of the forest by:

- A gradual restructuring of the forest on the southern slopes and higher hills using relatively small-scale access tracks, felling coupes and harvesting machinery.
- Allow some stands of conifer to grow on well beyond their commercial rotation length.
- Allowing some clear-felled coupes to revert to open hill habitat or restocking with a wider range of conifer species or with native broadleaves.

What is required

- The drawing up and implementation of a full woodland management plan and a Biodiversity Action Plan

Benefits

- There are obvious benefits to the flora and fauna of the area, along with local people and visitors to the area.

Funding
Environmental improvement is an important objective of the Growing Community Assets fund and as such any application for development funding from them by ACF should include a strong environmental element.

The Scottish Rural Development Programme contains several measures which would be directly relevant to the restructuring of the forest and its environmental improvement.

Scottish Natural Heritage may be interested in providing grant funding for specific work to improve the biodiversity of the forest.

Costs
Implementation options
Much of the environmental improvement to the forest will take place as part of the restructuring of the commercial blocks of conifers This could be done by contractors, paid ACF staff or by volunteers. It could also be achieved though leasing of land to individuals/local businesses (either as regulated crofts or through standard leases) as long as any land management accorded with a previously agreed management plan.

Volunteers could carry out some of the necessary work, though given the extent of the work requiring to be undertaken, this would perhaps form a small proportion.

An important aspect of the project is the educational opportunities arising from the environmental improvement work. In particular there is the opportunity of involving the primary school – e.g. in tree planting, or in adopting an area of woodland.

5.6 Arts

Context
Arts Heritage and Cultural activities unequivocally contribute to restoring the cultural importance of forestry by providing platforms to showcase the Aigas Forest and are a major component in the development of many community woodland projects. Depending on what is involved, arts initiatives can have very low start up costs, and can bring together people of all ages and interests and help widen the appeal and relevance of the forest to members of the local community and beyond.

Opportunity
Activities can encompass a variety of themes and fulfill objectives laid out in this feasibility study by doing the following:

- Raise awareness of the work done by community woodland groups.
- Enhance economic opportunities for the future.
- Develop stronger links with communities locally and beyond.
- Contribute to the well-being of those who live and work in the community locally and at large.
- Create opportunities for more people to enjoy trees, forests and the overall landscape in the Highlands.
- Contribute to the development of Forest Tourism to the area.

Such events might include:
- Theatre in the woods events.
- Woods for All.
- Sculpture Trails.
- Storytelling events.
- Non Wood Forest Products event.
- Wood Fairs.
- Schools painting competitions.
- Short Films project.
- Training Workshops.
- Instrument making.

Organisations such as the National Theatre for Scotland, Scottish Opera, Perth's Big Tree County's 'Enchanted Forest' and the Forestry Commissions 'Music in the Woods Tours' with acts such as Jools Holland, The Beautiful South, David Gray, Sugababes and Pulp (Moray District 2005) have had great success in staging outdoor events and bringing new audiences into woodlands and forests.

ACF could consider planning a number of arts events early on in the life of the project, as little is required in the way of infrastructure to enable these to take place. Initially for example, groups could go into the forest and take a photographic record of what they find. These pictures could be used by ACF as a base record of the forest, and could also be shown in a local exhibition to stimulate greater local awareness of and interest in the forest.

As was outlined above local children could be taken into the forest to, for example, make figures, collages, or imprints from the leaves, branches, grasses etc they find there. The possibilities are endless. Abriachan Forest Trust started off in this way, engaging children and others in the forest through a number of arts projects. They then secured funding to build a number of structures, which are used to provide information about the forest and as venues for groups visiting the forest.

Requirements and Estimated Costs
- Initially, willing volunteers to run arts sessions
- Publicity

Funding
- Highland Council, Scottish Arts Council, Scottish Wildlife Trust etc.

Benefits
- Through arts, people of all ages in the community can become involved, whether as a participant or as an observer.
- Arts are fun!

Implementation options
- These activities should be organised by and run through ACF, although session leaders or specialist event organisers could be brought in as required.

6. DELIVERY

6.1 STRUCTURE TO DELIVER

6.1.1 Organisational structure and status

In order to proceed with an acquisition of land, community initiatives need to form themselves into a limited company, referably with charitable status. ACF has this in hand and as such will be recognised as an appropriate vehicle for applying to purchase Aigas Forest through the National Forest Land Scheme. This will also allow the community to apply for funding from the principal funders of this sector including the Community Land Unit of Highlands & Islands Enterprise and possible the Third Sector Investment Fund.

Certain functions of the running of ACF and elements of the management and development of Aigas Forest need to be carried out by the organisation itself. These would include:

- Holding title to land.
- Membership functions.
- Insurance.
- Potential employment of a development manager to further the aims of ACF.
- Fundraising.
- Application for funding from charitable trusts and from lottery sources.

Woodland management activities can either be carried out directly by ACF itself, or through other means as detailed below.

6.1.2 Trading subsidiaries

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 context of a typical community land initiative, the use of a subsidiary company can have a number of advantages including:-

- It allows trading activities which fall outwith the charities' tax exemption to be carried on without prejudicing the charitable status of the parent company.
- It limits the amount of risk that the parent, landholding company is exposed to. Thus if any of the activities carried on by the subsidiary encounter significant financial difficulties, then the assets of the parent company are not endangered.
- It allows a separate board to be built up, composed of people with the skills and experience which are appropriate for the activities in question.

Where trading occurs, the establishment of subsidiary companies is also necessary in order to by-pass European State Aids regulations relating to public funding for the acquisition or development of assets. European Law restricts the amount and percentage grant support that any public body (including government agencies and lottery funders) can give to any organisation, including charitable trusts. In practical terms this means that a community land initiative can be restricted in the total amount of funding that they receive for establishing or supporting a trading business (e.g. a wood fuel sales, hostel etc). One means of minimizing the effect of these regulations is the lease of any community owned property (land, buildings, machinery etc) to trading subsidiaries. It is important to recognise that any wholly-owned community trading subsidiary would need to pay a market rental for any asset leased from the parent community body, or a market price for any assets purchased from them (such as timber).

Further advice on State Aids can be obtained from Highlands & Islands Enterprise or from http://www.stateaidscotland.gov.uk/.

6.1.3 Enabling local business development

This option would involve ACF, as a landowner, operating as a facilitating organization enabling the development of local businesses. This can be achieved by:

Leasing community owned property.
This could be the lease of buildings, yards, land or even areas of the forest. Most of the larger community land initiatives utilise this approach e.g.

- Lease of forest land by the Knoydart Foundation to the Knoydart Forest Trust
- Lease of office space and industrial units by Kinlochleven Land Development Trust
- Lease of sheds and outbuildings by the Assynt Foundation
- Lease of community-owned housing by the North Harris Trust.

Sale of standing timber.
This is possibly one of the best methods of the community carrying out the extensive woodland management required in the forest without having to purchase equipment, recruit and train staff and undertake the risk and responsibility of the woodland management operations. This can be at the level of the sale of blocks of commercial conifers to established forestry contractors, or the sale of small blocks or even individual trees to individuals and businesses within the community. (Knoydart Forest Trust sells small areas of standing timber to a local firewood business as a means of achieving thinning).

Making the land resource available.
By the community provision of general access, footpaths, interpretation materials etc there is the potential for existing and future local businesses to directly and indirectly benefit from the community ownership of Aigas Forest. This would apply particularly to tourism related businesses such as pony trekking, (such as with Laggan Forest Trust) wildlife tourism (Knoydart Foundation), accommodation provision etc.

Sale of land.
With the permission of the grant giving bodies, it is usually possible for community land initiatives to sell land if it helps achieve their objectives. Examples of this elsewhere in the past include the sale of land for:

- Building affordable housing and for house plots (Isle of Gigha Heritage Trust),
- Pub extension (Knoydart Foundation)

There are distinct advantages to ACF adopting a facilitating, enabling role, at least in part, as a means of helping achieve its organisational objectives. The benefits include:

- The relative ease of ACF management - community capacity lessening the workload
- Reducing the need for direct employment by ACF. Direct employment carries with it a considerable burden in terms of recruitment, staff supervision, and accommodation, as well as the commitment to providing work and weekly / monthly wages.
- Passing on all health and safety considerations upon contractors
- Reducing the level of project management and supervision required by ACF staff and directors.
- Allowing ACF to develop a facilitating role as the land owner and manager. Evidence from other community land initiatives indicates that they work most efficiently and effectively when they in turn enable other organizations, individuals or businesses to operate more efficiently effectively.
- Limiting the need for ACF to raise all the capital and revenue funding required to achieve its objectives
- Providing a means of private capital to be invested in the forest
- Providing an opportunity for local individuals and businesses to develop livelihoods

This type of facilitating role by ACF would also allow the community to concentrate its time, energy and activities and funding on aspects of the project that could provide the best return in terms of social, economic and community capital (e.g. recreation and access provision, arts and education projects, developing new economic activities etc). It would also potentially provide an invaluable income stream to help fund these other aspects of the wider ACF project.

6.2 COMMUNITY CAPACITY

6.2.1 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.

6.2.2 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
- OSCAR 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.

6.2.3 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

6.3 TIMETABLE TO DELIVER

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

Each of these phases is considered in turn, looking at the aims of each phase, and the activities which would be commenced and undertaken in each phase.

6.3.1 Phase 1 . Project startup

Elements of this phase of the project could commence as soon as the community secures ownership of the forest. The activities included here are either enabling of other activities, or have very low entry level costs and could involve a whole cross-section of the local community.

