



Community Woodlands and Private Sector Forest Companies

A guide to working with the
private forestry sector



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This guide is a collaboration between:



Introduction

For community woodland groups there are four main routes to delivery: volunteers, free support and advice, directly employed staff and using the private sector. This guide is for community woodland groups who are considering using private sector forestry skills and expertise to develop and/or deliver their forestry-related plans. Most community woodland groups will use a combination of in-house capacity (direct employees or volunteers) and externally procured services: the extent of private sector involvement, and the nature and structure of the relationship, can vary significantly. The guide describes the range of relationships between community woodland organisations and the private forestry sector¹ and details several case studies.

¹ It does not specifically cover community relationships with professionals from other sectors: accountancy, renewables, etc., although of course many of the same principles will be relevant.

The community owner

Community woodlands vary greatly in scale and type, and community woodland groups vary in capacity and objectives. Certain characteristics, e.g. an essentially non-profit distributing ethos, and management oversight by a voluntary board to deliver local aspirations, are likely to be common to all. Thus some voluntary input is a necessity for all community woodland owners, but for all except the smallest and least active, some external input will also be required from time to time.

There is a wide range of possible services that community groups may seek to buy from the private sector, under arrangements that could vary from short term advice and one-off contracts to long term management and investment commitments. For community groups in the early stage of acquisition, income is likely to be limited to grant funding to deliver specific outcomes. Post-acquisition, income may be supplemented by revenue streams from timber harvesting or other woodland-related activities. It may be possible for communities to enter into arrangements whereby funding for current management/development activity is secured against future timber (or other) revenue.

The private sector

The term “private forestry sector company” encompasses a range of types and scale of organisation, from independent forestry professionals and land management businesses to timber processors and multinational forestry concerns. It also covers both managerial and operational services: in some cases they may be integrated, in others operations may be delivered by sub-contractors.

Relationships with clients vary in type and duration, from one-off contracts to full property management lasting many years. Income for the private sector can be structured as:

-
- Fixed management fees.
-
- Management fees charged on a daily rate, or agreed price per element.
-
- Commissions charged as a percentage of timber sales or operation cost.
-

Services

Community groups (and other woodland owners) are likely to require a wide range of woodland-related tasks, some or all of which could be contracted to the private sector. Broadly speaking these can be characterised as either managerial or operational:

managerial: e.g. writing and updating plans and surveys; grant applications (whether for acquisition or forest management) and claims; planning, procurement and overseeing forest operations, etc.

operational: e.g. harvesting and haulage, planting, restocking and maintenance, ground preparation, fencing, roading, etc.

These services may be procured at various timescales:

short term and discrete: preparation of a specific plan or delivery of a particular forest operation.

longer term: e.g. ongoing forest management or timber harvesting contracts.

In many cases the relationship will be a simple seller-client relationship: the seller is contracted, does the work and is paid according to contract. However in some cases the relationship can be more complex, and involve a financial or other investment from the private sector: e.g. the private sector "investor" could facilitate the community acquisition by paying upfront for future timber harvesting rights.

It is important to note that the needs and capacity of the community group are likely to change over time. Three discrete phases can be identified:

pre-acquisition: the feasibility and development phase, generally involving a range of short-term interventions by the private sector to produce woodland surveys, feasibility studies, business plans, etc. In the majority of cases the community groups will be new, and have limited income other than grants to deliver specific development and feasibility elements, and may also have limited confidence and capacity to undertake tasks in-house.

acquisition & immediate post-purchase: subject to successful feasibility the group moves into an acquisition phase, usually involving large-scale fundraising, and setting up the systems for assuming management control. There is usually a requirement for some short-term contract work, around both fundraising and long-term forest planning. There may also be a need for immediate post-acquisition operational work (e.g. access works for pedestrians or timber harvesting) to facilitate community management and deliver acquisition conditions such as re-planting areas that were felled by the previous owner. In some cases the funding package may incorporate longer term contracts or financial commitments. The package may also include development funding for the community group to employ in-house forestry expertise.

post-acquisition: After a successful forest acquisition and initial development phase the community may have greater confidence and capacity to manage their woodlands, and may potentially be able to access a variety of income streams which reduce their dependence on grant funding. They are likely to have a continuing requirement to contract private sector services, whether to deliver ongoing forestry operations or to develop additional diversification projects as part of their broader organisational remit.

Delivery mechanisms

In practice, few community woodland groups are completely self-contained, delivering all their activities entirely through their members' voluntary efforts, and most will, at some time or other, need to call upon external support and services to help deliver their aspirations and objectives.

Four main routes to delivery can be identified – volunteers, free support and advice, directly employed staff, and private sector. These are explored in more detail below. None are inherently 'better' than others: most groups will use a mix, and the key thing is for groups to find the most appropriate balance, given their circumstances and requirements.

