

Business Plan

FOR

EshieLS Wood

PREPARED BY

Peebles Community Trust

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Executive Summary

The proposal is for Peebles Community Trust to bring the 7 ha of Eshiel's Wood into community ownership with the objectives of enhancing landscape, biodiversity, and public access to woodland, while safeguarding an important cycle route alongside the River Tweed in an environmentally sensitive area. Twenty-five year financial projections are made which demonstrate that the woodland is expected to maintain profitability despite the uncertain financial climate, and other non-financial risks can be mitigated to deliver sustainability in the long term.

1. Introduction

This business plan has been prepared to support the proposal for the community purchase of a woodland at Eshiel's, near Peebles, by Peebles Community Trust (PCT)

1.1 The Proposal

The proposal is to purchase Eshiel's Wood, which is a 7-hectare (mainly coniferous) plantation, situated 3km from the centre of Peebles. The wooded land lies between the River Tweed, which is designated an SAC and SSSI, and the Sustrans Tweed Valley Railway Path which runs for 1km within its northern boundary following the route of a disused railway line. The Forestry Commission has announced that this woodland is for sale, and a Sub-Committee of interested and committed local people was formed under the auspices of Peebles Community Trust with the intention of taking the woodland into community ownership under the Community Asset Transfer Scheme (CATS).

PCT consulted extensively with the local community on aspirations for the woodland (see Section 5 of the CATS application) wishes to:

1. buy the woodland on behalf of the local community;
2. conserve and improve the biodiversity of the woodland and riparian habitat;
3. undertake small-scale coppicing and eco-sensitive timber extraction to provide a sustainable productive woodland and educational and skills-training opportunities for the local community.

We have undertaken a detailed environmental survey and compiled a management plan, consulting with both ecologists and foresters. Therefore this business plan should be read in conjunction with these additional documents: "Eshiel's Long Wood – Baseline Habitat Survey" (PCT_4-2) and "Eshiel's Wood – Management Plan" (PCT_4-3).

1.2 The Objectives and Vision

The Peebles Town Action Plan states that 'sustainability will inform all plans and actions'. Specifically, it mentions protecting and enhancing the natural landscape setting of the town, reducing energy needs, supporting sustainable transport, including walking paths, encouraging tourism and providing training opportunities.

These objectives sit within the wider context of the Scottish Borders (Consultation Draft) Community Plan, a requirement under the Community Empowerment (Scotland) Act 2015, which features among its outcomes: sustainable energy (including addressing fuel poverty and carbon reduction), improved attainment and skills, sustainable tourism, health and wellbeing – all of which this project aims to address, albeit on a scale commensurate with its size.

PCT has a vision of 'a place where biodiversity and woodland production meet, as part of a wider vision for education in sustainable community living.' Specifically, the proposed purchase aims to:

- **enhance the natural landscape around Peebles:** by bringing more light into the riparian woodland and restocking with native species of trees and shrubs;
- **protect and enhance the biodiversity of local woodland flora and fauna:** by conserving the unique Scottish population of a UK Biodiversity Action Plan priority species of moth: Currant Shoot-borer (*Lampronia capitella*; see letters of from Butterfly Conservation, PCT_4-1 & PCT_5-1), and bats, breeding birds, and otters, and supporting the local population of red squirrels;
- **improve sustainable energy opportunities and help reduce our carbon emissions:** with small-scale sustainable productive management of the woodlands;
- **Maintain access to the woodland for walkers:** contributing to sustainable transport opportunities, improved health and wellbeing and enhanced natural scenic place for locals and tourists;
- **safeguarding the Tweed Valley Railway Path:** which is very popular multi-use path maintained by Sustrans volunteers, which links Peebles to Glentress and Innerleithen for cyclists, horse-riders and pedestrians, including disabled, and provides access to the woodland (<https://www.sustrans.org.uk/ncn/map/route/peebles-innerleithen>);
- **partnerships with local businesses, strengthening the local economy:** we aim to use local timber extraction, woodfuel and environmental management organisations, and have had proactive discussions with such businesses on how they can contribute and benefit;
- **training opportunities, increasing skills and employability:** in the longer term we aim to offer training opportunities in 'traditional' crafts such as coppicing and green woodworking that are in danger of being lost in Scotland, and other outdoor learning;
- **community engagement:** at all times our aim will be to involve and include as many people as possible within the local community, of all ages and abilities. We will use digital and traditional communication methods in order to continue this ongoing engagement process.