Aims

- Get the project off the ground
- Deliver the infrastructure required for economic and other activities
- Provide opportunities for early local community involvement in the project

Elements

- Hold a celebration event marking the start of community ownership. This could take the form of an event within the wood itself, and / or be held in the village hall (ceilidh etc)
- Recruitment and appointment of project manager for a 3 - 5 year period. Initially the project manager would undertake the planning required to schedule delivery of all the elements of the project, with particular emphasis on delivery of the remainder of Phases 1 and 2.
- Draw up a woodland management plan. This would involve carrying out a full woodland survey and perhaps further community consultation. It would also be required as a precursor to receiving SRDP funding and prior to any sizeable woodland management works being done on the ground.
- Research the feasibility of, and where appropriate agree a business plan for, the economic elements of the project envisaged in Phase 2.
- Establish a pedestrian/management entrance to the woodland as a public focus and gateway to the Woodland. This could involve the construction of a small car park, signage, information board, rainshelter, noticeboard etc. The entrances should be such that future access for croft development, a wood processing yard, and appropriate quality standing timber is enabled.
- Identify and clear a space for the wood processing yard. Sufficient space should be cleared to allow for all the timber-processing activities which will be commenced in Phase 2.
- Start to improve the environment in the lower reaches of the forest, hand-felling small diameter / dead trees, and starting to develop a footpath network where this can be easily done. This could provide a starting point for the project's education / training programme, and could be carried out primarily by volunteers.
- Initiate a volunteer-run arts in the forest programme. This could involve the local school children in e.g. making structures from items they find in the forest, and other members of the community in fun, forest based arts activities.

It is envisaged that each of these activities would continue beyond the lifetime of Phase 1, enabling access to the crofts and to further areas of the forest, environmental improvements further into the forest, and arts activities to take place over a wider area of the forest.

6.3.2 Phase 2 . Economic and management activity start-up

This phase envisages the start-up of a small number of economic, and woodland and environmental management activities in the forest. The woodland and environmental management elements of this Phase will continue t hroughout the life of the project. However, a considerable number of initial activities will be required in order to bring the forest into a well managed and sustainable condition.

Aims

- Lay the foundations for economic returns from the forest
- Commence woodland management activities
- Commence economic activities for which there is a guaranteed market for the products.
- Commence economic activities which are required to maintain a good environmental quality in the forest.

Elements

Note that only these elements which are deemed to be economically viable would be pursued in this Phase. They could, however, include:

Firewood supply operations:

- Erect the buildings required for timber storage and drying at the wood-processing yard.
- Install splitter.
- Extract suitable quality logs for firewood
- Commence deer management – venison production

The following essential activities would need to be undertaken to bring about the environmental improvements envisaged by the project:

- Re-structuring of forest silviculture through thinning, coup felling etc.
- Replanting with a diverse range of tree species
- Draw up and instigate a Biodiversity Action Plan

6.3.3 Phase 3 . Development of economic and social activities

Once the previously mentioned key elements of the project have been undertaken, or at least got underway, it would be an appropriate point to consider further development of forest-related economic and social activities. Initially, work should be undertaken by the project manager to carry out detailed feasibility analyses of additional economic activities which could be undertaken in the forest, and to develop detailed business plans for those activities which assessed to be economically viable in the feasibility analysis.

Aims

- To fully realise the economic potential of the forest
- To maximise the job opportunities and other benefits deriving from economic activities
- To develop the forest's potential for a range of recreational activities

Elements

Note that only these elements which are deemed to be economically viable would be pursued in this Phase. They could, however, include:

- Development of bunkhouse facilities;
- Establishment of fuel wood business
- Development of wood-chip production and / or development of pellet production
- Establishment of a charcoal burning facility;
- Progression of Renewable energy projects

6.3.4 Phase 4 . Croft development

This phase could either take place over an extended period of time, with the clearance of land and creation of crofts on a rolling basis, or over a shorter period. However, in order to maintain the community's long term interests over any croft land, it is recommended that a separate study is made to ensure that the building of houses in the woodland is possible (sewerage, water supplies etc) before proceeding with the creation of any new crofts. This may require a period of several years.

Aims

Provide access to croft land and enable a start to be made to croft house building, and the development of pasturage or other land use activities.

Elements

- After local consultation, agree areas suitable for croft land and for croft house sites.
- Application to Crofters Commission to designate part of Forest as "croft land"
- Draw up mechanisms to ensure that the croft land and croft houses are able to meet the long term housing and land management needs of the local community
- Advertise croft land and allocate to croft entrants
- Enter into crofting leases

6.4 Financial assessment

6.4.1 Woodland Acquisition

No formal open market valuation has been prepared at the time of preparation of this report, however, comparison of this property with other recent woodland sales indicates that the current market value, assuming no special circumstances, would be in the range of £750,000.00 to £850,000.00.

Under the NFLS right to purchase regime the actual price will be set by the District Valuer rather than open market competitive bidding. There is some recent evidence, i.e. the Kilfinnan Community Forestry Company, that the District Valuer may take a sympathetic view of the site constraints, development costs and aspirations of the community and reflect this in the valuation.

In order to assess the future viability and sustainability of the woodland and provide guidance upon affordability it is useful to undertake an investment analysis based upon a number of realistic scenarios. This process has now been undertaken for the Aigas Forest.

6.4.2 Woodland Investment Analysis

In order to comment on the woodland as a stand-alone forestry investment it is appropriate to consider potential purchase costs, development expenditure and income over a reasonable period, i.e. 25 years, and to calculate the likely investment returns.

The technique is primarily used for the assessment of relative merit of competing financial investment opportunities rather than an exact prediction of the likely financial return from a single acquisition, nevertheless, it is a useful tool when considering the affordability of a property at various asking prices.

ASSUMPTIONS

For the purpose of this report two alternative scenarios have been prepared :

1. Following purchase of the property the current FCS design plan is adopted and implemented unaltered for the first 25 years
2. Following purchase of the property ACF revise and obtain approval for an alternative design plan which increases and brings forward harvesting to generate additional timber sales within the first 25 years. This scenario will be at the expense of greater change to the current woodland structure and some reduction in the long term retentions proposed by FCS Scotland to meet amenity and biodiversity objectives.

The full list of assumptions made during the preparation of the analysis are itemised in Appendix J but can be summarised below.

Development Expenditure

Focusing solely on ongoing woodland management to develop the woodlands to their best commercial advantage, whilst being sympathetic to ACF's objectives, then the principal expenditure would be the improvement and extension of the current road infrastructure, restocking the woodland after felling and routine management, insurance and woodland maintenance.

Development Income

Following the above scenarios and criteria the principal sources of income for the investment study will be from timber sales, rental from the telecommunications mast and a modest annual sporting income.

Financial assessment - conclusions

On the assumption that the woodland can be purchased for a total cost including all fees, taxes etc in the region of £800,000.00 and that the FCS design plan is followed for 25 years then the project should produce an Internal Rate of Return (IRR) of approximately 1.25%. This is the anticipated investment return upon the initial outlay over the period after factoring in inflation, i.e. the return in real terms.

Assuming scenario two is followed and a revised design plan implemented then the anticipated IRR could rise to approximately 2.5%.

To place these figures in context, the average IRR for woodlands being considered as commercial investments in recent years has been in the region of 3% to 3.5%. However, the figure has dipped to around 2.5% during the past twelve months principally due to recent rises in plantation values and a general lowering of expectation in the current low interest rate economy.

The suggestions from this analysis is that if the Aigas Forest is to be a sound and sustainable asset based upon traditional forest management and timber production then :

1. A purchase price including costs of below £800,000.00 should be the objective.

2. The FCS forest design will require to be modified to increase and bring forward timber production during the first 25 year period.

3. 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.

7. CONCLUSIONS

The Aigas Forest has much in its favour – it has a spectacular setting, yet is relatively close to urban facilities; and it has an active and diverse community, and visitor numbers that can be built on, particularly during the summer and festive seasons. The community population is active and growing, but limited employment and recreational opportunities combined with limited affordable housing, means that, without some form of intervention, the future is likely to give little prospect of attracting young families to or retaining young people in the area.

Aigas Forest has not historically been a priority for the Forestry Commission Scotland. Since its establishment the forest has remained largely unmanaged, and parts of the forest are starting to suffer from the effects of windthrow. The current FCS plan for management of the forest envisages staged harvesting operations starting from 2007 in phases up to2031. No work has been undertaken yet however. Ideally active management should start as soon as possible, to prevent the present limited windthrow problem becoming more widespread and, possibly, intractable. There are no formal access facilities in Aigas and the FCS management plan does not make any form of provision to create them not withstanding the general opportunity for the public to take informal access.

It is the vision of ACF to provide a wide range of benefits social, environmental and economic to the local community and to visitors to the area through the acquisition and sympathetic development of the Aigas Forest. The community fully understands that the acquisition of the forest is a serious undertaking, and this report has been commissioned with a view to identifying the most appropriate approach for acquisition and project development to ensure that community ownership delivers maximum public benefit, and is undertaken in a well managed, efficient and effective manner.

At the time of carrying out this report, the valuation of the forest by the District Valuer has not been completed and it has therefore not been possible to advise of the financial implications of purchase of the forest. The funding sources are much reduced at present however agency and funder advice is that funding of up to 20% of acquisition costs might be available. This would leave 80% to be raised by ACF. 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. It is not known if the FCS would accept such an approach but if needed a phased purchase of the forest which enabled a turbine(s) to be installed its revenue could then facilitate subsequent phases. The acquisition of only part of the Forest as an end in itself, for example the less expensive road side sections, would considerably reduce income earning potential across the board. Some of the activities, such as woodland walks, education and art/cultural projects could be done but would heavily rely on donations or grant funding assuming it is available. Renewable energy projects would not be possible.

Currently FCS has management access into the main part of the forest from the A831 and a good but incomplete system of internal roads. The timber from the Woodland blocks Torr a Bhealaidh and Torr nan Caorach would also be routed through this access. The riverside woodland blocks are more complex to extract but have a long public roadside frontage.

Establishing a thinning/clear felling programme immediately post-acquisition would enable an income stream to be derived from the sale of standing timber from an early stage of the project. This could assist the community to invest in the other environmental, educational, recreational and economic development opportunities they have identified.

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. As is the case elsewhere, a manager with general organisational / management skills could bring in or sub-contract specialist advice or services (e.g. forestry services) as required.

It is also recommended that ACF should primarily contract out woodland management operations rather than undertaking them “in-house”. In this way the need for capital and revenue expenditure are minimised along with the need for staff recruitment and management. ACF could thus look to employ local contractors and in this way act as a facilitator to allow local economic development. It is recommended however that ACF establish a trading subsidiary to enable it to set up a small sawmilling and fuelwood business.

