

# Laggan Forest Trust

## Business Plan

### 1. Summary

1.1 This is the Business Plan for the purchase and development of sites in Strathmashie Forest. It has drawn on the feasibility study commissioned by The Laggan Forest Trust and funded by the Community Land Unit of Highlands and Islands Enterprise. The report was carried out by Brian Burns and Associates during 2005..

1.2 The business plan affirms the aims and objectives of the project and demonstrates the viability and sustainability of each of the developments.

### 2. Vision

2.1 We are committed to the development of a Forest For All. We will seek to ensure that the community will benefit from the forest through employment, tourism, recreational facilities and economic sustainability with the over riding principle of ensuring that the income and wealth generated from the forest stays within the community.

2.2 The emphasis will be on enhancing access to opportunities by the development of business and residential projects. We will aim to be a major contributor to community regeneration and we will play a significant role in preventing de-population. We will seek to ensure that all tourism providers within the community benefit economically from the projects we develop.

2.3 We will maintain and strengthen our twenty-five year partnership agreement with Forestry Commission Scotland by extending the opportunities, through training and skills development, to allow greater community control of forestry management.

### 3. Background

3.1 The Laggan Forest Partnership was established in 1998 between Forest Enterprise (FE) on behalf of the Scottish Ministers and Laggan Forest Trust (LFT), which represents the 220 people of Laggan, a scattered community which lies between Newtonmore and Loch Laggan in Badenoch. The 5 year partnership allowed LFT to play an active part in the management of the three plantations which make up FE's Strathmashie Forest. It was set up after a long campaign and struggle by the community to create more jobs in the area and has succeeded in achieving this primary aim. In doing so it has attracted new residents, changed the nature of the forest and provided recreational facilities to further tourism in the area. In 2004 the partnership agreement with the Scottish Ministers was rewritten and a 25 year partnership agreement signed. As well as contributing to the

management of the forest through rolling 5 year business and forest design plans. Some years ago the partnership agreement was described as the first example of its kind in Scotland of joint forest management and Laggan has been hailed as 'Pioneers' .

3.2 Over the years concern has been expressed by the Community that much voluntary effort could be put into developing the forest, only for the Forestry Commissioners to decide that Strathmashie is no longer viable and sell it to the highest bidder. A consultation exercise and a ballot was held in 2003 with the whole community and Associate Members of LFT. The return rate was 66% and 85% were in favour of buying parts of the forest.

3.3 We have identified four pieces of land to purchase. These will be used for a forest centre which will be a hub for heritage and leisure activities, including the Wolftrax mountain bike centre, the long established pony-trekking business; an 'All abilities sensory trail'; an affordable housing site so we can retain people in the community who will manage, work in and contribute to the forest; and economic areas where we could have a forest burial site; tree nursery and other compatible businesses.

## 4. Objectives

### 4.1 The Objectives

#### Community

- Work with local groups to provide best range of community focus projects
- Encourage the continued involvement of the community in the forest
- Community expansion through economic activity

#### Access

- Encourage and promote the use of the forest to the community and beyond
- Provide a dynamic path network to access heritage, recreational, wildlife and scenic areas.

#### Environment

- Restoration of native woodland, through national and local initiatives
- Development of diverse wildlife areas, through partnerships with Forestry Commission and other interested nature groups
- To conduct research into habitat regeneration

#### Economic

- Development of visitor facilities to encourage longer stays
- Focus on forest based business ventures providing new local jobs
- Create opportunities for new business start-ups in small units
- Provision of training through the operating company in support of the activities

## Recreation

- Mountain Bike trail development providing the best visitor experience in this sector, and continuing to provide jobs and recreation for locals.
- Pony trail development, providing a new range of experiences for the visitor and jobs and recreation for locals.
- Path network, continued development of this to access the heritage, wildlife and scenic areas in the forest
- Other sensory trails and all ability trails together with the opportunity for other forest outdoor activities

## Educational

- 10 Continue to develop educational activities in the forest
- 11 Support the FrogHoppers group to engage in the forest
- 12 Provide Interpretation boards for heritage, scenic and forest wildlife.

4.2 An overall objective is to create a forest plan bringing all the demands being placed on the forest into focus and together with the Forestry Commission, and other local groups create a designed landscape plan, providing protection for the sensitive areas and an overall strategy for the other areas.