Volunteers

Some element of voluntary input will be required in all cases, even if it is simply to oversee and manage private sector contractors*. For many community groups, harnessing volunteers helps fulfill a broader community development remit. In some circumstances, especially for small scale operations, volunteers provide opportunities for significant cost-savings.

Whilst a community skills audit can help identify what time and skills the broader community can contribute, the use of 'in-house' skills and volunteers can help to develop a sense of 'ownership'. However there are inevitably limitations to what can be achieved: work requiring specialist skills or machinery is unlikely to be possible with volunteers. Likewise, there are usually scale limitations to what can be achieved with volunteers.

Free support and advice

The Community Woodlands Association (CWA) provides advice, information and assistance for community woodland groups, and support is also available from Forestry Commission Scotland staff and other community woodland groups (see page 32 for contact details).

CWA and Forestry Commission Scotland are working to develop an informal mentoring scheme by which community groups can access input from forestry professionals to assist in identifying what specific services and skills they require to secure from the private sector.

Such free support can be invaluable but will be limited in scope and extent, i.e. is unlikely to cover forest operations or larger pieces of managerial work.

Directly employed staff

For some community woodlands, employing a community forester or development manager has proved an effective way of delivering community aspirations. Creating local employment is a key objective of many groups, and such posts, funded as part of an acquisition development package, or subsidised from timber and other revenue streams, can demonstrate local control and allow greater immediacy and flexibility of response to community concerns. Such posts can also engage and supervise private sector contractors when required.

Direct employment entails additional demands and responsibilities for a voluntary board of trustees, who may have concerns about finding the right individual for what is often a complex and demanding role.

Private sector

Most professional foresters are members of the Institute of Chartered Foresters (ICF) or other professional bodies such as the Royal Institute of Chartered Surveyors (RICS) (see page 32 for contact details), and as such are expected to deliver advice and services to a professional standard.

Although there are costs involved in tendering and managing contracts, professional private sector inputs may in many cases be the most efficient and cost-effective way of getting the job done.

Engaging a forestry professional experienced in planning, procuring and managing forest operations (e.g. where carried out by sub-contractors) can relieve a significant burden of responsibility on volunteer directors and trustees.

* The use of the term contractors covers all consultants, trust managers and any one who is contracted to deliver services to woodland owners.

Procurement and contract management

Types of procurement

The choice of procurement approach will depend on the size, timescale and value of the work to be delivered. If the work is directly grant-funded, then the procurement approach may be specified by the funder(s).

Seeking competitive bids (e.g. tendering) from a number of companies is a tried and tested method for getting a competitive price, particularly for short-term, discrete contracts such as the production of a feasibility study or a forest management plan.

For longer and more complex contracts, especially those involving harvesting and other forest operations, it can be beneficial to negotiate an open-book contract, whereby the customer (community group) and contractor agree on which costs are to be billed and the margin that the contractor can add to these costs. The project is then invoiced to the customer based on the actual costs incurred plus the agreed margin.

Regardless of the approach chosen, it is important to remember that time will be required to actively manage the contract to ensure that it delivers the group's needs and specifications.

Points to consider

Key points that groups should consider when setting up and managing contractual arrangements include:

- Have clear objectives about what you want to achieve.
- Set the ground rules from the start. Be clear about how the tenders will be judged and what your priorities are.
- Flexibility may be required so make sure that all parties understand and work to accommodate each other's requirements.
- Make sure that your role and that of others are clearly defined and fully understood – and that all parties know who will make the decisions on a day-to-day basis, as quick decision-making may be essential.
- Make sure that communications are kept open and that all parties nominate specific contacts for dealing with enquiries and issues.
- Make sure that your processes for resolving problems are well defined and you use them when necessary.

The importance of a good working relationship with contractors cannot be overstated.

Relationship types and options

The table on page 7 shows the various relationship types at the different stage in the acquisition process and gives examples of some community organisations that have used them:

Types and options

Pre-acquisition

Short term

One-off contracts including:

- Forest survey and inventory
- Feasibility study
- Business plan

Examples

Broadford and Strath Community Company

Long term

Positive initial contacts with contractors delivering discrete activities can be the basis for repeat engagement and lead to a longer term relationship

Acquisition and immediate post-acquisition

One-off contracts including:

- Forest plan
- Fundraising

The acquisition package may include longer term contracts for operations or management work, or development funding to support in-house forestry expertise

The acquisition package may involve resale or lease of part or all of asset (e.g. selling the rights to harvest the timber)

Examples

Colintraive and Glendaruel Development Trust

Post-acquisition

One-off contracts including:

- Forest plan updates
- Harvesting
- Business plan updates
- Diversification / additional projects

Examples

Abriachan Forest Trust
Broadford and Strath Community Company
Colintraive and Glendaruel Development Trust
Kilfinan Community Forest Company

Long term contracts for forest management*

Contracts including funding road construction through timber harvesting**

Examples

*Abriachan Forest Trust

*Sleat Community Trust

**North West Mull Community Woodland Company

More details of example case studies can be found on pages 25-30.