There is the legal scope for ACF to establish woodland crofts within the Aigas Forest. However it is recommended that this element of the project is not taken forward until there is a better understanding of the practicalities of developing croft houses in the woodland and indication of whether there would be support from funding bodies.

At present, it is not clear how economically viable most of the economic options which have been identified by the community would be. However, as the project develops, external factors are likely to change (e.g. fossil fuel prices rising further; increased support for carbon emission reduction measures) and the market opportunities for at least some of the considered options are likely to improve. For example, Scotland’s national fuelwood industry is currently in the early stages, and as such there is at present a relatively limited market for any fuelwood supply operations which might be established in the area. However Government support for the development of fuelwood across the country would tend to suggest that this market is likely to develop strongly over time, and, as owners of Aigas Forest, the community could be in a good position to capitalise upon this.

In addition to facilitating the extraction of timber from the forest, there are a number of activities which the community could start to undertake early in the life of the project which would have recreational, social and environmental benefits. In particular educational and environmental elements of the project could be initiated with little in the way of investment, and these activities could serve to engage a wider cross-section of the community and to build on the sense of ownership and relevance of the forest to the local and wider community.

The plans which ACF has for the forest would undoubtedly bring significant additional benefits to the local community and to visitors to the area. The development of wind turbines would contribute enormously to the financial underpinning of the forest and its businesses ad projects. The amenity of the area would be greatly enhanced through access and environmental improvements; all sectors of the community would have an opportunity to engage at some level with the forest through a range of practical and recreational activities; and individuals could have the opportunity to pursue small-scale forestry and farming activities and so derive income from forest-based economic activities. Local employment could be created or sustained in the commercial harvesting and extraction of timber and also in the subsequent replanting of a more diverse and environmentally sustainable forest.

APPENDIX A . REFERENCES

1. SRDP 2007 – 2013 National Strategy, Scottish Government
2. Scottish Forestry Strategy 2006, Forestry Commission
3. Third Sector Enterprise Fund, Guidance Notes and Help Notes
4. Highland Council Inverness Local Plan
5. Kilfinnan Community Forest Trust Feasibility Study by Doreen MacIntyre and Munro Gauld Feb 2008
7. Community Woodland Association – Community Woodfuel Supply study,Abriachan,Sept 2008
8. Consultation on Renewable Electricity Financial Incentives 2009 – Department of Energy and Climate Change
9. Windspeed Database – Department for Business Innovation and Skills,
10. http://www.berr.gov.uk/energy/sources/renewables/explained/wind/windspeed-database/page27326.html
11. Highland Birchwoods Aigas Community Forest Trust Woodfuel Business assessment 28/07/09 - Chris Perkins
12. Zones of Natural Heritage Sensitivity map - SNH January 2009
13. Zones of Biodiversity and Earth Science Interest Sensitivity map - SNH January 2009
14. National Forest Land Scheme – Forestry Commission Scotland Publication

APPENDIX B . ACRONYMS

CHGS	Croft House Grant Scheme
CLU	Community Land Unit
FCS	Forestry Commission Scotland
GCA	Growing Community Assets Fund
HIE	Highlands and Islands Enterprise
ACF	Aigas Community Forest
NFLS	National Forest Land Scheme
NSA	National Scenic Area
PDA	Potential Development Area
RSL	Registered Social Landlord
SFS	Scottish Forestry Strategy
SNH	Scottish Natural Heritage
SRDP	Scottish Rural Development Programme
WHC	Windthrow Hazard Classification
YC	Yield Class

AIGAS FOREST COMMUNITY SURVEY

1. What would you say was your level of interest in the future of Aigas Forest? (circle one answer)
   HIGH MEDIUM LOW

2. Do you and your family currently make use of the Forest?
   YES NO (If "no", go to Q 5)

3. What activities do you and your family currently carry out in the Forest? (please state all)

4. Do you have any comments about access to, and within, the Forest?

11. Now we'd like you to write down the things you like at the moment about Aigas Forest and its immediate surrounding area (even if you don't visit the forest at the moment). What aspects of the forest do you especially cherish?

12. Now tell us the things that you <u>don't</u> like at the moment about the forest and its surroundings. You might also like to say <u>why</u> you don't like these things.

13. Now, please say what improvements and/or new amenities you would like to see in the forest in future. At this stage, please do not be afraid to be imaginative and ambitious (but sorry, no zoos or theme parks!).

14. Tell us <u>why</u> you would like to see the forest change in the ways you have suggested, from the perspective of you, your family's or your club/group's needs.

15. Finally, we would like you to score the following possible uses of the forest according to what you feel is most important for the future benefit of the local community. Write "1" beside your top priority, "2" for your next most-favoured option, and so on down to "5" for the type of use that matters least to you.

Score

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)

16. If you have any other comments, please write them here:

Your name (optional) ……
Your age (please tick box) Under 16 ☐ 16-35 ☐ 36-64 ☐ 65+ ☐

Male ☐ Female ☐
Your status (e.g. "local resident", "member of XXX club") ……………………………………………………

Please return completed questionnaires to the public meeting at Kilmorack Hall on 29 June, to Teanassie School by Thursday 2 July or post to the address below by Saturday 4 July. You can also complete the survey online at www.bellingram.co.uk (click on the "latest news" button) and e-mail it to patrick.laughlin@bellingram.co.uk. Thanks for your help!

*This survey is being carried out by **Bell Ingram, 22 Market Brae, Inverness IV2 3AB**, on behalf of Aigas Community Forest Steering Committee. Please contact Patrick Laughlin on 01337 857420 if you have any enquiries about the survey.*

APPENDIX D – AIGAS COMMUNITY – DEFINING THE BOUNDARY

Defining the boundary is vexed issue for any community seeking to acquire a woodland under the National Forest Land Scheme (NFLS), and the Aigas Community Forest steering committee was well aware that failure to agree a boundary could lead to failure of the bid.

The NFLS guidelines state that:

"A community is defined for the National Forest Land Scheme in accordance with the Community Right to Buy provisions of the Land Reform (Scotland) Act 2003. It is geographically defined, and will normally include the whole of a settlement. Members of the community must be resident and registered to vote. It is for the community organisation to show how it has defined the community. The Community Right to Buy requires that the area of the community should be defined by means of maps on the basis of postcode units, but Forestry Commission Scotland may also accept definition in terms of the whole of a Community Council area or a Local Authority ward. Whatever way the community is described, it is important that where a ballot of the community is required that the community organisation can identify everyone who is entitled to vote within that community."

The starting point for the steering committee was to look at existing administrative boundaries. Historically the Aigas area has been well defined by place names, still evident on Ordnance Survey maps today. Oldtown of Aigas, Aigas House, Aigas Mains, and the Crask of Aigas. The Aigas area has however achieved anonymity in the current administrative boundaries, and now forms part of Highland Council's multi member ward of Aird and Loch Ness which includes the communities Drumnadrochit and Fort Augustus, remote from Aigas Forest. Even the local Kilmorack Community Council area extends to the outskirts of Beauly and includes several settlements which could not be considered to be part of the Aigas community.

The next step was to look at a geographic boundary to identify the Aigas community, ie. those people who have a substantial connection with the Aigas Forest either by living within it, adjacent to it or near it, and crucially, those whose amenity is affected by it. Because of the distinctive topography of Strathglass – particularly the steepness of the land either side of the Beauly river - the steering committee took the view that the community boundary should straddle both banks of the Beauly to include areas with important views of the forest. The Aigas Forest forms the principal backdrop to the views out from Kinerras on the opposite (east) bank of the Beauly and forms a significant part of the amenity of that area so it is logical to consider Kinerras as part of the Aigas community for the purposes of acquisition of the forest by the community.

Following a "skyline survey" of Strathglass to identify all settlements which have significant views of Aigas Forest, the boundary was delineated. It was then a relatively easy exercise for the steering committee, working with the local postie(!) to adjust the skyline boundary to fit with the local postcode units and thus identify everyone within the community entitled to vote in the ballot.