## 5. The Sites

### 5.1 *Gorstean*

This is at the easternmost end of Strathmashie Forest and comprises 4.3 hectares of woodland. There are two developments opportunities which have so far been identified for this site: woodland burials (for people), and business units. As a coniferous plantation, Gorstean is unlike any woodland burial site elsewhere in the UK that we are aware of. We believe that to be attractive for a burial site, an area would have to be landscaped, with some of the coniferous trees felled and broadleaf species planted. Three possible users for the business units have registered interest but we believe the location and the setting will be attractive to a variety of users. Given the area of available land we believe there is sufficient scope for further development as ideas emerge.

### 5.2 *Achduchil*

Achduchil sits on the south side of the A86 and is next to a leisure hub which is a starting point for a range of high quality mountain bike trails, walking trails and an established pony trekking business. The area of land is 0.8 hectares. The idea for this site is to create a permanent building (or set of buildings) to provide a range of visitor facilities, which will include:

Café and kitchen;  
Retail and bike hire unit;

Exhibition area;  
LFT office  
Other workspace (office space and/or craft workshop space);  
Toilets and Showers.

LFT (or a subsidiary) would own the centre, and LFT (or its subsidiary) would lease the space for the café/kitchen, retail bike hire unit to Wolftrax and the stables to the Pony Trek owners.

The rationale for the centre has a number of strands, notably:

5.2.1. The development would build on the initial success of Wolftrax. It is estimated by the Forestry Commission that over 20,000 visitors have been attracted to the mountain bike centre in its first year. Over the next three years FCS and LFT will work together in developing new and longer trails to meet the demands of the sport and to address the issue raised by local businesses of securing overnight and longer stays. It is estimated that with the advent of new trails visitor numbers could increase to 50,000 over the next three years. This projected volume of visitors will propel Wolftrax into the top seven most visited destinations in Badenoch & Strathspey based on the tourism figures for 2004.

5.2.2 The centre would help diversification into non-mountain biking activity markets, and provide a hub for heritage trails and a proposed all-abilities sensory trail. The estimated 50,000 visitors by 2009 are purely related to mountain biking. The heritage and all-abilities trails will attract additional visitors, it is therefore important that we maximise this opportunity and provide a venue that entertains and informs.

5.2.3 The centre would also house the Pony Trek business and will provide stables and reception areas.

5.2.4 The centre could provide a western gateway to the Cairngorms National Park. The area around Laggan is rich in history and has an important part to play in introducing visitors to the area as they enter the Park. A programme of exhibitions, alongside a permanent interpretative exhibition, will be mounted on a wide range of subjects, covering the landscape, flora and fauna and history of the Laggan area, including engaging social history topics such as the 'Newfoundlander lumberjacks' of the Second World War. Arts and crafts exhibitions will also be held either of the work of local artists/craft workers or high quality work by nationally renowned artists - on woodland or other relevant themes.

5.2.5 The centre will provide facilities for educational purposes, particularly for the many school groups who currently visit the forest for biking or trekking as well as the local schools.

5.2.6 The centre would help to extend and develop the tourism season in the Laggan area. Some disquiet exists within the business community relating to displacement of

trade in the first year of Wolftrax with some businesses believing they have lost trade. It will be crucial to work with local businesses to ensure they receive the benefits of the projected 50,000 visitors to the forest. Steps have already been taken by the commitment to extend the bike trails ensuring longer and overnight stays by the visitors. The centre will seek to unite the area inviting visitors to sample other venues in and around the community.

5.2.7 The centre will be a showcase for sustainability - in design and construction of the building, in management of fresh water, waste water and energy requirements. Materials used in the construction will be sourced from the forest. Energy will be drawn from appropriate renewable sources, wood-chip will be supplied by our supply company for heat.

## 6. *Blackwood*

13 hectares of woodland located to the rear of the forestry houses at Strathmashie. Access leads of from the A86 over which the Forestry Commission have a right of access. Here it is proposed to establish a tree nursery, short rotation coppicing and a wood chipping operation for the supply of woodchip fuel.

## 7. *Feagour*

This comprises Feagour Cottage together with land extending to 0.93 hectare or thereby. A development of three low cost, energy free dwellings together with an upgrading of the existing cottage is proposed for this site.

## 8. **Development Funding**

8.1 The District Valuer has valued the four areas of land as follows (exclusive of VAT):

Gorsteane:	4.3 hectares of woodland - £35,000
Achduchil:	0.8 hectare of bare land - £10,000
Blackwood:	13 hectares of woodland and bare land - £30,000
Feagour:	0.93 hectare or thereby together with Feagour Cottage - £110,000

The two main potential sources of funds for the purchase of the four sites are the Scottish Land Fund and the HIE Community Land Unit.