Pre-acquisition delivery options

The following tables compare various delivery options at the pre-acquisition, acquisition and post-acquisition stages. For each delivery option pros and cons are outlined, and indicative scores offered for risk, community control and community management inputs – note that these scores are relative and are for the purposes of comparing options, rather than an absolute statement of risk. A brief description of costs is also provided, but note that all options will require some volunteer time and effort, even if that is simply the community organisation's board providing an overseeing role.

Pre-acquisition stage

The pre-acquisition stage for community woodlands usually entails some community consultation and the development of a suite of planning documents. Depending on the scale and nature of the woodland, the community's aspirations and objectives, and the requirements of the woodland sellers and funders, this may include some or all of a Forest Inventory, Forest Management Plan, Feasibility studies and a Business Plan.

In some cases the community will be interested in a range of development options, from affordable housing and renewables to camping and mountain bike trails: these may be outwith the experience of many forestry professionals, and may require additional specialist input.

Delivery Option In-house

1



Risk: Moderate

Community control: High

Community management inputs: High

Costs: Time and effort from volunteers to carry out work

Pros:

Sense of ownership of study.

Study may better reflect the wishes of the community.

Cost savings possible.

Cons:

Range of required professional skills may not be available within the community.

Study may not consider all the available options, or may not be objective enough.

Grant support may be available to employ consultants, but not for in-house production.

Delivery Option
**Independent Forestry
 Consultant or company
 for discrete contract**

2



Risk: Low
Community control: Moderate
Community management inputs: Moderate
Costs: Time and effort from
 volunteers to raise grants

Pros:

Funding for a professional feasibility study may be available.

Externally produced report may be seen as more objective / credible by funders.

An external perspective can provide more insight and a fuller exploration of options.

Cons:

Cost (although usually grant aided).

Contractor briefing and oversight usually requires significant community time input.

Contractor may not fully appreciate the subtle dynamics of communities in terms of history, aspiration and personalities, or give a skewed view based on their own preconceptions or experience elsewhere.

Delivery Option
**Company contracted for
 Forest Plan linked to post
 sale management/lease
 if purchase successful**

3



Risk: Low
Community control: Low
Community management inputs: Low
Costs: Time and effort from
 volunteers to raise grants

Pros:

Funding for a professional feasibility study may be available.

Externally produced report may be seen as more objective / credible by funders.

An external perspective can provide more insight and a fuller exploration of options.

Study may be more realistic if contractor expected to be responsible for delivery.

Cons:

Cost (although usually grant aided).

Contractor briefing and oversight usually requires significant community time input.

Contractor may not fully appreciate the subtle dynamics of communities in terms of history, aspiration and personalities, or give a skewed view based on their own preconceptions or experience elsewhere.

Advice may be structured to be advantageous to company securing long term work, so costs / benefits to community may not be clear.

Acquisition fundraising options

Historically, most community woodland groups have obtained most of their acquisition and initial development funding as grants from the Lottery, statutory bodies and charitable trusts. An element of community fundraising will be required in almost all cases, whilst some smaller acquisitions have been funded entirely through community fundraising.

When grants and community fundraising aren't sufficient to meet the purchase price, community groups have a range of options to fill the funding gap, from a community share issue to bank finance and various arrangements with private sector forestry and timber interests, e.g. timber standing sales with advance payments (see table opposite); all essentially leveraging the current or future value of the asset.

All long-term options require an assessment of risk by both parties: the longer term the arrangement, the greater the chance that timber prices could rise or fall, and harvesting volumes and timber quality could be affected by windblow, tree pests and diseases, or harvesting plans may be subject to change for environmental reasons (e.g. nesting of protected bird species).

It is important that contracts address these issues, and are clear about the management of risk and the allocation of contractual obligations (e.g. restocking and site restoration).

Fundraising Option Grants

1



Risk: Low

Community control: High

Community management inputs: Moderate

Costs: Time and effort from volunteers

Pros:

Low debt burden on acquisition.

Grants unlikely to conflict with community goals.

Experience gained in process may help future fundraising.

Cons:

Grant funding can be difficult/time consuming, and the availability / ease of access fluctuates.

It can involve intensive monitoring and reporting to the funder.

Funders' conditions may limit management options.

Fundraising Option Community fundraising

2



Risk: Low

Community control: High

Community management inputs: High

Costs: Time and effort from volunteers

Pros:

Money generally without conditions.

Fundraising activities can promote community's involvement and increase sense of ownership / appreciation of acquired asset.