MBS / 27 July 2009

APPENDIX E. HIGHLAND BIRCHWOODS – AIGAS COMMUNITY FOREST WOODFUEL BUSINESS ASSESSMENT
Envelope with CD

APPENDIX F. INVERNESS FOREST DISTRICT - AIGAS FOREST DISTRICT PLAN
Envelope with CD

APPENDIX G

Aigas Forest - FCS Forest Design Plan												Base Year:	2009
Crop Records, source FCS June 2009.													
CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2520	A	1	PHF	1	LP	1963	8	97	B	4	1.00	2011	46
2520	A	1	PHF	1	LP	1963	8	97	B	4	5.32	2021	46
2520	A	2	UNP	0		0	0	2		4	0.13	OL	0
2520	A	3	PHF	1	SS	1963	16	1	B	4	0.07	2021	46
2520	B	1	PHF	1	LP	1968	10	90	P	4	1.36	2021	41
2520	B	2	PHF	1	LP	1968	6	10	P	4	0.15	2021	41
2520	C	1	PHF	1	SP	1963	8	100	P	4	1.00	2021	46
2520	C	1	PHF	1	SP	1963	8	100	P	4	0.43	2011	46
2520	D	1	PHF	1	SS	1968	18	100	P	4	1.25	2021	41
2520	E	1	PHF	1	SP	1915	6	100	P	4	1.11	NR	94
2520	F	1	PHF	1	JL	1963	6	73	P	4	0.61	2021	46
2520	F	2	PFA	0		0	0	27		4	0.23	OL	0
2520	G	1	PHF	1	LP	1963	6	100	P	4	0.79	2021	46
2521	A	1	PHF	1	SP	1956	12	97	P	4	7.05	2011	53
2521	A	2	PWB	1	SP	1956	12	3	P	4	0.22	2011	53
2521	B	1	PHF	1	JL	1956	6	100	P	4	2.39	2011	53
2521	C	1	OPN	0		0	0	100		4	1.94	OL	0
2521	D	1	PHF	1	SP	1956	4	100	P	4	1.49	2011	53
2521	E	1	PHF	1	SP	1956	6	97	P	4	1.22	2011	53
2521	F	1	PHF	1	LP	1956	8	95	P	4	1.10	2011	53
2521	F	2	PWB	1	LP	1956	8	5	P	4	0.06	2011	53
2521	G	1	PFA	0		0	0	100		4	0.78	OL	0
2522	A	1	PHF	1	SP	1963	10	98	B	3	4.00	2021	46
2522	A	1	PHF	1	SP	1963	10	98	B	3	1.81	2011	46
2522	A	1	PHF	1	SP	1963	10	98	B	3	2.50	2026	46
2522	A	2	PHF	1	SS	1963	16	2	B	3	0.17	2021	46
2522	B	1	PHF	1	LP	1963	8	99	P	3	4.00	2021	46
2522	B	1	PHF	1	LP	1963	8	99	P	3	2.44	2026	46
2522	B	2	PWB	1	LP	1963	8	1	P	3	0.07	2021	46
2522	C	1	PHF	1	JL	1963	4	60	P	3	0.60	2026	46
2522	C	1	PHF	1	JL	1963	4	60	P	3	0.35	2021	46
2522	C	2	PFA	0		0	0	40		3	0.64	OL	0
2522	D	1	PHF	1	SS	1963	16	50	P	3	0.41	2011	46
2522	D	2	PHF	1	SS	1963	0	50	P	3	0.41	2011	46
2523	A	1	PHF	1	SP	1958	8	93	B	3	7.77	N/A	51
2523	A	2	PHF	1	SS	1958	16	7	B	3	0.58	N/A	51
2523	B	1	PHF	1	LP	1956	8	94	B	3	3.11	2011	53
2523	B	2	PWB	1	LP	1956	8	5	P	3	0.17	N/A	53
2523	B	3	PHF	1	JL	1956	8	1	B	3	0.03	N/A	53
2523	C	1	PHF	1	SP	1958	8	100	P	3	2.02	N/A	51
2523	D	1	OPN	0		0	0	100		3	1.37	OL	0
2523	E	1	PHF	1	SP	1880	0	100	P	3	0.60	NR	129
2523	F	1	PHF	1	LP	1956	8	100	P	3	0.32	NR	53
2523	G	1	PHF	1	SP	1880	0	100	P	3	0.19	N/A	129
2524	A	1	PHF	1	SP	1958	10	95	I	3	10.49	2021	51
2524	A	2	PHF	1	SS	1958	14	4	I	3	0.44	2021	51
2524	A	3	UNP	0		0	0	1		0	0.11	OL	0
2524	B	1	PHF	1	LP	1958	10	96	B	3	4.39	2031	51
2524	B	2	UNP	0		0	0	3		3	0.14	OL	0
2524	B	3	PHF	1	SP	1880	0	1	B	3	0.05	2031	129

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2524	F	1	PHF	1	SP	1935	6	100	P	3	1.15	2031	74
2524	G	1	PHF	1	SP	1935	6	100	P	3	0.59	2031	74
2524	H	1	PHF	1	JL	1958	8	100	P	3	0.43	2031	51
2524	I	1	PHF	1	DF	1958	10	100	P	3	0.22	2031	51
2524	J	1	MOW	0		0	0	100		3	0.05	OL	0
2525	A	1	PHF	1	DF	1964	12	75	B	3	2.92	2026	45
2525	A	2	PHF	1	SS	1964	18	25	B	3	0.97	2026	45
2525	B	1	PHF	1	SS	1990	18	90	P	3	2.36	Y	19
2525	B	2	UNP	0		0	0	10		3	0.26	OL	0
2525	C	1	PHF	1	SS	1964	20	75	B	3	1.70	2016	45
2525	C	2	PHF	1	DF	1964	16	25	B	3	0.57	2016	45
2525	D	1	PHF	1	SP	1964	10	90	B	3	1.88	2031	45
2525	D	2	PIB	1	BI	1964	0	10	P	3	0.21	BRT	45
2525	E	1	OPN	0		0	0	100		3	0.69	OL	0
2525	F	1	PHF	1	BI	1960	4	80	I	3	0.34	BRT	49
2525	F	2	PHF	1	EL	1964	8	20	I	3	0.09	2026	45
2526	A	1	AGR	0		0	0	100		2	1.12	OL	0
2527	A	1	PHF	1	DF	1966	14	93	B	3	5.01	N/A	43
2527	A	1	PHF	1	DF	1966	14	93	B	3	2.00	2016	43
2527	A	2	PHF	1	JL	1966	14	3	M	3	0.23	N/A	43
2527	A	3	UNP	0		0	0	3		3	0.23	OL	0
2527	A	4	PIB	1	MB	1968	0	1	P	3	0.08	BRT	41
2527	B	1	UNP	0		0	0	60		3	1.74	OL	0
2527	B	2	PHF	1	MB	1967	0	40	P	3	1.16	BRT	42
2527	C	1	PHF	1	SS	1966	20	100	P	3	2.61	2016	43
2527	D	1	PHF	1	DF	1965	18	50	B	3	0.80	2011	44
2527	D	2	PHF	1	NS	1965	22	45	B	3	0.72	2011	44
2527	D	3	PHF	1	SS	1965	20	5	B	3	0.08	2011	44
2527	E	1	PHF	1	JL	1928	10	75	B	3	1.00	2011	81
2527	E	2	OPN	0		0	0	15		3	0.20	OL	0
2527	E	3	PHF	1	NS	1965	20	10	B	3	0.13	2011	44
2527	F	1	PHF	1	MB	1968	0	100	P	3	1.02	BRT	41
2527	G	1	PHF	1	NS	1966	16	100	P	3	0.72	N/A	43
2527	H	1	OPN	0		0	0	100		2	0.42	OL	0
2528	A	1	PHF	1	SP	1935	8	50	B	3	3.67	NR	74
2528	A	2	PHF	1	SP	1900	0	30	B	3	2.20	NR	109
2528	A	3	UNP	0		0	0	20		3	1.47	OL	0
2528	B	1	PHF	1	SS	1967	20	80	M	2	2.33	2016	42
2528	B	2	PHF	1	SP	1967	12	20	M	3	0.58	CRT	42
2528	C	1	PHF	1	LP	1967	10	65	B	2	0.60	2021	42
2528	C	2	PHF	1	SS	1967	20	20	B	2	0.18	2021	42
2528	C	3	PHF	1	SP	1967	12	10	B	2	0.09	2021	42
2528	C	4	PHF	1	SP	1900	0	5	B	2	0.05	2021	109
2528	D	1	PHF	1	NS	1967	16	100	P	2	0.54	2021	42
2528	E	1	FMQ	0		0	0	100		0	0.10	OL	0
2529	A	1	PHF	1	SP	1957	8	95	P	3	8.02	N/A	52
2529	A	2	PHF	2	SP	1957	8	95	P	4	6.00	NR	52
2529	A	2	UNP	0		0	0	5		3	0.74	OL	0
2529	B	1	PHF	1	LP	1957	6	99	P	3	2.77	N/A	52
2529	B	2	PWB	1	LP	1957	6	1	P	3	0.03	N/A	52
2529	C	1	PHF	1	LP	1957	6	100	P	3	1.96	2016	52
2529	D	1	PFA	0		0	0	100		3	1.30	OL	0
2529	E	1	PHF	1	SS	1957	16	35	B	3	0.39	2026	52

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2529	H	1	PHF	1	JL	1957	6	60	B	3	0.39	N/A	52
2529	H	2	UNP	0		0	0	30		3	0.20	OL	0
2529	H	3	PHF	1	SP	1957	6	10	M	3	0.07	N/A	52
2529	I	1	PHF	1	SP	1935	4	100	P	3	0.49	NR	74
2529	J	1	PHF	1	SP	1900	6	80	B	3	0.30	NR	109
2529	J	2	PHF	1	EL	1900	6	20	B	3	0.07	NR	109
2530	A	1	PHF	1	SP	1958	10	100	P	3	10.26	2026	51
2530	B	1	PHF	1	LP	1958	8	95	P	4	4.10	2016	51
2530	B	2	PWB	1	LP	1958	8	5	P	4	0.22	2016	51
2530	C	1	PHF	1	LP	1964	8	60	B	4	1.44	2016	45
2530	C	2	PHF	1	SS	1964	14	35	B	4	0.84	2016	45
2530	C	3	UNP	0		0	0	5		4	0.12	OL	0
2530	D	1	PHF	1	SP	1964	8	90	P	3	1.64	2016	45
2530	D	2	UNP	0		0	0	10		3	0.18	OL	0
2530	E	1	PHF	1	DF	1965	16	59	B	3	0.86	2026	44
2530	E	2	PHF	1	SS	1965	18	40	B	3	0.58	2026	44
2530	F	1	PHF	1	SP	1900	4	100	P	3	0.83	NR	109
2530	G	1	PHF	1	SS	1958	16	100	P	3	0.60	2026	51
2531	A	1	PHF	1	SP	1964	8	100	P	3	4.54	2031	45
2531	A	1	PHF	1	SP	1964	8	100	P	3	1.50	2021	45
2531	B	1	PHF	1	DF	1964	16	100	P	3	4.91	2031	45
2531	C	1	PHF	1	LP	1964	10	75	M	3	1.67	2021	45
2531	C	2	PHF	1	SS	1964	18	17	M	3	0.38	2021	45
2531	C	3	PHF	1	SP	1964	10	8	B	3	0.18	2021	45
2532	A	1	PHF	1	DF	1965	16	80	B	2	7.00	2021	44
2532	A	1	PHF	1	DF	1965	16	80	B	2	1.73	CRT	44
2532	A	2	PHF	1	SS	1965	16	15	M	2	1.64	2011	44
2532	A	3	UNP	0		0	0	3		3	0.33	OL	0
2532	A	4	PHF	1	JL	1965	14	2	B	2	0.22	CRT	44
2532	B	1	PHF	1	SP	1965	10	80	M	3	3.89	CRT	44
2532	B	2	PHF	1	JL	1965	8	10	M	3	0.49	CRT	44
2532	B	3	UNP	0		0	0	6		3	0.29	OL	0
2532	B	4	PHF	1	SS	1965	16	4	B	3	0.19	2021	44
2532	C	1	PHF	1	NS	1965	16	75	B	3	3.01	2021	44
2532	C	2	PHF	1	JL	1965	12	15	M	3	0.60	2021	44
2532	C	3	PHF	1	SS	1965	14	6	M	3	0.24	2021	44
2532	C	4	PHF	1	DF	1965	16	4	M	3	0.16	2021	44
2532	D	1	PHF	1	SP	1920	6	90	B	3	2.06	2021	89
2532	D	2	PHF	1	SS	1965	12	10	B	3	0.23	2021	44
2532	E	1	PHF	1	HL	1965	10	80	P	3	0.67	2016	44
2532	E	2	OPN	0		0	0	20		3	0.17	OL	0
2532	F	1	UNP	0		0	0	60		3	0.35	OL	0
2532	F	2	PHF	1	DF	1965	12	20	B	3	0.12	CRT	44
2533	A	1	PHF	1	SP	1952	12	95	B	3	5.03	2026	57
2533	A	2	PHF	1	DF	1952	12	5	B	3	0.26	2026	57
2533	B	1	PHF	1	MB	1960	2	100	M	3	0.97	NR	49
2533	C	1	PHF	1	DF	1965	12	60	M	3	0.43	2026	44
2533	C	2	PIB	1	BI	1965	0	40	P	3	0.29	BRT	44
2534	A	1	MOW	0		0	0	100		3	4.53	OL	0
2534	B	1	PHF	1	MB	1966	0	90	P	3	3.34	NR	43
2534	B	2	UNP	0		0	0	10		3	0.37	OL	0
2534	C	1	PHF	1	SS	1966	20	60	B	3	1.24	2011	43
2534	C	2	PHF	1	DF	1966	12	25	B	3	0.51	2011	43