The LFT contribution could come from a number of potential sources:

LFT's own funds;  
Other grant aid;  
Donations.

Funding for the development of the sites will come from a range of sources.

8.2 The **Gorstea**n site would require limited capital investment (e.g. a digger). Marketing would be an important aspect of the project's development through a website and promotional material. INBSE would be a potential source of grant aid towards such expenditure.

### 8.3 **Achduchil**

INBSE, Scottish Natural Heritage, Cairngorms National Park Authority, Highland and Islands Community Energy Company, Heritage Lottery Fund, The Big Lottery Fund and the new EU Structural Funds Programme for the Highland and Islands in 2007 are potential public funders for this development as are private bodies such as the Esmee Fairbairn Foundation, the Gulbenkian Foundation and commercial sponsorship from activity based companies.

8.4 The tree nursery development at **Blackwood** could attract grant aid from INBSE towards employment and training costs. FCS grant aid is available for the establishment of short rotation coppicing. The woodchip supply would, until contracts are firmly established, rely on rental equipment and the use of locally available transport.

8.5 **Feagour** will be a community led project, developed in conjunction with Laggan Community Association and is explained in full detail on the accompanying pages.

## 9. **Strategy**

9.1 The operational arm of LFT is Laggan Forest Trust Forestry Company. The company was established in 2000 to manage the contracts with FCS in the harvesting and maintenance of the forest. Almost 20,000 tonnes of timber have to date been managed by the company using local labour. Deer management, replanting and preparation work have also been carried out.

9.2 With a turnover of £140,000 per annum the company employs a forestry manager and a part time administrator and is responsible for the employment of labour to service the contracts with FCS.

9.3 The company's work is supported by directors nominated by LFT whose role is to oversee the work of the company, maintain the partnership with FCS and to develop and deliver projects.

9.4 We face a number of challenges in funding the development and projects and it is self evident that we shall require an animateur or development officer for a period of three years. Funding for the post will be sought from INBSE, Cairngorm Leader Plus and HIE.

9.5 This post will be to source and seek funding, to design and deliver a management structure for the ongoing life of the projects and to work with other Laggan community bodies to ensure there is a cohesive approach in the future development of the community.

9.6 We believe our trading arm (LFTFC) is well placed to evolve into a solid management base for the ongoing control of the projects.

9.7 There is scope within the current structure of LFTFC to absorb most of the management workload in the realisation of the goals outlined in this plan. The current operating costs will allow for some expansion of the roles to enable the early stages of the developments to proceed.

9.8 The company's existing financial controls and management are sufficiently developed to ensure that proper controls are in place. The premises the company currently occupies will, after the already planned expansion takes place, provide sufficient accommodation with up to date equipment for the anticipated workflow.

9.9 Our partnership with FCS allows LFTFC access to a range of expert advice including design, engineering, planning, contractors, funders and Health & Safety issues. We will work very closely with FCS ensuring the developments meet their exacting standards.

9.10 LFTFC will work from a larger base within the centre and the overall administration of the projects might increase the administrative costs by c£5,000 p.a. This might be covered by small surpluses from the tree nursery and/or the rentals for the craft units.

## **10. Employment Benefit**

10.1 The underlying purposes of the acquisition of the four areas of land and the developments are to create employment and housing opportunities in order to keep economically active people in the area, and to encourage new people with an interest ( in particular) in woodland and visitor related activities to move into the area - individuals and families.

10.2 The Achdunchil and Feagour developments have the potential to play a major role in this, and the annual employment benefit, measured in full time equivalent jobs (fte's),

could be as follows:

	<b>Ftes's</b>	
Forest Centre employment	1	
LFTFC administration		1
Additional Wolftrax employment	3	(mainly catering)
Local arts and crafts businesses (existing)	0.5	(through increased turnover)
New arts and crafts businesses	1	(growing in the future)
Outdoor activity provision	0.5	
Additional visitor spend in the Laggan area	2	(see below)
Local supplies and services	1	("indirect" impacts)
Employee spending	1	("induced" impacts)
Tree Nursery	0.5	
Woodchip supply	0.5	

10.3 Additional visitor spend by the second year full year of operation is estimated as follows (excluding on-site spend)

Overnight stays:	1,000 visitor nights x £40 = £40,000
Daytrips/Lengthened stays:	5,000 people x £8 = £40,000

10.4 This total spend of £80,000 would support approximately 2 fte jobs

10.5 Depending on the specifications of the buildings, exhibitions, and site works, local people should be able to obtain several job years of work during the construction phase.