Given the objectives and vision, the project is expected to engage people of all ages and abilities, either local or visitors to the area, engaging in activities including dog-walking, running, cycling, horse-riding, engaging an interest in nature, or volunteering; either as individuals, families with children, or educational groups at all stages. We expect annual visitors to the site to number tens of thousands, increasing as our project gets underway, and for this reason the plans include the installation of visitor counters to monitor access and use.

The benefits of the project are addressed in Section 4.2 of the CATS application supported by mapping benefits on to National Outcomes as described in PCT_4-4.

2. Governance and Management

2.1 Peebles Community Trust

The proposal is for PCT to own the wood. PCT was initiated by a grouping of former and, then, current members of the Royal Burgh of Peebles Community Council, and established in August 2012 as a not-for-profit company limited by guarantee. It now has a board of three directors drawn from a broad range of backgrounds and experience, 184 subscribing members, and a core group of volunteers.

PCT takes the form of a Development Trust. Therefore it can operate as a business supporting the town and surrounds, and can attract money from charitable and private sector organisations as well as statutory agencies. Its aim is to generate revenue through grants and commercial projects, and to use these revenues to fund community projects and develop community assets.

Since its establishment the PCT has organised and led a programme of community engagement and consultation, including regular Open Forums. These are typically attended by around 200 residents, who have access to story boards providing updates on issues and on planning and local development. Their views are gathered through a programme of debates. Arising from this work the

PCT has managed the drafting and publishing of a Town Action Plan, finalised in April 2016, and prepared a first stage draft of a Whole Town Master Plan, providing strategic direction and guidance for future development of the town (see *A Vision for Peebles/Master Plan*; PCT, 2016)

2.2 Project Management

Decisions around the overall management of the site will be made by PCT's Eshiel Wood Sub-Committee. This will include one of the Directors of PCT to ensure compliance and co-ordination with its other activities. The Sub-Committee is currently composed of a dedicated team of 8 PCT ordinary members and the Company Secretary who is a Director. Collectively, they have specialist knowledge and experience in the fields of forestry, woodland and ecological management, access rights, outdoor environmental education, green woodworking and traditional woodland crafts, outdoor risk assessments, community engagement and promotion of physical activity for all ages. As evidence of the commitment, the Sub-Committee has already contributed in excess of 80 volunteer days.

Subject to funding, it is proposed that the project will have a paid part-time Project Officer/Coordinator, initially for the first two years, to coordinate the core project actions and funding applications, provide a library of documentation, monitor and contact potential funding sources, assist with community engagement, recruitment of volunteers and other activities. The project will also employ the services of professional forestry contractors to deliver core forestry functions such as harvesting, planting, tree-safety surveys, and remedial work.

All expenditure and grant applications will be submitted to the PCT Board for scrutiny and approval, together with significant decisions concerning management and policy as the Director member of the Sub-Committee sees as appropriate. The finances concerning Eshiel Wood will be kept in a separate bank account to give transparency for both internal and external auditing purposes. The Sub-Committee will be required to carry out: strategy development; planning woodland management and planting activities; planning site facilities, e.g. signage; sources resources, from charitable, private and public sources subject to PCT Board's approval; safeguarding the community woodland asset; communicating the activities concerning Eshiel Wood; and supervision of the Project Officer.

The management ethos of PCT, delivered through its Sub-Committee, is to use local expertise, work cooperatively with other enterprises and groups in the community, and enlist professional advice to deliver against the challenges of the project. We aim to make this a socially, environmentally, financially sustainable and accessible woodland from which as many people as possible can benefit.

3. Financial Plans and Projections

3.1 Pre-CATS Application

Although PCT plan (see below) to make an application to fund the acquisition of the woodland through Stage 2 of Scottish Land Fund (SLF), our activities prior to this submission were carried out with the aid of a FC Scotland Community Grant. We did not follow Stage 1 of SLF because of concerns that such an application might compromise other initiatives undertaken by PCT. This concern has now been removed and PCT have taken the first steps towards applying to SLF Stage 1 with a view to progressing as rapidly as possible to Stage 2 should this application be successful. A summary of the FC Scotland Community Grant is given in Table 1, which excludes volunteer days.