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2534	G	1	PHF	1	BE	1900	10	100	P	3	0.24	NR	109
2535	A	1	PHF	1	DF	1966	20	90	P	2	3.34	N/A	43
2535	A	2	PIB	1	MB	1968	0	10	P	2	0.37	BRT	41
2535	B	1	PHF	1	NS	1966	22	96	P	2	3.30	N/A	43
2535	B	3	UNP	0		0	0	2		2	0.07	OL	0
2535	C	1	OPN	0		0	0	100		2	0.95	OL	0
2535	D	1	PHF	1	SS	1966	24	100	P	2	0.47	N/A	43
2536	A	1	PHF	1	SP	1966	10	90	M	3	6.45	N/A	43
2536	A	2	PHF	1	SP	1966	4	8	M	3	0.57	N/A	43
2536	A	3	OPN	0		0	0	2		3	0.14	OL	0
2536	B	1	PHF	1	DF	1966	14	96	P	2	6.64	N/A	43
2536	B	2	UNP	0		0	0	4		2	0.28	OL	0
2536	C	1	PHF	1	SS	1966	18	95	B	3	4.31	N/A	43
2536	C	2	PHF	1	BI	1966	0	5	M	3	0.23	BRT	43
2536	D	1	PHF	1	NS	1966	20	60	M	2	1.35	N/A	43
2536	D	2	UNP	0		0	0	20		2	0.45	OL	0
2536	D	3	PIB	1	BI	1966	0	20	P	2	0.45	BRT	43
2536	E	1	PHF	1	MB	1960	0	80	M	2	0.83	BRT	49
2536	E	2	UNP	0		0	0	20		2	0.21	OL	0
2536	F	1	OPN	0		0	0	100		3	0.13	OL	0
2536	G	1	OPN	0		0	0	100		2	0.05	OL	0
									Total area:		263.75	Ha.	

APPENDIX H

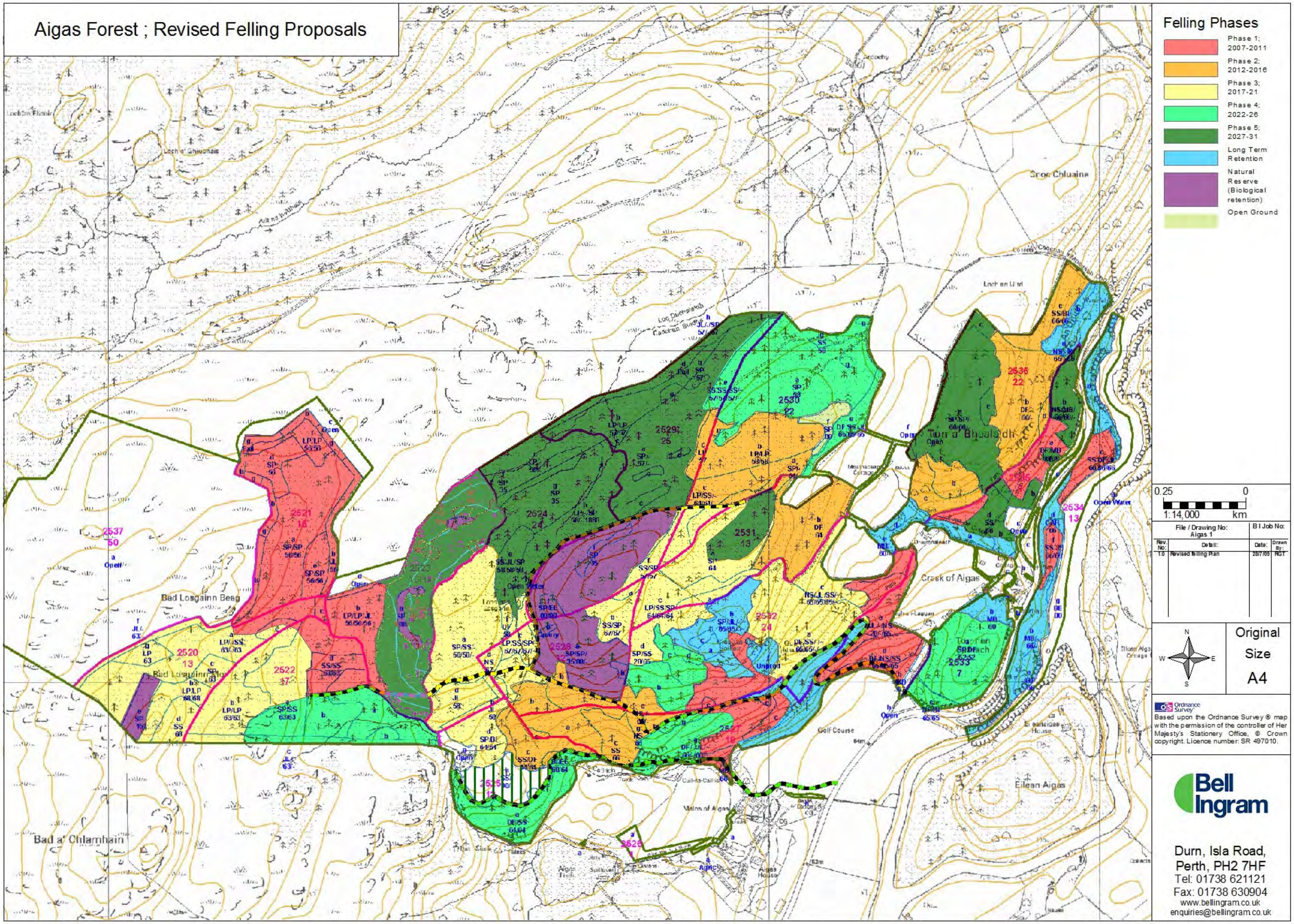
Aigas Forest - BI Revised Design Plan												Base Year:	2009
Crop Records, source FCS June 2009.													
CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2520	A	1	PHF	1	LP	1963	8	97	B	4	1.00	2011	46
2520	A	1	PHF	1	LP	1963	8	97	B	4	5.32	2021	46
2520	A	2	UNP	0		0	0	2		4	0.13	OL	0
2520	A	3	PHF	1	SS	1963	16	1	B	4	0.07	2021	46
2520	B	1	PHF	1	LP	1968	10	90	P	4	1.36	2021	41
2520	B	2	PHF	1	LP	1968	6	10	P	4	0.15	2021	41
2520	C	1	PHF	1	SP	1963	8	100	P	4	1.00	2021	46
2520	C	1	PHF	1	SP	1963	8	100	P	4	0.43	2011	46
2520	D	1	PHF	1	SS	1968	18	100	P	4	1.25	2021	41
2520	E	1	PHF	1	SP	1915	6	100	P	4	1.11	NR	94
2520	F	1	PHF	1	JL	1963	6	73	P	4	0.61	2021	46
2520	F	2	PFA	0		0	0	27		4	0.23	OL	0
2520	G	1	PHF	1	LP	1963	6	100	P	4	0.79	2021	46
2521	A	1	PHF	1	SP	1956	12	97	P	4	7.05	2011	53
2521	A	2	PWB	1	SP	1956	12	3	P	4	0.22	2011	53
2521	B	1	PHF	1	JL	1956	6	100	P	4	2.39	2011	53
2521	C	1	OPN	0		0	0	100		4	1.94	OL	0
2521	D	1	PHF	1	SP	1956	4	100	P	4	1.49	2011	53
2521	E	1	PHF	1	SP	1956	6	97	P	4	1.22	2011	53
2521	F	1	PHF	1	LP	1956	8	95	P	4	1.10	2011	53
2521	F	2	PWB	1	LP	1956	8	5	P	4	0.06	2011	53
2521	G	1	PFA	0		0	0	100		4	0.78	OL	0
2522	A	1	PHF	1	SP	1963	10	98	B	3	4.00	2021	46
2522	A	1	PHF	1	SP	1963	10	98	B	3	1.81	2011	46
2522	A	1	PHF	1	SP	1963	10	98	B	3	2.50	2026	46
2522	A	2	PHF	1	SS	1963	16	2	B	3	0.17	2021	46
2522	B	1	PHF	1	LP	1963	8	99	P	3	4.00	2021	46
2522	B	1	PHF	1	LP	1963	8	99	P	3	2.44	2026	46
2522	B	2	PWB	1	LP	1963	8	1	P	3	0.07	2021	46
2522	C	1	PHF	1	JL	1963	4	60	P	3	0.60	2026	46
2522	C	1	PHF	1	JL	1963	4	60	P	3	0.35	2021	46
2522	C	2	PFA	0		0	0	40		3	0.64	OL	0
2522	D	1	PHF	1	SS	1963	16	50	P	3	0.41	2011	46
2522	D	2	PHF	1	SS	1963	0	50	P	3	0.41	2011	46
2523	A	1	PHF	1	SP	1958	8	93	B	3	7.77	2031	51
2523	A	2	PHF	1	SS	1958	16	7	B	3	0.58	2031	51
2523	B	1	PHF	1	LP	1956	8	94	B	3	3.11	2011	53
2523	B	2	PWB	1	LP	1956	8	5	P	3	0.17	2031	53
2523	B	3	PHF	1	JL	1956	8	1	B	3	0.03	2031	53
2523	C	1	PHF	1	SP	1958	8	100	P	3	2.02	2031	51
2523	D	1	OPN	0		0	0	100		3	1.37	OL	0
2523	E	1	PHF	1	SP	1880	0	100	P	3	0.60	NR	129
2523	F	1	PHF	1	LP	1956	8	100	P	3	0.32	NR	53
2523	G	1	PHF	1	SP	1880	0	100	P	3	0.19	2031	129
2524	A	1	PHF	1	SP	1958	10	95	I	3	10.49	2021	51
2524	A	2	PHF	1	SS	1958	14	4	I	3	0.44	2021	51
2524	A	3	UNP	0		0	0	1		0	0.11	OL	0
2524	B	1	PHF	1	LP	1958	10	96	B	3	4.39	2031	51
2524	B	2	UNP	0		0	0	3		3	0.14	OL	0
2524	B	3	PHF	1	SP	1880	0	1	B	3	0.05	2031	129