Cons:

Requires time and effort from volunteers.

Actual sums raised may be limited in small communities.

Fundraising Option Community Share issue

3



Risk: Low

Community control: High

Community management inputs: High

Costs: Time and effort from volunteers / legal cost etc

Pros:

Low debt burden and limited impact on future management.

Potentially taps into latent goodwill for community projects and positive environmental management.

Cons:

Largely untested in community land/ woodland sector (but good examples from Community Renewables schemes).

Fundraising Option Commercial loan

4



Risk: High

Community control: Moderate

Community management input: Moderate

Costs: Negotiation / legal costs / independent forestry advice / supervision of contractual obligations

Pros:

Asset remains under the control of the community business.

Repayment plan could be matched to timber sales via forest plan projections.

Cons:

Loan conditions may limit future management options.

Interest and principal repayments require budget discipline and meaningful cash flow, and may relegate non-productive community projects.

Risk of future falls in value (e.g. windthrow, tree pests and diseases, falling land or timber prices) which might jeopardise ownership (if the asset is security for the loan).

Fundraising Option Standing timber sales with advanced payments

5



Risk: Moderate

Community control: Moderate

Community management input: Low

Costs: Negotiation / legal costs / independent forestry advice

Pros:

Simple to administer, standard contracts, payment guarantee options.

Level of returns known before operations start. Some site management duties passed to successful contractor.

Community retains land owner liabilities and responsibilities e.g. health and safety, Scottish Rural Development Programme grant terms, etc.

Contract harvesting operation agreed via forest plan.

Timber prices good / strong demand for large volumes / good access / felling approval.

Cons:

Advance payments may carry transaction cost for seller.

Unforeseen circumstances, i.e. previously unseen bird nesting sites may lead to delays / cessation of harvesting.

Oversight of harvesting operations is essential. Issues such as roading may be hard to predict upfront.

Fundraising Option Resale of part of asset

6



Risk: Low

Community control: Moderate

Community management input: Moderate

Costs: Legal / consultancy fees / marketing costs

Pros:

Elements of asset which are unwanted / difficult to manage / not contributing to community objectives can be sold.

Disposals (e.g. for affordable housing) may help deliver broader community aspirations.

Breaking up the asset into separate elements may result in a higher gross price.

Sale conditions can be applied to reduce any negative impact on areas retained by community body.

Cons:

Additional legal/consultancy fees associated with disposals.

Requires prospective buyer be identified in advance to allow back-to-back sale, or short term bridging loan finance.

Breaking up the asset into separate elements may also result in lower gross price.

Grant conditions from funders, or requirements of the former forest owner, may preclude sale of any of the assets without prior permission (could be a clawback of grant funding).

7

Fundraising Option Long-term lease of timber rights to secure advance payments



Risk: Moderate
Community control: Low
Community management input: Low
Costs: Negotiation / legal costs / independent forestry advice / supervision of contractual obligations

Pros:

Can generate significant funding / low management costs / limited liability. Lessee risk reflected in price.

Investor demand is high. This strengthens community organisation negotiating position. A robust lease ensures both the long-term sustainability of the forest, liabilities, restocking and community interests are met.

Community interests promoted during forest plan. Updated process every 10 years makes sure forest meets multiple goals, regardless of lease clauses. Non timber related community development objectives can still be met (e.g. conservation, access, recreation or amenity provision).

Discounting investment principles ensure the first rotation holds the bulk of the value in any lease. Second rotation has a much lower value.

Cons:

Depending on terms, the long-term lease of a forest can be akin to a disposal.

Long-term leases may remove area from community control; deplete/degrade the site/leave community organisation liable for expensive restocking/restoration obligations at end of the lease. Risk passed to lessee reflected in a lower price paid for the lease.

Consultation/contributory role in the forest plan process adds to community control, but comes at a cost. Investors would regard this as an added risk to their investment.

Community may not feel that it owns or controls the forest.

Financial process (IRR) used by private sector to calculate lease value may not relate well to community forestry. This may mean undervaluation.

The lease holder may sell their interest. This may result in a different dynamic as personalities change.

Fundraising Option

Acquire land with standing timber rights remaining with seller

8



Risk: Low

Community control: Low

Community management input: Low

Costs: Negotiation / legal costs

Pros:

The community only takes on the elements of the property they can afford or need, but can make sure their goals are considered in timber harvesting operations via the forest plan process.

May enable a staged transition to full ownership, as community gradually take over full management of forest in line with felling schedule in forest plan and thus have more time to build local expertise and source funding for restocking / forest management.

Felled land may be purchased at a significantly reduced price.

Cons:

The seller may wish to dispose of the whole land asset including timber rights, for good policy and financial reasons.

Community would forgo future income stream from timber sales and might end up burdened with restocking/site restoration obligations.