3.2 Structure of Financial Projection

A 25-year financial projection has been developed from the point of acquisition. The breakdown of projected expenditure and costs (at today's prices) has been structured in relation to the proposed

management phases: (i) annual projections from Year 1 to Year 5 inclusive as this is the period of establishment and an initial period of transition; (ii) a projection of an annual budget for Year 6 through to Year 12, where the latter corresponds to the end of the period of conifer felling expected within the management plan; (iii) a projection of an annual budget for Year 13 through to Year 25 which is a period where it is anticipated that the bulk of the timber harvest will result from broadleaf coppicing.

Table 1. Financing the preparation of the CATS application

Expenditure		Income	
Legal Opinion	£ 300.00	FCS Community Grant	£ 4,107.02
Community Engagement: Halls & Stalls	£ 20.00	Donations	£ 69.00
Community Engagement: Leaflets	£ 179.00		Total £ 4,176.02
Ecological Assessment	£ 900.00		
Management Materials	£ 19.00		Net Profit £ -
Management Plan Development	£ 900.00		
Business Plan Development	£ 1,200.00		
Land Valuation	£ 658.02		
Total	£ 4,176.02		

3.3 25-Year Financial Projection

The projection is shown in Table 2, and the basis for each item of Expenditure and Income in Table 2 is explained in the notes below. Volunteer contributions are considered in Section 3.5

Expenditure Items (E)

1. Market value established by VOA.
2. Legal Transfer Costs established from McCartney Stewart Solicitors & Notaries
3. Project Officer(s) costed as 150 days @£150/day, FCS rate for skilled labour, split 5:3 between Years 1 & 2.
4. Estimated costs of training courses e.g. use of hand tools.
5. Costed as £120/event including insurance & publicity, 2 interpretive boards @£450/board plus £160 design.
6. Provision is cost neutral (see Income)
7. Remedial work reflects change of risk management policies, and declining costs expected as many large mature trees are removed and coppice management introduced.
8. Visitor counters @£1500 total, tools @£600, personal protective equipment @£250
9. Rate of 30 p.a. @£4 each
10. Fencing and gates were considered, but concluded to be unnecessary.
11. Costed for Grey Squirrels although Himalayan Balsam may become necessary in future: 5 traps @£100 plus £40 consumables.
12. Inspection costs, as advised.
13. Insurance costs, public liability as per quotation, including legal costs.
14. Anticipated as 7 ha @£5/ha, and that this may be avoided after Year 5 either by evolution of PCT into SCIO or by public policy.
15. Contribution of project to PCT auditing costs.

Income Items (I)

1. Discount requested in CATS application, costed as NPV of conservation of *Lampronia capitella*.
2. Projected Scottish Land Fund application to be negotiated to cover residual costs of E1 to E5 inclusive, with discount providing matching funding.
3. Projected Scottish Landfill Communities Fund application to cover cost E8. Wood is eligible for SLCF Projects C (Amenities) & D (Biodiversity) as in vicinity (<10 miles) of Transfer Site. (<https://www.sepa.org.uk/data-visualisation/scottish-communities-landfill-fund/>)
4. Applications to Borders Tree Planting Grant to cover cost E9.

5. Projected Sustrans ArtRoots application to cover cost E6.
6. SRDP Grey Squirrel Control, 5 traps @£200/trap. Woodland is a PARC, with Red Squirrels directly across the Tweed, and to the west. (https://www.ruralpayments.org/publicsite-rest/fscontent/repository/portal-system/mediadata/media/resources/strategic_squirrel_map_-_25_august_2016.pdf)
7. SRDP Public Access Rural Woods, 1 km path @£500/km, starting Year 2.
8. SRDP Woodland Improvement Grant, calculated as 7 ha @£300/ha for Delivering UK Forestry Standard Woodlands for Years 1 to 3 inclusive.
9. PCT Fund-raising activities are not entered, but will add to robustness.
10. Profit from timber calculated as average of 3 p.a. quotations, rounded down to nearest £100. Estimates for coppicing income p.a. assumed to be the same.

3.4 Contributions of Volunteers

The in-kind contribution by volunteers will include the following items.

3.4.1 Labour for tree-planting. The scale of tree planting is very small scale compared to projects undertaken elsewhere in the locality. However training for hand tools and for planting techniques, and personal protective equipment is in the financial plan.

3.4.2 Harvesting. As the project progresses, volunteers will be used for some of the coppicing (not for felling). Training will be required for many of the volunteers.