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2524	F	1	PHF	1	SP	1935	6	100	P	3	1.15	2031	74
2524	G	1	PHF	1	SP	1935	6	100	P	3	0.59	2031	74
2524	H	1	PHF	1	JL	1958	8	100	P	3	0.43	2021	51
2524	I	1	PHF	1	DF	1958	10	100	P	3	0.22	2021	51
2524	J	1	MOW	0		0	0	100		3	0.05	OL	0
2525	A	1	PHF	1	DF	1964	12	75	B	3	2.92	2026	45
2525	A	2	PHF	1	SS	1964	18	25	B	3	0.97	2026	45
2525	B	1	PHF	1	SS	1990	18	90	P	3	2.36	Y	19
2525	B	2	UNP	0		0	0	10		3	0.26	OL	0
2525	C	1	PHF	1	SS	1964	20	75	B	3	1.70	2016	45
2525	C	2	PHF	1	DF	1964	16	25	B	3	0.57	2016	45
2525	D	1	PHF	1	SP	1964	10	90	B	3	1.88	2021	45
2525	D	2	PIB	1	BI	1964	0	10	P	3	0.21	BRT	45
2525	E	1	OPN	0		0	0	100		3	0.69	OL	0
2525	F	1	PHF	1	BI	1960	4	80	I	3	0.34	BRT	49
2525	F	2	PHF	1	EL	1964	8	20	I	3	0.09	2026	45
2526	A	1	AGR	0		0	0	100		2	1.12	OL	0
2527	A	1	PHF	1	DF	1966	14	93	B	3	5.01	2011	43
2527	A	1	PHF	1	DF	1966	14	93	B	3	2.00	2016	43
2527	A	2	PHF	1	JL	1966	14	3	M	3	0.23	2026	43
2527	A	3	UNP	0		0	0	3		3	0.23	OL	0
2527	A	4	PIB	1	MB	1968	0	1	P	3	0.08	BRT	41
2527	B	1	UNP	0		0	0	60		3	1.74	OL	0
2527	B	2	PHF	1	MB	1967	0	40	P	3	1.16	BRT	42
2527	C	1	PHF	1	SS	1966	20	100	P	3	2.61	2016	43
2527	D	1	PHF	1	DF	1965	18	50	B	3	0.80	2011	44
2527	D	2	PHF	1	NS	1965	22	45	B	3	0.72	2011	44
2527	D	3	PHF	1	SS	1965	20	5	B	3	0.08	2011	44
2527	E	1	PHF	1	JL	1928	10	75	B	3	1.00	2011	81
2527	E	2	OPN	0		0	0	15		3	0.20	OL	0
2527	E	3	PHF	1	NS	1965	20	10	B	3	0.13	2011	44
2527	F	1	PHF	1	MB	1968	0	100	P	3	1.02	BRT	41
2527	G	1	PHF	1	NS	1966	16	100	P	3	0.72	2016	43
2527	H	1	OPN	0		0	0	100		2	0.42	OL	0
2528	A	1	PHF	1	SP	1935	8	50	B	3	3.67	NR	74
2528	A	2	PHF	1	SP	1900	0	30	B	3	2.20	NR	109
2528	A	3	UNP	0		0	0	20		3	1.47	OL	0
2528	B	1	PHF	1	SS	1967	20	80	M	2	2.33	2016	42
2528	B	2	PHF	1	SP	1967	12	20	M	3	0.58	CRT	42
2528	C	1	PHF	1	LP	1967	10	65	B	2	0.60	2021	42
2528	C	2	PHF	1	SS	1967	20	20	B	2	0.18	2021	42
2528	C	3	PHF	1	SP	1967	12	10	B	2	0.09	2021	42
2528	C	4	PHF	1	SP	1900	0	5	B	2	0.05	2021	109
2528	D	1	PHF	1	NS	1967	16	100	P	2	0.54	2021	42
2528	E	1	FMQ	0		0	0	100		0	0.10	OL	0
2529	A	1	PHF	1	SP	1957	8	95	P	3	8.02	2031	52
2529	A	2	PHF	2	SP	1957	8	95	P	4	6.00	NR	52
2529	A	2	UNP	0		0	0	5		3	0.74	OL	0
2529	B	1	PHF	1	LP	1957	6	99	P	3	2.77	2031	52
2529	B	2	PWB	1	LP	1957	6	1	P	3	0.03	2031	52
2529	C	1	PHF	1	LP	1957	6	100	P	3	1.96	2016	52
2529	D	1	PFA	0		0	0	100		3	1.30	OL	0
2529	E	1	PHF	1	SS	1957	16	35	B	3	0.39	2026	52

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2529	H	1	PHF	1	JL	1957	6	60	B	3	0.39	2031	52
2529	H	2	UNP	0		0	0	30		3	0.20	OL	0
2529	H	3	PHF	1	SP	1957	6	10	M	3	0.07	2031	52
2529	I	1	PHF	1	SP	1935	4	100	P	3	0.49	NR	74
2529	J	1	PHF	1	SP	1900	6	80	B	3	0.30	NR	109
2529	J	2	PHF	1	EL	1900	6	20	B	3	0.07	NR	109
2530	A	1	PHF	1	SP	1958	10	100	P	3	10.26	2026	51
2530	B	1	PHF	1	LP	1958	8	95	P	4	4.10	2016	51
2530	B	2	PWB	1	LP	1958	8	5	P	4	0.22	2016	51
2530	C	1	PHF	1	LP	1964	8	60	B	4	1.44	2016	45
2530	C	2	PHF	1	SS	1964	14	35	B	4	0.84	2016	45
2530	C	3	UNP	0		0	0	5		4	0.12	OL	0
2530	D	1	PHF	1	SP	1964	8	90	P	3	1.64	2016	45
2530	D	2	UNP	0		0	0	10		3	0.18	OL	0
2530	E	1	PHF	1	DF	1965	16	59	B	3	0.86	2026	44
2530	E	2	PHF	1	SS	1965	18	40	B	3	0.58	2026	44
2530	F	1	PHF	1	SP	1900	4	100	P	3	0.83	NR	109
2530	G	1	PHF	1	SS	1958	16	100	P	3	0.60	2026	51
2531	A	1	PHF	1	SP	1964	8	100	P	3	4.54	2031	45
2531	A	1	PHF	1	SP	1964	8	100	P	3	1.50	2021	45
2531	B	1	PHF	1	DF	1964	16	100	P	3	4.91	2016	45
2531	C	1	PHF	1	LP	1964	10	75	M	3	1.67	2021	45
2531	C	2	PHF	1	SS	1964	18	17	M	3	0.38	2021	45
2531	C	3	PHF	1	SP	1964	10	8	B	3	0.18	2021	45
2532	A	1	PHF	1	DF	1965	16	80	B	2	7.00	2021	44
2532	A	1	PHF	1	DF	1965	16	80	B	2	1.73	2011	44
2532	A	2	PHF	1	SS	1965	16	15	M	2	1.64	2011	44
2532	A	3	UNP	0		0	0	3		3	0.33	OL	0
2532	A	4	PHF	1	JL	1965	14	2	B	2	0.22	2021	44
2532	B	1	PHF	1	SP	1965	10	80	M	3	3.89	CRT	44
2532	B	2	PHF	1	JL	1965	8	10	M	3	0.49	CRT	44
2532	B	3	UNP	0		0	0	6		3	0.29	OL	0
2532	B	4	PHF	1	SS	1965	16	4	B	3	0.19	2021	44
2532	C	1	PHF	1	NS	1965	16	75	B	3	3.01	2021	44
2532	C	2	PHF	1	JL	1965	12	15	M	3	0.60	2011	44
2532	C	3	PHF	1	SS	1965	14	6	M	3	0.24	2021	44
2532	C	4	PHF	1	DF	1965	16	4	M	3	0.16	2021	44
2532	D	1	PHF	1	SP	1920	6	90	B	3	2.06	2021	89
2532	D	2	PHF	1	SS	1965	12	10	B	3	0.23	2021	44
2532	E	1	PHF	1	HL	1965	10	80	P	3	0.67	2016	44
2532	E	2	OPN	0		0	0	20		3	0.17	OL	0
2532	F	1	UNP	0		0	0	60		3	0.35	OL	0
2532	F	2	PHF	1	DF	1965	12	20	B	3	0.12	CRT	44
2533	A	1	PHF	1	SP	1952	12	95	B	3	5.03	2026	57
2533	A	2	PHF	1	DF	1952	12	5	B	3	0.26	2026	57
2533	B	1	PHF	1	MB	1960	2	100	M	3	0.97	NR	49
2533	C	1	PHF	1	DF	1965	12	60	M	3	0.43	2026	44
2533	C	2	PIB	1	BI	1965	0	40	P	3	0.29	BRT	44
2534	A	1	MOW	0		0	0	100		3	4.53	OL	0
2534	B	1	PHF	1	MB	1966	0	90	P	3	3.34	NR	43
2534	B	2	UNP	0		0	0	10		3	0.37	OL	0
2534	C	1	PHF	1	SS	1966	20	60	B	3	1.24	2011	43
2534	C	2	PHF	1	DF	1966	12	25	B	3	0.51	2011	43