Acquiring land incrementally might require a separate acquisition / funding process for each individual plot (increasing legal, fundraising / administrative costs).

Community may not feel that it owns the forest.

Fundraising Option

Lease other rights (subject to purchase proceeding) to secure advance payments

9



Risk: Moderate

Community control: Moderate

Community management input: Low

Costs: Negotiation / legal costs / complication for management

Pros:

The leasing of rights associated with the property can raise funds / create opportunities for local businesses.

Annual rents useful for cash flow / raise funds via loans.

Leasing rights linked to development and renewables may generate sizable funds.

Cons:

Funds raised will be a small element of the sale price in most instances. Whilst development and renewables give a chance of higher fund generation, these may be subject to uncertainty.

Financial benefit may be cancelled out by a higher purchase price that builds in speculative or actual development/renewable value.

Post-acquisition management options

Post-acquisition management of forests and other land assets requires a wide range of practical and managerial skills: some may be available in-house, others can be obtained by co-opting experienced individuals or taking advantage of free assistance from CWA and other third sector bodies, but in many cases this will need to be supplemented by paid staff or private sector contractors, who can be engaged in a variety of ways.

Managing human resources is as important as assessing timber resources. A skills audit to identify what skills exist within a community can be an effective tool to highlight potential volunteers. There are also opportunities for most community bodies to co-opt professionals (e.g. foresters) onto their Boards if skills gaps have been identified through an audit, although some constitutions may restrict Boards in this regard.

Where private sector contractors are engaged, the tendering and contract processes are critical. Objectives and responsibilities must be clear and the goals of all parties understood.

Management Option Use in-house volunteer skills

1



Risk: Moderate

Community control: High

Community management input: High

Costs: Volunteer expenses

Pros:

Potential for significant savings if community organisation has appropriate skills and expertise available.

Builds community confidence and sense of ownership.

Training and skill sharing / networking with other community organisations can fill gaps in local knowledge.

Many wider business skills are appropriate to forestry management.

The use of/enhancement of local skills and business may be developed.

Cons:

Skills and experience may not be available.

Volunteer availability can be inconsistent. Relying too heavily on volunteers can lead to burn out. Other commitments may limit availability.

Chain of command / communication can be hard to establish and maintain. Group dynamics can become difficult to manage. Confusing communications and changing personalities can affect the outcome.

Informal nature of these arrangements may lead to inconsistent management and liability issues. Health and safety issues may be poorly considered and responsibilities unclear.

Management Option Charitable / free advice or mentoring using professional foresters

2



Risk: Low

Community Control: High

Community management input: High

Costs: Sourcing advice and support

Pros:

Potential for savings in both cost and time (removes need for search or tendering process).

Community Woodlands Association / other third sector interface / support organisations and local professionals may provide free advice.

CWA is developing a scheme to enable retired / volunteer professional foresters to provide guidance / mentoring to community organisations and help the community avoid pitfalls in dealing with contractors / Forestry Commission Scotland or timber buyers.

Builds community capacity through knowledge sharing and may help the community feel greater ownership of both the forest and the management process.

Cons:

Free support and advice is usually short-term, one-off or on a case-by-case basis.

Professional forester mentoring scheme still under development.

Ongoing management of the woodland still requires high input from local volunteers. They have to seek the support and advice, then use it appropriately.

The cons for using in-house volunteers may also apply - see above.

3

Management Option Employ or share a directly employed community forester / development manager



Risk: Moderate

Community control: High

Community management input: Moderate

Costs: Time and effort from volunteers to manage recruitment process & ongoing employment

Pros:

- Potential saving on consultancy fees etc.
- Long-term relationship built with community organisation and employee. Goals more likely to be aligned between parties.
- Community forester can build capacity within community body, and enhance local knowledge of the forest and social/cultural context.
- Provides local employment, and is a visible sign of community ownership / management of asset.
- Creates a single point of contact for communication / contractor supervision / private sector companies.
- Employed forester more inclined to deal with small scale niche markets and fuel wood markets than contracted expertise.
- Site specific employment likely to allow more rapid response to onsite issues (clearing windblow, managing anti-social behaviour).
- Potential for community organisations to collaborate to share a forester and associated costs.

Cons:

- High labour cost and responsibilities associated with direct employment. Wages contractually paid / impacts on cash flow.
- Contractual relationships can limit flexibility.
- Community organisation has to be prepared to take on staff management.
- Shortage of qualified foresters with appropriate community development skills.
- Scale of forest has to be sufficient to justify employing a forester. Part time working may make supervision of contracts difficult.
- Sharing a professional forester may create allocation problems between the parties.
- Long term grant funding for such posts has proved difficult to access.

Management option

Short term, discrete operational contracts sourced individually from independent professional foresters.