3.4.3 Labour for habitat management, including control of invasives. Some training may be needed for new volunteers, and for the more experienced volunteers to extend their knowledge of control strategies.

3.4.4 Monitoring biodiversity within the wood and its surroundings, and usage by visitors along the Sustrans path and within the wooded land itself.

3.4.5 Project management, including writing grant proposals, developing policies on management, including health and safety, risk assessments, attending committee meetings, organising public events, community engagement, fund raising events, and other secretarial or financial duties.

3.5 Risk Analysis of Financial Projection

3.5.1 The projections show a potential annual net profit in each of the years of operation. This gives some headroom for market volatility and unavoidable uncertainty in the projections, so that there is confidence that the asset will not become a financial burden on PCT and undermine its wider community aspirations.

3.5.2 As noted in 3.3 (item I10) the profit from timber operations is interpreted from expert advice offered by several local businesses, and the value taken is a rounded down value of the median value. Sustainability, in breaking even and/or profitability, does not solely rely on a large income from timber.

3.5.3 The projections include income from SRDP forestry grants and there is uncertainty over the future of SRDP, and any changes in the grant structure will also bring about changes in market values. This is an unavoidable uncertainty which surrounds all aspects of rural development. Nevertheless some of the projected SRDP packages deliver strong, public benefits in addressing Scotland's National Outcomes (see PCT_4-4) which may argue for priority in future SRDP restructuring.

3.5.4 Some aspects of expenditure, such as Interpretative Wood Art are optional in that the activity will depend on grant funding. In this sense they add value, but are cost neutral to the core project.

3.5.5 Table 2 shows a diversity of funding sources that we anticipate will be available to fund acquisition and maintenance: e.g. Scottish Land Fund, Scottish Landfill Communities Fund, Borders

Table 2. Annual projections of Expenditure, Income and net profit for a 25 year period.

		Annual Projections						Years 6 to 12	Years 13 to 25
		Year 1	Year 2	Year 3	Year 4	Year 5			
Expenditure									
E1	Market Value	£ 40,000.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -
E2	Legal Transfer Costs	£ 2,220.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -
E3	Project Officer(s)	£ 14,062.50	£ 8,437.50	£ -	£ -	£ -	£ -	£ -	£ -
E4	Training (hand tools etc)	£ 650.00	£ 400.00	£ -	£ -	£ -	£ -	£ -	£ -
E5	Community Engagement & Interpretation	£ 1,180.00	£ 240.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00
E6	Interpretive Woodland Art	£ -	£ 2,000.00	£ -	£ -	£ -	£ -	£ -	£ -
E7	Remedial & Safety Work	£ 900.00	£ 450.00	£ 450.00	£ 450.00	£ 450.00	£ 350.00	£ 225.00	
E8	Tools & PPE, including Visitor Counters	£ 2,100.00	£ 250.00	£ -	£ -	£ -	£ -	£ -	£ -
E9	Tree Planting	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ -
E10	Fencing & Gates	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
E11	Invasive Non-Native Management	£ 540.00	£ 40.00	£ 40.00	£ 40.00	£ 40.00	£ 40.00	£ 40.00	£ 40.00
E12	Inspection	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00
E13	Insurance	£ 300.00	£ 300.00	£ 300.00	£ 300.00	£ 300.00	£ 300.00	£ 300.00	£ 300.00
E14	Sporting Rates	£ 35.00	£ 35.00	£ 35.00	£ 35.00	£ 35.00	£ -	£ -	£ -
E15	Auditing	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
Total		£ 62,807.50	£ 12,972.50	£ 1,765.00	£ 1,765.00	£ 1,765.00	£ 1,630.00	£ 1,385.00	
Income									
I1	Discount	£ 12,315.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -
I2	Projected Scottish Land Fund	£ 45,797.50	£ 9,077.50	£ -	£ -	£ -	£ -	£ -	£ -
I3	Projected Scottish Landfill Communities Fund (C,D)	£ 2,100.00	£ 250.00	£ -	£ -	£ -	£ -	£ -	£ -
I4	Borders Tree Planting Grant	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ 120.00	£ -	£ -
I5	Sustrans ArtRoots	£ -	£ 2,000.00	£ -	£ -	£ -	£ -	£ -	£ -
I6	SRDP Grey Squirrel Control	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00
I7	SRDP Public Access Rural Woods	£ -	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
I8	SRDP Woodland Improvement Grant	£ 2,100.00	£ 2,100.00	£ 2,100.00	£ -	£ -	£ -	£ -	£ -
I9	PCT Fund-Raising Activities	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
I10	Profit from Timber	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
Total		£ 63,932.50	£ 15,547.50	£ 4,220.00	£ 2,120.00	£ 2,120.00	£ 2,120.00	£ 2,000.00	
Net Profit		£ 1,125.00	£ 2,575.00	£ 2,455.00	£ 355.00	£ 355.00	£ 490.00	£ 615.00	