10.6 The equivalent of 16 full-time jobs would be created from the developments outlined in this plan.

10.7 Training in new skills such as coppicing, building techniques and craftwork will form a necessary part of the project development.

## **11. Income and Expenditure**

11.1 **LFTFC** generates a modest profit each year, this will be sufficient to accommodate the increase in management time during the early stages of the developments with regard to planning, fundraising and construction.

Costs will be built into each of the projects to enable adequate time to be given for the

managerial tasks.

11.2 The projected first years income from the centre at **Achduchil** based on the estimated 50,000 mountain bike visitors by 2009 will be in excess of £190,000. This breaks down as: Wolftrax lease £20,000; Pony Trek lease £2,500; Retail income £30,000; Exhibition income £5,000 and LFTFC income £140,000.

11.3 Operating costs will be kept low. Aside from LFTFC's operating costs, the centre is expected to generate 2.5 additional full time LFTFC jobs for the retail, office and exhibition areas. Energy costs will be low, through the use of renewables and wood-chip. Estimates indicate that the first years operating costs will be £52,000

11.4 The woodland burial requires minimal capital expenditure, volunteers will help landscape the area and specialist equipment will be hired in for each burial. Running costs will be contained within LFTFC's administration budget.

11.5 The Tree Nursery will initially generate 50,000 plants each year, customers include the Forestry Commission and surrounding estates. Total annual sales of around £12,000 could be expected from a minimum scale nursery.

11.6 The nursery would support a part-time employee, who would probably need to spend part of most week-days at the site. Adding other operating costs to this staffing cost should enable a small surplus to be made on annual sales of £12,000 plus.

11.7 The development of the wood-chip supply business will support a part-time employee, local customers will be the forest centre, the housing development at Feagour, the forestry cottages at Strathmashie and existing users of wood-chip in Newtonmore, Kingussie and Aviemore.

11.8 Sale of wood-chip will grow from a first year target of £4,000 to £12,000 by the end of year three. Continued growth in this market is anticipated as the supply chain establishes itself in the Strathspey area.

## Appendix 1

### Financial tables

**Table 1      Tree Nursery Set Up Costs**

Polytunnel	£2,750
Cost of erection	£1,500
Excavations	£750
Storage Shed	£2,500
Fencing	£1,710
Gates	£300
Tools/Tractor	£3,000
Irrigation	£1,600
Initial cultivation	£600
Hard standing	£1,000
Materials	£1,000
Management time	£800
Contingency	£1,750
<b>Total cost</b>	<b>£19,260</b>

**Table 2      Woodland Burial Set Up Costs**

Landscaping	£2,500
Tree felling	£1,275
Marketing	£1,000
Equipment	£750.00
Signage	£500.00
Labour	£1,800
Management time	£350.00

Contingency	£990.00
Sale of felled trees	Cr£1,800
<b>Total cost</b>	<b>£9,090</b>

**Table 3 Achduchil Set Up Costs**

Access track for deliveries	£18,000
Small treatment plant	£21,000
Site servicing costs	£15,000
Construction cost (on 314m <sup>2</sup> building)	£540,000
60m <sup>2</sup> kitchen/servery fit-out	£40,000
55m <sup>2</sup> retail fit-out for bike storage and hire	£20,000
External decking and timber walkways	£30,000
Interpretation/Exhibition	£72,000
Professional fees	£85,800
Professional fees for specialist fit-outs	£15,000
Other costs	£4,200
Contingency	£62,400
<b>Total</b>	<b>£933,400</b>

## Appendix 3

### LFT Project Delivery Timetable

#### Financial Year 2005/06

✓ Award contract for Feasibility studies	Mar 05
✓ Source funding for Pony Trek Trails	Apr 05
✓ Research wood chip supply chain	Jun 05
✓ Receive feasibility study for Feagour	Aug 05
✓ Seek planning permission for Pony Trek Trails	Sept 05
✓ Develop brief for Gorsteian Pathway	Sept 05
✓ Receive report on composting	Oct 05
✓ Transfer fencing machine to FCS	Nov 05
✓ Seek land valuations	Nov 05
✓ Receive feasibility study for other sites	Dec 05
MFST Funding expires	Dec 05
Seek planning permission for extra cabins	Jan 06
Submit Business Plan	Jan 06
Submit CLU funding application	Jan 06
Source alternative funding for path maint & monitoring	Feb 06
Update Laggan website	Feb 06
Continue to develop school projects	ongoing
Assist with the development of mountain bike trails	ongoing
Seek planning permission for Gorsteian pathway	Feb 06
Construct extra cabins	Mar 06
Seek planning permission for Tree Nursery	Mar 06
Develop Friends of Laggan Forest	Mar 06