CPMT	SCPT	NUM	LUSE	STRY	SPIS	PLYR	YLDC	AREA%	MIXT	WHCL	Ha.	Fell Year	Age
2534	G	1	PHF	1	BE	1900	10	100	P	3	0.24	NR	109
2535	A	1	PHF	1	DF	1966	20	90	P	2	3.34	2011	43
2535	A	2	PIB	1	MB	1968	0	10	P	2	0.37	BRT	41
2535	B	1	PHF	1	NS	1966	22	96	P	2	3.30	2031	43
2535	B	3	UNP	0		0	0	2		2	0.07	OL	0
2535	C	1	OPN	0		0	0	100		2	0.95	OL	0
2535	D	1	PHF	1	SS	1966	24	100	P	2	0.47	2031	43
2536	A	1	PHF	1	SP	1966	10	90	M	3	6.45	2031	43
2536	A	2	PHF	1	SP	1966	4	8	M	3	0.57	2031	43
2536	A	3	OPN	0		0	0	2		3	0.14	OL	0
2536	B	1	PHF	1	DF	1966	14	96	P	2	6.64	2016	43
2536	B	2	UNP	0		0	0	4		2	0.28	OL	0
2536	C	1	PHF	1	SS	1966	18	95	B	3	4.31	2016	43
2536	C	2	PHF	1	BI	1966	0	5	M	3	0.23	BRT	43
2536	D	1	PHF	1	NS	1966	20	60	M	2	1.35	N/A	43
2536	D	2	UNP	0		0	0	20		2	0.45	OL	0
2536	D	3	PIB	1	BI	1966	0	20	P	2	0.45	BRT	43
2536	E	1	PHF	1	MB	1960	0	80	M	2	0.83	BRT	49
2536	E	2	UNP	0		0	0	20		2	0.21	OL	0
2536	F	1	OPN	0		0	0	100		3	0.13	OL	0
2536	G	1	OPN	0		0	0	100		2	0.05	OL	0
									Total Area:		263.75	Ha.	

APPENDIX I AIGAS REVISED FELLING PROPOSALS



APPENDIX J - BI CASHFLOW AND INVESTMENT ANALYSIS

BELL INGRAM Ltd FORESTRY SERVICES
Durn, Isla Road, PERTH, PH2 7HF.
Tel: 01738 621121 Fax: 01738 630904
email: enquiries@bellingram.co.uk

CASH FLOW and INVESTMENT ANALYSIS

PROPERTY : **Aigas Forest (Revised Programme.)** GROSS AREA : 314 Hectares or 775.91 Acres

Purchase Price:		£750,000
Stamp Duty:	4.0%	£30,000
Fees	1.5%	£11,250
Legal Fees	0.75%	£5,625

Timber Income Inflation:	
General Inflation (ex. Timber):	
Total Purchase Costs:	£796,875

INTERNAL RATE OF RETURN (IRR): 2.55%

THE NET PRESENT VALUE (NPV) at: 1-Jun-09
with an INTEREST RATE of: **N/A**

YEAR	Purchase (£-) / Sale inc.costs (£)	Capital Expenditure (£)	Restock Expenditure (£)	Maintenance Expenditure (£)	Insurance & Management (£)	Timber Income (£)	Other Income (£)	CASHFLOW no INFLATION	CASHFLOW + INFLATION
2009	-796875			2000	4800		9750	-£793,925	-£793,925
2010				2000	4800		9750	£2,950	£2,950
2011		10000		2000	4800	138900	9750	£131,850	£131,850
2012			45600	2000	4400		9750	-£42,250	-£42,250
2013				2000	4400		9750	£3,350	£3,350
2014				2000	4400		9750	£3,350	£3,350
2015				2000	4500		9750	£3,250	£3,250
2016		25000		2000	4500	177700	9750	£155,950	£155,950
2017			43300	2000	4100		9750	-£39,650	-£39,650
2018				2000	4100		9750	£3,650	£3,650
2019				2000	4100		9750	£3,650	£3,650
2020				2000	4100		9750	£3,650	£3,650
2021				2000	4100	195000	9750	£198,650	£198,650
2022			63100	2000	3500		9750	-£58,850	-£58,850
2023				2000	3500		9750	£4,250	£4,250
2024				2000	3500		2000	-£3,500	-£3,500
2025				2000	3500		2000	-£3,500	-£3,500
2026		20000		2000	3500	106900	2000	£83,400	£83,400
2027			33100	2000	3200		2000	-£36,300	-£36,300
2028				2000	3200		2000	-£3,200	-£3,200
2029				2000	3200		2000	-£3,200	-£3,200
2030				2000	3200		2000	-£3,200	-£3,200
2031				2000	3200	168200	2000	£165,000	£165,000
2032			57800	2000	2700		2000	-£60,500	-£60,500
2033				2000	2700		2000	-£2,700	-£2,700
2034	780000			2000	2700		2000	£777,300	£777,300
Totals:	-£16,875	£55,000	£242,900	£52,000	£98,700	£786,700	£168,250	£489,475	£489,475

DATE PREPARED: 30/07/2009 PREPARED BY: RGT

Property: Aigas Forest (Rev.) **Production Forecast**

Crop Information										Conventional Timber					Energy Wood		Annual Summary Information			
Species	Planting Year	Compartments	Yield Class	2009 Age	Crop Area (ha)	Harvest year	Harvest age	Type (T/F)	Gross volume m³/ha	Net tonnage Tonnes/ha	Mean Tree Size (m3)	Total tonnage	Current £/tonne	Total return	Net return £/hectare	Total return	al Area hectares	Conventional Timber tonnage	Annual Total £ (Including energy wood)	Coupe tonnes/ha
SS	1966		18	43	4.8	2011	45	F	500	383	1.00	1,836	£ 15.00	£ 27,540	£ 63	£ 300	4.8	1,836	£ 27,840	383
DF	1966		16	43	11.0	2011	45	F	450	344	0.80	3,787	£ 12.00	£ 45,441	£ 63	£ 688	11.0	3,787	£ 46,129	344
SP	1956		12	53	12.0	2011	55	F	350	268	0.80	3,213	£ 12.00	£ 38,556	£ 63	£ 750	12.0	3,213	£ 39,306	268
LP	1956		8	53	5.0	2011	55	F	325	249	0.30	1,243	£ 8.00	£ 9,945	£ 63	£ 313	5.0	1,243	£ 10,258	249
JL/NS	1965		14	44	5.2	2011	46	F	400	306	1.50	1,591	£ 15.00	£ 23,868	£ 63	£ 325	5.2	1,591	£ 24,193	306
DF	1965		16	44	14.0	2016	51	F	500	383	1.50	5,355	£ 15.00	£ 80,325	£ 63	£ 875	14.0	5,355	£ 81,200	383
SS	1966		20	43	11.5	2016	50	F	625	478	1.50	5,498	£ 15.00	£ 82,477	£ 63	£ 719	11.5	5,498	£ 83,195	478
SP	1964		8	45	1.6	2016	52	F	300	230	0.40	367	£ 8.00	£ 2,938	£ 63	£ 100	1.6	367	£ 3,038	230
LP	1957		8	52	7.7	2016	59	F	320	245	0.50	1,885	£ 8.00	£ 15,080	£ 63	£ 481	7.7	1,885	£ 15,561	245
L/NS	1966		14	43	1.3	2016	50	F	400	306	1.80	398	£ 15.00	£ 5,967	£ 63	£ 81	1.3	398	£ 6,048	306
DF	1965		16	44	7.2	2021	56	F	575	440	1.80	3,167	£ 15.00	£ 47,507	£ 63	£ 450	7.2	3,167	£ 47,957	440
SS/NS	1965		16	44	7.0	2021	56	F	575	440	1.25	3,079	£ 15.00	£ 46,187	£ 63	£ 438	7.0	3,079	£ 46,624	440
SP	1960		10	49	21.5	2021	61	F	350	268	0.80	5,757	£ 12.00	£ 69,080	£ 63	£ 1,344	21.5	5,757	£ 70,423	268
LP	1963		8	46	13.5	2021	58	F	300	230	0.40	3,098	£ 8.00	£ 24,786	£ 63	£ 844	13.5	3,098	£ 25,630	230
JL	1965		8	44	3.4	2021	56	F	425	325	2.00	1,105	£ 15.00	£ 16,581	£ 63	£ 213	3.4	1,105	£ 16,794	325
SS	1964		18	45	2.5	2026	62	F	650	497	1.75	1,243	£ 15.00	£ 18,647	£ 63	£ 156	2.5	1,243	£ 18,803	497
SP	1958		10	51	17.5	2026	68	F	385	295	0.90	5,154	£ 12.00	£ 61,850	£ 63	£ 1,094	17.5	5,154	£ 62,944	295
LP	1963		8	46	2.4	2026	63	F	320	245	0.50	588	£ 8.00	£ 4,700	£ 63	£ 150	2.4	588	£ 4,850	245
L/DF	1952		12	57	5.2	2026	74	F	450	344	2.25	1,790	£ 15.00	£ 26,852	£ 63	£ 325	5.2	1,790	£ 27,177	344
SS	1958		14	51	2.5	2031	73	F	600	459	1.40	1,148	£ 15.00	£ 17,213	£ 63	£ 156	2.5	1,148	£ 17,369	459
SP	1964		8	45	32.0	2031	67	F	320	245	0.60	7,834	£ 12.00	£ 94,003	£ 63	£ 2,000	32.0	7,834	£ 96,003	245
LP	1958		10	51	9.5	2031	73	F	400	306	0.80	2,907	£ 12.00	£ 34,884	£ 63	£ 594	9.5	2,907	£ 35,478	306
JL	1957		8	52	0.9	2031	74	F	500	383	2.50	344	£ 15.00	£ 5,164	£ 63	£ 56	0.9	344	£ 5,220	383
NS	1966		20	43	3.3	2031	65	F	650	497	2.50	1,641	£ 15.00	£ 24,614	£ 63	£ 206	3.3	1,641	£ 24,820	497
										0		-	£ -	£ -	£ -	£ -	-	-	£ -	
Totals					202.5							64,028		£ 824,202		£ 12,656	202.5	64,028	£ 836,858	