4



Risk: Moderate

Community control: Moderate

Community management input: Moderate

Costs: Sourcing and fees

Pros:

May encourage competitive pricing, particularly for clear standalone projects.

May facilitate the inclusion of local skills and contractors.

The private sector "on-cost" element added to operations can be avoided and overall costs reduced.

No conflict of interest from vertical integration, but consultant may still have a close working relationship with timber buyers and contractors.

Where the community organisation has volunteers available to supervise operations, the forestry professional provides cost effective advisory, rather than supervisory role.

Cons:

Higher tendering and procurement costs (money and time).

Small contracts may have reduced appeal.

In-house management and supervision costs may increase. Where contractors costs are driven down the quality of work may suffer, particularly where supervision is inadequate. Availability of consultants may be time constrained.

Maintaining high ethical and business standards can be time consuming and costly.

Potential for contract awards to be challenged on process / transparency grounds, may have implications for public funding, charity status etc.

Care must be taken to make sure responsibilities for health and safety, protected species, environmental impacts and grant conditions are clearly defined.

Management option

Longer term single harvesting / management agreement with private sector company

5



Risk: Low

Community control: Moderate

Community management input: Low

Costs: Sourcing / fees / commissions / on costs

Pros:

Potentially efficient process, good communication between parties and less friction.

Open book contracts (agreeing what costs the company can charge and the margins it makes) can be beneficial. Terms and conditions can be included in the contract to reflect goals of multi-purpose community forestry (e.g. local contractors favoured).

A long term management contract with a steady workload is worth more to a private sector company because of the volume of work, spreading of costs and security, and this will be reflected in contract cost if the process is competitive.

Utilising skills, experience, contacts and negotiating power of private sector company may produce better result in terms of price / standard of work.

Payment of fees to the private sector company can be phased to cash flow from harvesting operations.

Work guarantees and indemnities are available.

Potential to develop closer relationship over time. Private sector contractors and managers may gain sense of involvement and ownership, which can improve work standards and bring benefits in kind.

Cons:

A poorly negotiated and tendered long-term contract may lead to increased costs / poor standard of work.

Foresters dealing with contracts / clients under pressure to reduce costs and increase revenue, regardless of personal working relationships with clients.

The extent of vertical integration in the industry, where many private sector companies have a close relationship between contractors and timber buyers, can cause conflicts of interest.

Management / supervision fees and on-costs may be significant and have unclear origins.

Community organisations and private sector companies have different cultures, so communication can be problematic particularly where personalities change / chain of command is confused.



Glossary

CWA

Community Woodlands Association – provides advice, support, training and facilitates skill sharing for community organisations and also offers a consultancy service – www.communitywoods.org

Forestry Commission Scotland

Forestry Commission Scotland – manages the National Forest Estate (through Forest Enterprise Scotland), regulates private sector forestry and administers the Forestry Grant Scheme www.forestry.gov.uk/scotland

Fixed management fees

A fixed regular payment for forestry management paid at agreed points across the year.

Forest certification

An international standard for forestry designed to reduce adverse environmental/social impacts and increase sustainability. Can be expensive for woodland owners to administer.

Forest inventory

A measurement and mapping exercise to establish the distribution of species, growth rates and volume of timber present. A stock-take of timber.

Forest plan

A comprehensive plan for the forest covering 10 years in detail and 20 years in outline. Standard Forestry Commission Scotland specification. Based on UKFS to achieve multiple benefits. Once approved, gives legal approval for felling operations.

Forestry investment company

Secures forestry investments for investors, and acts as a go-between for private sector company and investor/owner.

FSC

Forest Stewardship Council – main body dealing with certification in the UK – www.fsc-uk.org

Group scheme

Forest certification where a private sector company aids certification for a range of woodland owners.

Harvesting

Felling and processing trees followed by transport to forest roadside by forwarding (timber loaded by grab and carried in a trailer), skidding (timber dragged behind tractor) or skyline (winch and cables on steep ground).

HIE

Highlands and Islands Enterprise – www.hie.co.uk

ICF

Institute of Chartered Foresters – www.charteredforesters.org

IRR

Internal rate of return – an investment term which indicates the discount rate at which the net present value of costs is zero. The higher the IRR, the more desirable the investment.

Lease timber rights

Owner of lease has the right to the timber on site, and usually a free hand to exercise these rights and protect timber values. The detailed terms of the contract can affect outcomes for both parties. The forest plan and restocking obligations are important considerations

Management fees / daily rates

An agreed professional daily rate (pro rata for less than full day) that forms the basis for fees submitted with a timesheet.

Multipurpose forestry

Forestry is capable of delivering many benefits, although the emphasis may change with owner and site. The multi-purpose benefits may include: social, economic and environmental, such as timber products, employment, training, conservation, environmental protection, recreation and so on.