#### Financial Year 2006/07

Source funding for Tree Nursery	Apr 06
Commence construction of Pony Trek Trails	Apr 06
Receive funding for land purchase	Apr 06
Assist with the development of Mountain Bike Trails	ongoing
Agree priorities for Land Purchase & Development	May 06
Open Pony Trek Trails	May 06
Source funding for Gorsteian Pathway	May 06
Construct Tree Nursery site	Jun 06
Seek planning permission for burial & craft units	July 06

Develop outline plan for Achduchil	July 06
Start construction of Gorstean Pathway	Sept 06
1 <sup>st</sup> phase of new MTB trails open	Sept 06
Open Tree Nursery site	Sept 06
Complete legals on Feagour (LCA)	Oct 06
Establish market for wood chip business	Oct 06
Source funding for Gorstean development	Nov 06
Seek design team for Achduchil	Nov 06
Identify craft unit users	Jan 07
Prelim designs for Feagour (LCA)	Jan 07
Work on school projects	on going

### **Financial Year 2007/08**

Planning application for Feagour (LCA)	Apr 07
2 <sup>nd</sup> phase of new MTB trails open	May 07
Appoint design team for Achduchil	May 07
Build craft units	Jun 07
Seek planning permission for circular trail	Jun 07
Develop burial sites	Jul 07
Source funding for circular trail	Aug 07
Receive designs for Achduchil	Aug 07
Heritage trail phase 2	???
Seek planning permission for Achduchil	Sept 07
Craft units become available for occupation	Sept 07
Construct circular trail	Nov 07
Source funding for Achduchil	Feb 08
Open circular trail	Jun 08
School projects	on going

### **Financial Year 2008/09**

Start build on Feagour(LCA)	
1 <sup>st</sup> trees become available	Apr 08
Develop plan for paths at Pattack	Apr 08
Develop plan for path from Fort to Dam	Apr 08
3 <sup>rd</sup> phase of MTB trails	May 08
Heritage trail phase 3	???
Feagour ready for occupation (LCA)	Sept 08
School projects	on going

### **Financial Year 2009/10**

Start construction on Achduchil	Apr 09
End of 1 <sup>st</sup> year's trading for tree nursery	Apr 09
Explore provision of simple camp site	Jun 09
Develop more picnic areas and shelters	Jul 09
Open path at Pattack	Sept 09
Open Fort to Dam pathway	Sept 09
Develop plan for All ability 5 Senses Trail of Exploration	Nov 09
School projects	on going
Complete Achduchil	Mar 10

## **Appendix 4 Location maps**

- 1. Gorstean**
- 2. Blackwood**
- 3. Achduchil**
- 4. Feagour**

## ***Feagour***

### ***Management plan***

#### **Overview**

1. Feagour Forest Village providing 4 low-cost houses for local families who want to get out of the short-term rented market and either own their own home or have the security of long-term tenure.
2. Laggan Community Housing Trust (LCHT) will be formed with the intention of becoming a Registered Social Landlord.

#### **Feagour Forest Village**

3. Sustainability –lifetime-low-cost housing
4. Ownership: The preferred option at present is one that keeps the properties in the affordable housing market in the long-term, either rental or sale based on Highland Council’s Shared Equity (Homestake) scheme. Under this scheme the villager pays no rent to LCHT but, if the property is sold, the villager gets the same % of the selling price as they hold in the property.
5. Properties: The feasibility study presented two options for the existing stone house. Either demolish or renovate. However, the preferred option at present is to have a completely new build for the Feagour Forest Village.
6. Design: Plan is to work with an architect registered through the RIAS Sustainability Accreditation Scheme in order to maintain a strong emphasis on sustainable development - in design and construction of the buildings, in management of fresh water, waste water and energy requirements and to complement developments within LFT - e.g. wood-chip fuelled district heating.
7. Construction: Plan is to use “Assisted build”. This employs an experienced builder as Site Manager who would liaise with the Architect, the professionals and also self-build villagers involved in the construction. Construction to air and water-tight will be by professional builders; thereafter by either professionals or self-build villagers.