Timber Price	Thinning (T)	Felling (F)
Av minTree Size (m3)	£ per tonne	£ per tonne
0.1	£ 5.00	£ 5.00
0.3	£ 12.00	£ 8.00
0.6	£ 14.00	£ 12.00
1.0	£ 16.00	£ 15.00

Area Summary	(hectares)
Harvested crops	
Long term retentions	
Open ground	
Total	0.0

Averages	
£/tonne of conventional timber	£ 12.87
tonnes/hectare of conventional timber	316
£/hectare including Energy wood	£ 4,133
Mean YC	-
Mean age	-

Conversion rates	
1m3	0.85
1 gross hectare	0.90

Budget Summary

Year	F. Area	Gross Income	Net Timber Income	Restock
2011	38.00	£ 147,725	£ 138,900	£ 45,600
2016	36.1	£ 189,042	£ 177,700	£ 43,300
2021	52.6	£ 207,428	£ 195,000	£ 63,100
2026	27.6	£ 113,774	£ 106,900	£ 33,100
2031	48.2	£ 178,890	£ 168,200	£ 57,800
			£ -	£ -
			£ -	£ -
			£ -	£ -
			£ -	£ -
			£ -	£ -
	202.50	£ 836,858	£ 786,700	£ 242,900

Conventional Wood	
YC 12-18	Electronic, No-thin, 2.1m
YC 10	SP/it/2.0m

Energy Wood	Green t/ha	£ per tonne
YC 10-18 (brash bales)	25	£ 2.50
YC <10 (whole trees)	25	£ 2.50

Felling Summary

Sum of Area (ha)	
Planting Year	Total
1952	5.2
1956	17
1957	8.6
1958	29.5
1960	21.5
1963	15.9
1964	36.1
1965	36.8
1966	31.9
Grand Total	202.5

Property: Aigas Forest (Revised Programme.)

Budget Assumptions

Base Year- start	2009
Base Year- end	2034

Property sale

This assumes that the property will be sold on completion of harvesting, at current market rates.

Crop type	Mean planting year	Age (yrs)	Area (ha.)	Price per ha	Total
Crop	2012	22	38.00	£ 2,000	£ 76,000
	2017	17	36.10	£ 1,650	£ 59,565
	2022	12	52.60	£ 1,100	£ 57,860
	2027	7	27.60	£ 750	£ 20,700
	2032	2	48.20	£ 250	£ 12,050
	1990	44	2.4	£ 3,250	£ 7,800
	1967	67	40	£ 3,000	£ 120,000
	1960	74	19.3	£ 3,500	£ 67,550
Awaiting Restocking		0		£ -	£ -
Long term retentions		0	33.5	£ 3,500	£ 117,250
Land		0	263.7	£ 900	£ 237,330
Total			**263.7**		**£ 776,105**

Crop Value at Purchase					Land Value	
Mean planting year	Area (ha.)	Age (yrs)	Price per ha	Total	Price per ha	Total
1990	2.36	19	£ 1,900	£ 4,484	850	£ 2,006
1966	78.9	43	£ 2,200	£ 173,580	850	£ 67,065
1963	53.53	46	£ 2,400	£ 128,472	850	£ 45,501
1957	86.09	52	£ 2,650	£ 228,139	850	£ 73,177
1952	5.3	57	£ 2,850	£ 15,105	850	£ 4,505
1935	5.9	74	£ 3,100	£ 18,290	850	£ 5,015
1920	4.16	89	£ 3,400	£ 14,144	850	£ 3,536
1900	4.53	109	£ 3,500	£ 15,855	850	£ 3,851
		0	£ -	£ -		£ -
		0	£ -	£ -		£ -
	23.0	0	£ -	£ -	850	£ 19,550
	263.8			**£ 598,069**		**£ 224,205**

Total Value: **£ 822,273**

Net Timber Revenue

This is based on the gross timber revenue from the timber production forecast.
Fees for timber marketing, supervising operations and forest road maintenance are deducted.

Timber marketing fee	2%
Harvesting supervision fee	2%
Road maintenance estimate	2%
Total	**6%**

Other Revenue	Annual rental after tax @ 40%		
i.e. Sporting	£ 2,000	£ 1,200	
Mast	£ 7,750	£ 4,650	Income projected for 15 years only.
		£ -	
Total:	£ 9,750	**£ 5,850**	

Capital Expenditure

Item	Year	Amount	Notes
Access improvements	2001	£ 10,000	Create access and loading areas to east of the A831
Road upgrades	2016	£ 25,000	Upgrade & extend current internal road network
Road construction	2026	£ 20,000	Extend forest road to Torr a' Bhealaidh.
		£ 55,000	

Restocking Expenditure

Net capitalised cost per hectare		£ 1,200

Notes;
This is based on the projected cost of restocking/regeneration, net of restocking grant under the revised grant scheme.
It takes into account areas of designed open ground.

Total Area (ha.)	260		Rounded
Routine Maintenance	per ha	Total	Total
Forest Management fee	£6.75	£ 1,755	£ 1,800
Routine maintenance	£7.50	£ 1,950	£ 2,000
Total		**£ 3,705**	**£ 3,800**

Insurance

Predicted using current rates, but taking into account the changing age profile of the forest.
Mature crops insured for storm damage and fire.
Young crops insured for fire damage only.
Whole forest insured for public liability.

Approx only

Insurance

Age	Insured value	multiple	rate per ha	Initial area (ha)	Init. Insured Value
Young (<= 25 years)	1750	0.1403%	2.46	2.4	£4,130
Mature (> 25 years)	4000	0.3293%	13.17	230.0	£920,000
Insured area (ha)				232.4	£924,130
Restock delay after Felling (year: [NB: Min 1, Max 5]				1	

Year	Annual felling programme (ha)	Transition (Young to Mature) (ha)	Cut-off from Mature (ha)	Addition to Young (ha)	Restock (ha)	Running total - Mature (ha)		Running total - Young (ha)	Total Insured (ha)	Young crop cost	Mature crop cost	Total	Rounded Total
2009						230.0		2.4	232.4	£ 6	£ 3,030	£ 3,035	£ 3,000
2010					0.0	230.0		2.4	232.4	£ 6	£ 3,030	£ 3,035	£ 3,000
2011	38.0				0.0	230.0		2.4	232.4	£ 6	£ 3,030	£ 3,035	£ 3,000
2012					38.0	192.0		40.4	232.4	£ 99	£ 2,529	£ 2,628	£ 2,600
2013					0.0	192.0		40.4	232.4	£ 99	£ 2,529	£ 2,628	£ 2,600
2014					0.0	192.0		40.4	232.4	£ 99	£ 2,529	£ 2,628	£ 2,600
2015		2.4			0.0	194.4		38.0	232.4	£ 93	£ 2,561	£ 2,654	£ 2,700
2016	36.1				0.0	194.4		38.0	232.4	£ 93	£ 2,561	£ 2,654	£ 2,700
2017					36.1	158.3		74.1	232.4	£ 182	£ 2,085	£ 2,267	£ 2,300
2018					0.0	158.3		74.1	232.4	£ 182	£ 2,085	£ 2,267	£ 2,300
2019					0.0	158.3		74.1	232.4	£ 182	£ 2,085	£ 2,267	£ 2,300
2020					0.0	158.3		74.1	232.4	£ 182	£ 2,085	£ 2,267	£ 2,300
2021	52.6				0.0	158.3		74.1	232.4	£ 182	£ 2,085	£ 2,267	£ 2,300
2022					52.6	105.7		126.7	232.4	£ 311	£ 1,392	£ 1,703	£ 1,700
2023					0.0	105.7		126.7	232.4	£ 311	£ 1,392	£ 1,703	£ 1,700
2024					0.0	105.7		126.7	232.4	£ 311	£ 1,392	£ 1,703	£ 1,700
2025					0.0	105.7		126.7	232.4	£ 311	£ 1,392	£ 1,703	£ 1,700
2026	27.6				0.0	105.7		126.7	232.4	£ 311	£ 1,392	£ 1,703	£ 1,700
2027					27.6	78.1		154.3	232.4	£ 379	£ 1,029	£ 1,407	£ 1,400
2028					0.0	78.1		154.3	232.4	£ 379	£ 1,029	£ 1,407	£ 1,400
2029					0.0	78.1		154.3	232.4	£ 379	£ 1,029	£ 1,407	£ 1,400
2030					0.0	78.1		154.3	232.4	£ 379	£ 1,029	£ 1,407	£ 1,400
2031	48.2				0.0	78.1		154.3	232.4	£ 379	£ 1,029	£ 1,407	£ 1,400
2032					48.2	29.9		202.5	232.4	£ 497	£ 394	£ 891	£ 900
2033					0.0	29.9		202.5	232.4	£ 497	£ 394	£ 891	£ 900
2034					0.0	29.9		202.5	232.4	£ 497	£ 394	£ 891	£ 900

Stamp Duty Rates:

Residential land or property SDLT rates and thresholds

Purchase price/lease premium or transfer value	SDLT rate
Up to £175,000 (until 2 Sept 2009 - see note above)	Zero
Over £175,000 to £250,000	1%
Over £250,000 to £500,000	3%
Over £500,000	4%