NFLS

The National Forest Land Scheme gives community organisations, recognised non-governmental organisations (NGOs), and/or appropriate housing bodies the opportunity to buy or lease areas of the National Forest Estate where this can provide increased public benefits. The scheme will be revised in 2016.

Open book

A type of contract where the buyer and seller of work/services agree on (1) which costs are remunerable and (2) the margin that the supplier can add to these costs. The project is then invoiced to the customer based on the actual costs incurred plus the agreed margin.

Restocking

Replanting trees on a site that has been clearfelled (i.e. where all trees felled and removed).

Roadside timber sale

Timber sold at forest roadside after the seller has paid for harvesting of the timber. Can leave the seller with unpredictable harvesting costs, but possibly a higher return.

Scottish Land Fund

Funded by the Scottish Government and delivered in partnership by the Big Lottery Fund and Highlands and Islands Enterprise, this fund supports rural communities to become more resilient and sustainable through the ownership and management of land and land assets - www.biglotteryfund.org.uk/scottishlandfund

Standing timber sale

Timber is sold as standing with timber weights usually verified from weight tickets, but can be based on inventory measurement of standing crop. The seller has no harvesting/haulage costs. Payments can be made in advance. Standard contracts available which if followed offer a fairly risk free option for the seller with returns known prior to operations commencing. Degree of oversight needed and site specific operational plans and health and safety considerations require a professional approach.

STTS

Strategic Timber Transport Scheme – the Strategic Timber Transport Fund supports the sustainable transport of timber in rural areas of Scotland. It helps finance projects which minimise the impact of timber transportation on fragile rural roads and deliver wider benefits.

Tree pests and diseases

An additional risk that should be considered / monitored by forest owners and managers – more information can be viewed at: <http://scotland.forestry.gov.uk/supporting/forest-industries/tree-health>

UKFS

UK Forestry Standard - comprehensive set of guidelines that cover all aspects of forestry management, benchmark for UK forestry management – www.forestry.gov.uk/ukfs

Windblow

Trees blown over and damaged by high winds. Soil features, crop height, exposure and thinning can all affect crop vulnerability.

% charged on timber sales (commission)

An agreed % fee usually charged on revenue from standing sales.

% charged on operations (on-cost)

A % charged on top of contract fees to cover management costs. Can be less clear element of charges.

% charged on land sales (commission)

An agreed % fee charged on land sales on conclusion of a sale.



Case Study

Abriachan Forest Trust

Abriachan Forest Trust (AFT) is a company limited by guarantee with charitable status. In 1998, prior to the National Forest Land Scheme (NFLS), AFT purchased 534ha of woodland and open hill from the Forestry Commission.

Developments have included a forest school classroom, a green woodworking shed, tree houses, a 30km path network including an all-abilities route and 13km of mountain bike trails and skills course, plus an adventure play area. As well as managing the woodland, AFT runs a variety of forest based activities for vulnerable groups.

AFT has an ongoing contract with an independent forest consultant who undertakes small scale practical management as part of their low impact, continuous cover thinning programme. AFT has a contract with a pulp mill for pulp timber, firewood is delivered to local markets and AFT contracts with larger private sector forestry companies for large scale felling.

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Case Study

Broadford & Strath Community Company

Established in 2003, Broadford & Strath Community Company (BSCC) is a company limited by guarantee with charitable status. BSCC purchased 23ha of National Forest Estate using the NFLS process in 2011.

Just prior to acquisition BSCC commissioned independent consultants to undertake a land survey and prepare a 5 year business plan (separate contracts). Post-acquisition the group tendered for a forest contractor to undertake practical woodland management including harvesting, extraction, chipping, mulching, groundwork and footpath construction. In 2013 BSCC tendered for a design team to design a community campsite and events space (funded via development funding from the Big Lottery Fund: Growing Community Assets).

Recent funding from the Climate Challenge Fund has allowed BSCC to tender contracts for the creation of allotments and the purchase of equipment for a local business composting scheme.

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Case Study

Colintraive and Glendaruel Development Trust

Colintraive and Glendaruel Development Trust (CGDT) is a company limited by guarantee with charitable status. CGDT purchased Stronafian Forest (615ha) via the National Forest Land Scheme in 2013. The funding package for the purchase was approximately 5/6 from a private sector company (purchase of timber rights lease) and 1/6 grant funding from the Scottish Land Fund and Highland and Islands Enterprise (HIE). With further funding from Forestry Commission Scotland, Argyll and the Isles LEADER and HIE, CGDT was able to set up a two year initial planning phase which came to an end in 2015.

The lease, which the private sector company bought as part of a 'back-to-back' deal, provides for two rotations of trees and therefore lasts for approximately 140 years. Within the lease, amenity use is a given, and further community projects, like crofting, renewables and housing can be accommodated in predetermined areas through a compensation scheme devised to recompense the tenant for any crop from which they do not gain the benefit.