8. Villagers: Plan is to encourage a sense of community amongst the families themselves, through involvement in the initial development, and subsequent running of Feagour Forest Village
9. Future developments: The Feagour site could be further developed to say 6 or 8 houses if LCHT are able to purchase more FCS land, but such expansion would require the road to be upgraded for adoption. It may be more appropriate to seek FCS land at a different site for a third Forest Village.

## **Laggan Community Housing Trust**

10. Laggan Community Housing Trust (LCHT) will be formed with the intention of becoming a Registered Social Landlord.
11. Laggan Community Trading, an off-shoot of the Laggan Community Association already has 5 rented houses in the Strathmashie Forest Village, some 4 Miles from Feagour.

## **Project plan and timetable**

**Table 1 Summary project plan and timetable**

	Start Date	End Date
2006		
1. Outline planning application	Mar 2006	
2. Source start up funding	Apr 2006	
3. Formation of LCHT, including development of legal structure for village.	Jun 2006	
4. Preliminary design	Jun 2006	
5. Source main funding (12 months)	Sep 2006	Sep 2007
6. Complete legals of land purchase	Oct 2006	
7. Prepare planning application (6 months)	Oct 2006	Mar 2007
2007		
8. Submit planning application	Mar 2007	
9. Contracts with villagers	June 2007	Oct 2007
10. Site clearance	Sept 2007	Nov 2007
11. Commission work	Oct 2007	
2008		
12. Build	Mar 2008	Oct 2008

12. Planning permission. Indications are that the site will be approved under the new Local Plan though, as The Feasibility Study reported, it may not under the existing plan. It is not clear when the new plan will be adopted – 2006 or 2007.

## ***Financials***

### **Summary of costs to develop Feagour Forest Village**

**Table 2 Total Costs of 4 new houses (demolishing the cottage)**

		Sub-totals	Totals
Site purchase		£ 118,000	
Associated costs	Conveyancing, land tax	£ 4,000	
<b>Total purchase costs</b>			<b>£ 122,000</b>
Demolish		£ 2,000	
Site clearance		£ 9,450	
Communal infrastructure		£ 81,375	
Build	£66.5k, £76k, £76k, £85.5k	£ 304,000	
<b>Total development costs</b>			<b>£ 396,825</b>
Professional Fees	Incl VAT at 17.5%	£ 41,078	
Local authority costs		£ 5,272	
Site Manager	5% of build costs	£ 15,200	
<b>Total additional costs</b>			<b>£ 61,550</b>
<b>Overall Feagour Forest Village Total</b>	<b>£ 580,375</b>		

## Summary of funding

**Table 3 Proposed Sources of Finance**

		Sub-totals	Totals
<b>Client contribution</b>			
Deposits (savings, other)	Estimate £5k average	£ 20,000	
Mortgages	Estimate £37.5k average	£ 150,000	
RHOG	Max £29k per owner	£ 116,000	
Sweat equity	Max 15% of build	£ 45,600	
<b>Total client contribution</b>	<b>Average per unit is:</b>	<b>57%</b>	<b>£ 331,600</b>
<b>Funding to LCHT</b>			
Scottish Land Fund.	75% of Land purchase	£ 88,500	
Community Land Fund	75% of remaining 25%	£ 22,125	
Laggan Community	Remaining 6.25% (fund-raising)	£ 7,375	
Leader 2	Project initiation	£ 10,000	
GRO Grant for owner occupation	max 20% of market value, estimated at £160k average	£ 120,000	
Laggan Community	fund-raising	£ 775	
<b>Funding raised by LCHT</b>	<b>Average per unit is</b>	<b>43%</b>	<b>£ 248,775</b>
<b>Overall Feagour Forest Village Total</b>	<b>£ 580,375</b>		

## Assumptions

1. The Feagour Forest Village will comprise four new houses. This conforms to The Highland's Council "four house rule" and avoids the costs and work in bringing the existing access road up to the level of an adoptable road.
2. The proposed sizes are one unit of 70 sq m, two of 80 sq m and one of 90 sq m.

Details of the square meterage of floor space are shown in Appendix Table 4  
Gross internal floor area per unit.