Tree Planting Grant. This range is possible from its vicinity to Eshiel's Transfer Station, its unique biodiversity value for invertebrates, and its position as a Priority Area for Red Squirrel Conservation (PARC). We are in the course of discussing the parameters and limitations of the potential grant from SLF, but Table 2 is our current understanding of the position, based on a proposed discount of £12,315.

3.5.6 The different expenditure components identified in Table 2 are largely self-contained once Eshiel's Wood is established within PCT ownership. The lack of interdependence between these activities, in that one does not critically depend on completion of another before being initiated, reduces financial risks and overall project risks (see 4.5 below).

3.5.7 To mitigate the financial risks and uncertainties we will proactively contact and monitor potential funders in advance to identify new opportunities, and clarify eligibility and likelihood of funding, both for capital and project works.

3.5.8 The revenue in Table 2 does not assume annual income from public funds targeted on the conservation of *Lampronia capitella*, and so does not double count the discount requested.

3.5.9 Table 2 is constructed without projecting the annual fund raising organised by the Sub-Committee, and funds raised would boost profitability. Options for this are coffee mornings, either organised independently or co-operatively with groups who share common objectives and/or promote the use of woodfuel (such as Tweedgreen), offering services to other local events, adding value to timber for woodfuel customers by associating the fuel with its ecological, amenity and sustainability objectives. The relatively small scale of the project's long-term cash flow makes this a tangible assurance for avoiding financial loss.

3.6 Summary

Table 3 below summarises the financial projections. The conclusion is that it is expected that the project will be sustainable in the long-term and therefore capable of delivering the benefits in National Outcomes described in Section 4.2 of the CATS application.

Table 3. A summary of expenditure, income and net profit over time periods defined by the project structure.

	Year 1	Year 2	Year 3	Yrs 4-5	Yrs 6-12	Yrs 13-25
Expenditure	£62,807.50	£12,972.50	£ 1,765.00	£ 1,765.00	£ 1,630.00	£ 1,385.00
Income	£63,932.50	£15,547.50	£ 4,220.00	£ 2,120.00	£ 2,120.00	£ 2,000.00
Profit p.a.	£ 1,125.00	£ 2,575.00	£ 2,455.00	£ 355.00	£ 490.00	£ 615.00

4. Non-Financial Risks and Uncertainties

The following are potential risks to the project that may emerge over time.

4.1 *Sub-Committee members may lack time to adequately govern and lead.* This risk will be mitigated in the critical establishment period by planning for a part-time funded Project Officer to organise and coordinate the necessary members, paid and unpaid, of the wider team. This will ease pressures on Sub-Committee members.

4.2 *Inability to recruit Sub-Committee members.* The initial group undertaking this application came together through shared enthusiasm for the project, however this risk has been mitigated through the community engagement that was undertaken, so that we now have a large mailing list of

potential interested parties, who were previously unaware of the initiative and the opportunities it presents, who can be invited to join the Sub-Committee.

4.3 *Inability to recruit volunteers to regularly commit time.* This risk will be mitigated by ensuring volunteers are recruited properly and valued, and given time for adequate briefing, risk assessments, training, opportunities for acquiring new skills, with feedback/evaluation, as appropriate. The Sub-Committee will acquire and adapt an existing volunteer policy from Volunteer Centre Borders (Galashiels). We will continue to engage with the public to identify new volunteers as identified in the financial plan.

4.4 *Loss of community support.* This risk will be ensuring the community is kept engaged and updated through regular communication via face to face, publicity in the local press and the woodlands community, and via social media.

4.5 *Slippage.* This risk is mitigated by the project structure which is linear in nature, avoiding interdependencies between different components of the plan ensuring the long term sustainability (see 3.5.6 of this plan).