



Title: Dunnet Forest – Asset Transfer

Date: 11 March 2020

<p>Purpose:</p>	<p>Endorsement. The Board is asked to endorse an asset transfer request under the Community Empowerment (Scotland) Act 2015 (hereafter “the legislation”) of the c. 105 hectares of SNH owned land at Dunnet Forest to Dunnet Forest Trust.</p>
<p>Summary:</p>	<ul style="list-style-type: none"> • Dunnet Forest Trust (DFT), existing Tenants of Dunnet Forest, submitted an asset transfer request on 12th December 2019. • The legislation requires that SNH, as the relevant authority, must agree to the request unless there are reasonable grounds for refusing it. • The land was valued at £60K by the District Valuer, jointly appointed by SNH and DFT. • DFT has proposed a price of £48K, hence requesting a discount of 20%. • A full assessment of the request by SNH Northern Isles and North Highland Area (NINH) has been made in accordance with Scottish Government Best Value guidelines and including consideration of wider public benefits. • We consider the potential contribution of Dunnet Forest to our outcomes if we managed it directly as low. It contributes more to our outcomes owing to the current management (via lease) by DFT. Accordingly, transfer to community ownership would be in accordance with our Rural Land Asset Management Policy Statement. • Approval of the asset transfer request is recommended. • DFT has requested SNH’s decision by mid-March 2020 to allow timely submission of their application to the Scottish Land Fund.
<p>Last discussed:</p>	<p>This issue has not been discussed previously by Board/SLT.</p>

Agreed outcomes:	N/A
Relevant to Corporate Priorities:	<ul style="list-style-type: none"> • Contributes to 2 out of 4 of SNH's 2018-22 Corporate Plan (Connecting People and Nature) outcomes: <ul style="list-style-type: none"> - Outcome 1: More people across Scotland are enjoying and benefitting from nature. - Outcome 2: There is more investment in Scotland's natural capital and its management to improve prosperity and wellbeing. • Fits with SNH's Rural Land Asset Management Policy Statement (RLAMP).
Fits with Government Priorities:	<p>Please specify which NPF indicators this topic contributes to NPF Indicators</p> <p>National Outcomes - contributes to 9 out of 11 National Outcomes.</p>
Risks/Opportunities:	<p>Risks:</p> <ul style="list-style-type: none"> • Funding support cannot be secured by DFT for the acquisition. • Heavy reliance on DFT's volunteers to deliver new projects to secure wider public benefits. • Forestry related hazards e.g. wind blow, fire, tree disease. <p>Opportunities:</p> <ul style="list-style-type: none"> • Achieve higher contribution to SNH outcomes through management and ownership of an asset by a community body, in line with Community Empowerment legislation and SNH's RLAMP. • Wider public benefits due to commitment to new projects to be realised under community ownership. • Income of £48K to SNH's capital budget.
Resource/Staffing:	<ul style="list-style-type: none"> • £48K sale price added to SNH's capital budget. • Savings related to SNH staff costs are minimal.
Implications:	<ul style="list-style-type: none"> • SNH terminates the Lease and transfers ownership of Dunnet Forest to DFT. SNH is no longer responsible for an asset of low value in terms of its contribution to SNH outcomes.
Equality Impact:	DFT's proposal takes into account the different needs of the community by promoting inclusion, benefitting disadvantaged groups and improving socio-economic disadvantage.

<p>Recommendations:</p>	<ul style="list-style-type: none"> • There are multiple positive reasons to approve the request and no reasonable grounds to refuse the asset transfer request. Approval is recommended. • The request scored strongly when assessed against a framework reflecting the 7 Best Value themes and the benefits the legislation requires public authorities to consider. The discount of 20% is therefore justified. • SNH should aim to meet the reasonable timescales required by DFT in order to secure funding from the Scottish Land Fund. • The use of conditions is recommended to protect the discount.
<p>Report Author(s): Sponsor:</p>	<p>Lizzie Richards, Rural Surveyor Dave Mackay, Operations Manager Graham Neville, Area Manager</p> <p>Sponsor – Sally Thomas, Director People and Nature</p>
<p>Appendices:</p>	<p>Appendix 1 – Maps showing SNH owned land subject to the asset transfer request and Dunnet Links SSSI</p> <p>Appendix 2 – Relevant extracts from Community Empowerment (Scotland) Act 2015 Guidance for Relevant Authorities</p> <p>Appendix 3 – Extract from DFT’s asset transfer request - proposed projects to follow transfer of ownership</p> <p>Appendix 4 – SNH assessment score sheet and notes</p>

Purpose

1. For the Board to endorse the decision to transfer Dunnet Forest to Dunnet Forest Trust (DFT) via an asset transfer request, at less than market value, under the Community Empowerment (Scotland) Act 2015 (hereafter “the Act”).