3. Estimated construction costs are £950 per square metre. This is based on architectural advice. For comparison, the RHOG Applicants Checklist indicative guide to construction cost quotes £933, £911 and £865 respectively for a 70, 80 and 90sq m completed house.
4. Site clearance and communal infrastructure costs have been taken from the Feasibility Study. For some items 90% of the “5 house” cost has been used as it was not clear what factor to use. The cost of foul drainage has been revised to £12,000 as it was considered that the figure in the Feasibility Study was high.
5. Professional fees have been calculated on a development cost of £304,000.
6. VAT: As this option is completely new build, all costs are assumed to be VAT exempt. (ref: Feasibility study). However VAT has been allowed for on the professional fees and legal/accounting advice to Laggan in setting up the project.

## **Comment**

7. The average cost per house (including site purchase) is £145,094 which reduces to £114,594 if the site purchase and associated costs are excluded.
8. Communities Scotland do not publish sale prices of affordable properties. However, they told us that, while there is huge variation, a guide average for a 3-person house is £100,443 which includes land, fees and property.
9. The RHOG application form states build costs of £65,293 (£933/sqm) to £77,871 (£865/sq m). (See Table 4)
10. If the existing stone cottage were included with 3 new houses, LCHT would seek funding from the Rural Empty Property Grant (REPG) which is usually between 10and 38% and imposes a restriction that the property would be in the rented market for a minimum of 6 years.

## Appendix 1 Financial Tables

**Table 4 Gross internal floor area per unit**

	RHOG description	RHOG maximum	Proposed	Cost @ £950 / sq m	RHOG indicative £
Unit 1	Single person/couple	70 sq m	70 sq m	£ 66,500	£ 65,293
Unit 2	Single person/couple + 1 child	80 sq m	80 sq m	£ 76,000	£ 72,882
Unit 3	Single person/ couple + 1 child	80 sq m	80 sq m	£ 76,000	£ 72,882
Unit 4	Single person/couple+2 children	90 sq m	90 sq m	£ 85,500	£ 77,871
<b>Total</b>				<b>£ 304,000</b>	<b>£ 288,928</b>

**Table 5 Land and buildings purchase costs**

	Total
District Valuer's valuation of cottage and land	£ 118,000
Conveyancing and land tax	£ 4,000
VAT (Assume exempt (new building works))	
<b>Total</b>	<b>£ 122,000</b>

**Table 6 Estimated site clearance costs (based on Tables 1, 2 of Feasibility Study)**

		Total
Site clearance & preparation	As 5 unit	£ 9,000
Contingency (5%)		£ 450
VAT Assume exempt (new building works)		
<b>Total (4 dwellings)</b>		<b>£ 9,450</b>

**Table 7 Estimated site costs for 4 new units (based on Tables 1, 2 of Feasibility Study)**

		Total
Land drainage	As 5 unit	£ 5,000
Access road	Not reqd	
Street lighting	Not reqd	
Foul drainage	Revised cost (not Feasibility study)	£ 10,000
Surface water drainage	Pro rata	£ 6,800
Electricity tracks	Pro rata	£ 2,400
Electricity supply cables and charges	90% of 5-unit (3 unit was 80%)	£ 10,800
Telecom tracks and ducts	Pro rata	£ 5,200
Telecom charges	Pro rata	£ 1,200
Water tracks and pipes	Pro rata	£ 3,600
Borehole water supply & pumping station	As 5 unit	£12,000
Fencing and hedges	85% of 5-unit (3 unit was 70%)	£ 8,500
Parking, paths and patios	Pro rata	£ 12,000
Contingency (5%)		£ 3,875
VAT Assume exempt (new building works)		
<b>Total (4 dwellings)</b>		<b>£ 81,375</b>

**Table 8 Professional design and other fees (based on Feasibility Study)**

		Total
Architectural Services	Design: 4% of development costs	£ 12,160
Architectural Services	Advice during build: 2% of development costs	£ 6,080
Engineering Services	1.5 to 2.5% of development costs (2%)	£ 6,080
Costing Services	3 to 4% of development costs (3.5%)	£ 10,640
VAT	17.5%	£ 6,118
<b>Total (based on development cost of £304,000)</b>	<b>£ 41,078</b>	

**Table 9 Estimated local authority charges for 4 new units (based on Feasibility Study)**

		Total
Outline planning permission (4 new units)	£260 per house	£ 1,040
Full planning permission (4 new units)	£260 per house	£ 1,040
Building warrants (4 units construction cost <£90,000)	<£798 per house	£ 3,192
VAT (new building works)	Assume exempt	
<b>Total (4 dwellings)</b>		<b>£ 5,272</b>