In 2014, CGDT tendered for a consultant to undertake a feasibility assessment for potential micro hydro schemes after successfully bidding for the rights to four burns on Forestry Commission Scotland land. CGDT used the Scottish Government Public Contracts Portal for the tender brief and received responses from hydro companies of various sizes. The feasibility and business planning projects are underway.

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Case Study

Kilfinan Community Forest Company

Kilfinan Community Forest Company (KCFC) is a company limited by guarantee with charitable status and was established in 2007. Using the National Forest Land Scheme (NFLS), KCFC purchased 127ha from Forestry Commission Scotland in 2010, with an option to purchase the remaining 434ha which was exercised in 2015. The funding package for the original purchase was secured from the Highlands and Islands Enterprise (HIE) and private donations, with the second tranche funded by the Scottish Land Fund and an upfront sale of standing timber.

Ongoing funding for a diverse range of projects (including community allotments, a composting facility, fully operational sawmill, wood fuel enterprise, paths and picnic areas) was derived from a range of funders, including Highlands and Islands Enterprise (HIE), Argyll & the Islands LEADER, Climate Challenge Fund (CCF), Awards For All, Paths For All and Voluntary Action Scotland. Timber sales have generated steady income and a small sawmill has been established to add value to forest products. Woodfuel and a community composting scheme deliver extra income.

KCFC has installed a hydroelectric scheme and aims to generate future income from establishing affordable housing and further timber harvesting. KCFC works with private sector forestry companies to deliver the group's objectives, and employs an operations manager and operations worker to manage the site. KCFC also employs a development manager who is responsible for maximising income and finding new opportunities for development.

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Case Study

North West Mull Community Woodland Company Ltd

North West Mull Community Woodland Company (NWMWCWC) is a company limited by guarantee with charitable status set up to manage Langamull and West Ardhu woodlands in the north west of the Isle of Mull. The woodlands were purchased through the National Forest Land Scheme from Forestry Commission Scotland in 2006 with the assistance of the Scottish Land Fund, Highlands and Islands Enterprise, The Robertson Trust, Hugh Fraser Foundation, significant local fundraising and an interest-free loan.

16km of new roads and 4 bridges were needed after purchase to actively manage the woodland and maximise the value of the asset. Working with the Strategic Timber Transport Strategy (STTS), Argyll & Bute Council, Forestry Commission Scotland and 3 private landowners, agreements were entered into with a private sector company to secure funding for road construction before felling.

An open book accounting system was used for this agreement and for ongoing management. Effective negotiation using general business, rather than specific forestry skills, was the key to success. Aligning incentives and ensuring that community goals are reflected in how the work is carried out have also been important.

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Case Study

Sleat Community Trust

Sleat Community Trust (SCT) is a company limited by guarantee with charitable status. The Trust operates two trading arms – Sleat Renewables Ltd and Sleat Community Trading Co. Ltd. In June 2011, Sleat Community Trust purchased Tormore Forest through the National Forest Land Scheme. Situated near Ardasar on the Sleat Peninsula, Isle of Skye, the cultivated forest is approximately 400ha made up largely of commercially planted coniferous woodland (Sitka spruce, lodgepole pine, hybrid and Japanese larch) although some gorges, burnsidings and open areas support remnant native tree species.

SCT (via Sleat Renewables) employed an in-house community forester for the first 3 years to develop the forest plan and their woodchip business (SCT has a contract to supply woodchip to a local college biomass heating system). One of the first projects that the Trust implemented was the complete fencing of the forest perimeter to prevent deer grazing of new planting. This task was carried out by a local contractor at a cost of £50K. The Trust has planted over 100K new saplings into harvested areas since 2011 and employed a local business to carry out this work.

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Useful contacts

Community Woodlands Association

Tel: 01309 674 004

Email: admin@communitywoods.org

Web: www.communitywoods.org/index.php

Highland & Islands Enterprise – Community Asset Team

Tel: 01520 722 021

Email: info@hient.co.uk

Web: www.hie.co.uk/community-support/community-assets

ConFor – Confederation of Forest Industries

Tel: 0131 240 1410

Email: mail@confor.org.uk

Web: www.confor.org.uk

Institute of Chartered Foresters

Tel: 0131 240 1425

Email: icf@charteredforesters.org

Web: www.charteredforesters.org

Royal Institute of Chartered Surveyors

Tel: 0131 225 7078

Email: Scotland@rics.org

Web: www.rics.org/uk

Forestry Commission Scotland

Web: www.scotland.forestry.gov.uk/supporting/management/conservancies



Forestry Commission Scotland serves as the forestry directorate of the Scottish Government and is responsible to Scottish Ministers

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