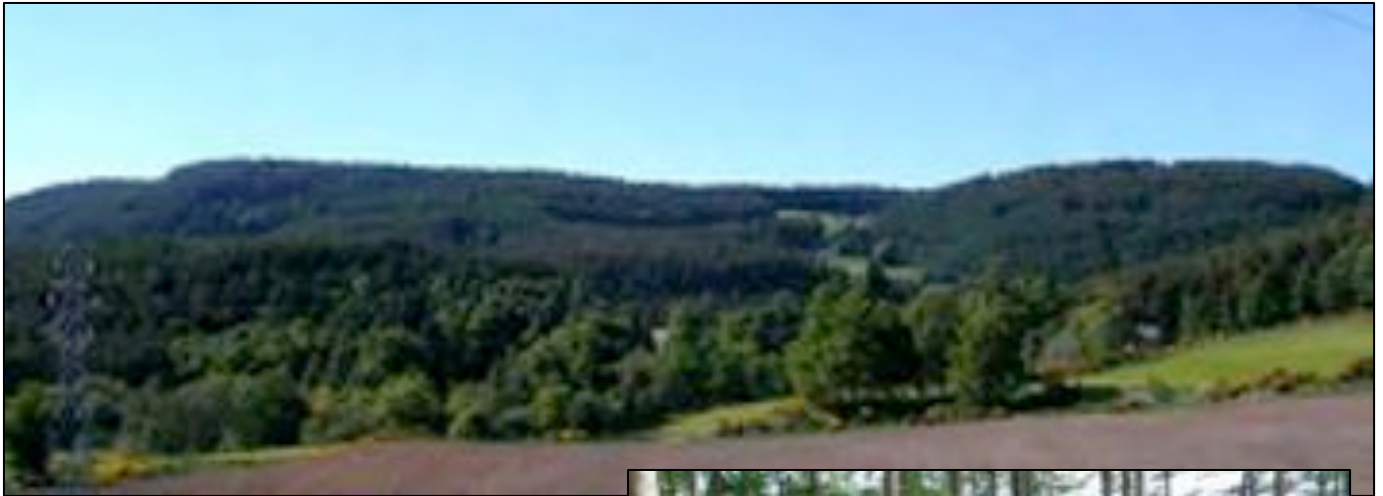


**Executive summary extracted from the draft feasibility study
on the acquisition of Aigas Forest by Aigas Community Forest**



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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 Aigas (inc. Aigas Field Centre and 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 numbers 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 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 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 April 2009, and will become a Company Limited by Guarantee with Charitable Status in late 2009. ACF's primary aim is to acquire an area of Aigas Forest from Forestry Commission Scotland, and by doing so, delivering and opening 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 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 and the need for training and employment opportunities.

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

Though no formal skills audit of those involved has been conducted, it is clear from our consultations that there is already a broad range of skills available within the community. In particular, it would seem that the skills set of the existing Steering Committee is exceptionally good, with considerable experience in practical land management, construction, general business, the arts, administration, marketing, outdoor recreation, community facilitation/development and financial management. The way forward, Community control over Aigas Forest, would potentially result in the aims and objectives of ACF being met and could potentially 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 decide 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 fulfil all these criteria. The acquisition of Aigas Forest by ACF would entail the raising of considerable funds. As at the time of writing the valuation of the forest has not been carried out, 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 the 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 provides a greater than average degree of flexibility for the silvicultural management of the forest and would provide some opportunity for thinning and extended rotations where appropriate. The "thinning window" for 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. There are management access roads or tracks within Aigas Forest but they are not complete and will require extension to reach all the commercially viable parts of the woodland. Areas such as Torr a Bhealaidh are very steep and will be difficult and costly to extract timber from as will the woodlands over looking Mains of Aigas.

There are currently no formal recreational opportunities in the forest. The current FCS forest design plan has been taken as the management model for harvesting and other works particularly over the first 25 year period. The principal advantage of this is that if ACF adopt and implement the current plan they will in effect inherit the felling licence valid for approximately 8 years and will not require to undertake further detailed consultation before proceeding with harvesting programmes. However, this plan was prepared to meet FCS criteria and objectives as part of their larger management programme and consequently might not necessarily meet the aspirations and timescales of ACF following acquisition. In consequence an alternative proposal has been considered to increase and bring forward some felling programmes and to generate more income in the early years. Such a proposal would require consultation, detailed work and submission to FCS for approval prior to being implemented.

Opportunities

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

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

Other opportunities include:

- Crofts – the creation of several “woodland crofts” in the forest, enabling the construction of a small number of houses, and agricultural / horticultural activities to take place.
- Quarrying – making use of the mineral resource beyond on site road maintenance
- Education / training – potential for forest based formal and informal educational / training opportunities for people of all ages and abilities.
- Paths / tracks – development of a track network in the forest to allow for all abilities and access modes, and to provide access through the forest to a viewpoint down the 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 wood fuel 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 also 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. 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. 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 time of writing the purchase price of the forest is being identified by the District Valuation Service (DVS). Bell Ingram acting on behalf of ACF are 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 being withheld. However, our analysis indicates that if the Aigas Forest is to be a sound and sustainable asset, based upon traditional forest management and timber production then the FCS timber felling program should be revised as proposed in the full feasibility study. Further, 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 (Year 1 to 2)
- Phase 2 Economic and management activity start-up (Year 2 feasibility / business plan; deployment Years 3 to 5)
- Phase 3 Croft development (Estimate Year 6 onwards)

- Phase 4 Economic activity development (Year 5 feasibility / business plan, Year 6 onwards for deployment)

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 venues 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 proposed could be done but 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.