**Table 10 Site Manager**

		Total
Site Manager	5% of building costs	£ 15,200
VAT	Assume exempt (new building works)	
<b>Total (based on development cost of £304,000)</b>	<b>£ 15,200</b>	

## **Appendix 2 Laggan Community Housing Trust & Project Coordination**

**Table 11 Laggan Coordinator and Professional Advice (summary).**

			Totals
Laggan coordinator	2006 (project start)	£ 1,580	
	2007 (design/planning)	£ 6,705	
	2008 (build)	£ 6,901	£ 15,186
Professional advice	Accounting	£ 2,000	
	Legal	£ 2,500	
	Other (contingency)	£ 1,000	£ 5,500
Volunteer expenses		£ 1,000	£ 1,000
Contingency		5%	£ 1,132
VAT	Professional advice	17.5%	£ 963
<b>Total</b>	<b>£ 23,781</b>		

**Table 12 Funding for Coordinator and Professional Advice.**

		Sub-totals	Totals
Big Lottery Fund	Formation of LCHT and project management	£ 23,781	
<b>Total</b>			<b>£ 23,781</b>

### **Assumptions**

1. Staff costs estimated at £8/hour in 2006 +3% p.a.; plus employer NIC.
2. Staff hours estimated
  - 2006: at 1 day (7 hrs) per week for 6 months
  - 2007 (design/planning) 2 days (14 hrs) per week for 12 months
  - 2008 (build) 2 days (14 hrs) per week for 12 months
3. The Feagour Forest Village will comprise four new houses. This conforms to The Highland's Council "four house rule" and avoids the costs and work in bringing the existing access road up to the level of an adoptable road.

### Appendix 3 The Rental Option

4. Some of the interested parties have expressed interest in renting rather than purchasing – mainly due to their low or modest incomes.
  
5. Communities Scotland publish Scottish Registered Social Landlord Statistics on their web-site including average weekly rents. In the Highlands 2004/5 average weekly rents were £41.29 (2 apt), £45.07 (3 apt) and £49.97 (4 apt) ([http://www.comunitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs\\_005882.hcsp](http://www.comunitiesscotland.gov.uk/stellent/groups/public/documents/webpages/cs_005882.hcsp)). They also publish average costs and overheads: small rural RSLs spent an average of £1,398 per unit on management, maintenance and repairs.
  
6. Laggan Community Housing Trust will seek to become a Registered Social Landlord in order to offer some or all of these houses as rental homes. It will also talk to existing Registered Social Landlords to try to work out a mechanism whereby some of the properties could be rented
  
7. Table 12 shows typical revenues from RSL rented properties in the Highlands and calculations of the loan that could be paid by the revenue from rent.
  
8. For comparison, current unsubsidised rents being paid locally seem to be about £10 per week higher than these. (based on a very small sample)

**Table 13 Income from rental (per unit)**

	2 apt	4 apt
Weekly rent	£ 41.29	£ 49.97
52 weeks	£ 2,147.08	£ 2,598.44
Management fee (guess)	£ 520	£ 520
Insurance (guess)	£ 100	£ 100
Remains to pay interest on loan	£ 1,527.08	£1,978.44
Mortgage rate (Ecology BS max rate for charities)	6.9%	6.9%
Principal that could be funded by rent	£22,132	£ 28,673

## ***Appendix 4 Supporting letters***

Letter from Danny Alexander MP

Letter from Morag Macrae

Letter from Sarah Ritchie

Letter from Mike Osmond

## **Wolftrax**

In partnership with Forestry Commission Scotland LFT is committed to the future development of the mountain bike centre in Strathmashie Forest.

At a recent Laggan tourism provider's meeting it was agreed that the extension of the trails would be vital in ensuring greater economic benefit to local businesses. It was generally felt that the existing trails were too short and were therefore only attracting day visitors.

The Forestry Commission have begun a survey of the three areas of Strathmashie Forest and have engaged a trail designer to look at extended trails. The Blackwood and Feagour sections of the forest offer the opportunity of extensive trails that can meet the acclaimed standard of trail in use at Wolftrax.

The existing trail counters have recorded in excess of 20,000 riders in the first year of operation. There exists the possibility of attracting between 50,000 and 80,000 visitors to the Laggan area with the extended bike trails.

Designs and costings for the extended trails will become available by April 2006.