Background

2. DFT’s asset transfer request is only the second such request to have been received by SNH. We have drawn on the wider experience of Forestry and Land Scotland (FLS) in undertaking our assessment and considering inclusion of conditions in the decision letter.
3. The land was acquired by SNH’s predecessor, NCC in 1985 for £40K. The land is the former Dunnet Links NNR which was de-declared in 2004. It is part of Dunnet Links SSSI (see maps at Appendix 1 – Dunnet Forest is the rectangular forested area to the north of the SSSI). The land is protected for its sand dune geological and biological interests, although the occurrence of the features on the subject lands is insignificant. Given the current and proposed future management of the land is focussed on forestry, it is accepted by the Area that reinstatement of the designated site features is not possible. The Area will therefore separately consider the potential de-notification of the forest from the SSSI.
4. A joint valuation for SNH and DFT was carried out by the District Valuer on 1st November 2019. The opinion of market value stated as £60K.

DFT’s Proposal

5. DFT’s proposed acquisition of Dunnet Forest will enable this community group to continue to manage the Forest as they have done competently for the last 18 years. DFT proposes a price of £48K for the land. This represents a discount of 20%. Legal and valuation costs total £2.8K, taking the total costs to £50.8K. It is proposed that these costs are met as follows:

DFT contribution	£7.3K
Donations	£12K (£11K has been secured so far)
Scottish Land Fund	£31.5K (stage 1 complete)

6. DFT is a registered charitable company (SC231402) with c. 479 ordinary members. It’s Memorandum and Articles of Association were amended in preparation for the proposed asset transfer request and reflect a robust governance structure. DFT has been managing the land at Dunnet Forest under a 25 year Lease with SNH since 2002. The Lease includes a right of pre-emption in favour of DFT every 5 years in case SNH wished to sell the land. The Trust now have the confidence to take forward their proposed ownership of the land following the experience they have gained in the past 18 years.
7. DFT aims to own and manage Dunnet Forest to provide a place for recreational use, volunteering opportunities and habitat enhancement. Members are not currently required to pay a membership fee. DFT has limited funds but is active in meeting its costs through sales of firewood.

8. DFT is working on a long term forest plan for the period 2020-25. Under the proposed plan, woodland restructuring will continue to be the core activity. DFT is also committed to visitor improvements and projects such as provision of all abilities access, a children's play area, vegetable plots and a small scale sawmill.

The asset transfer process and assessment

9. The Act requires public authorities to assess asset transfer requests transparently and to agree the request unless there are reasonable grounds for refusal. Requests must be validated by the public authority. The decision on the request should be relayed to the requesting body within 6 months of the validation date (by 11th June 2020) but we have agreed to get a decision to DFT by mid-March 2020 to allow them to submit their stage 2 application to the Scottish Land Fund.
10. No representations have been received by SNH or DFT on the asset transfer request.
11. The SG Asset Transfer Guidance requires transfer bodies to assess requests according to Best Value principles. A framework was used for the assessment as recommended (see Appendix 2, Assessment of outcomes), adapted from a model used by FLS. Three members of staff, Graham Neville, Dave Mackay and Lizzie Richards, assessed the request then agreed scores against evaluation criteria. This resulted in an overall score of 3.79 out of 5 or 76%. It was agreed that this is a strong request (see Appendix 2, Assessment of outcomes, 13.12).
12. Assuming DFT's future proposed projects are completed (see Appendix 3), the staff assessing the proposal agreed that the request will deliver wider public benefits commensurate with the amount of discount requested. It was agreed, however, that a condition should be included in the decision letter to ensure SNH would have a right to reclaim the discount if the wider public benefits are not realised within a period of 15 years.
13. DFT's previous 2 years' accounts were checked by SNH's Accountant, Bruce Brown. This found that in both years, DFT represents a low risk which means that it passed all 3 key primary financial indicators assessed. Although small, it has demonstrated effective financial management throughout with relatively robust unrestricted reserves of £55,883 and a healthy Bank Account of £48,024 both at 31-3-19. This is well in excess of the maximum range of £15,000 unrestricted reserves as stipulated in its Reserves Policy. With reference to DFT's funding of the transfer amounting to £50,800 and how the Transfer will be funded, our Accountant is satisfied that DFT can easily afford its contribution of £7,300. The key to this is the level of supporting contributions from the Scottish Land Fund (£31,500) and Donations of £12,000 (with £11,000 already secured).
14. SNH Financial Accountant, Mairi Gunn advised on the implications of the Area's recommended approval of the discount; a gift in finance terms. If the discount of 20% was granted then the value of the discount would be reflected as a capital grant in kind (based on £60,000 market value this would equate to £12,000). £12,000 would score against SNH's capital budget. If the sale is agreed at £48,000, the disposal of the land itself also scores against the capital budget and when the whole transaction is considered including the discount, SNH's capital budget would be boosted by £48,000.

15. The SG State Aid Unit advised on this asset transfer request at less than market value. DFT's proposal does not constitute state aid. This is because any income generated by their activities or proposed activities is ploughed back into non-commercial activities. Income from firewood sales, for instance, is used for continued management of the Forest or improving visitor facilities. Hence, the activities are considered not to be commercial overall.
16. The implications for SNH are beneficial. There will be minor savings in staff time and removal of a low priority resource from SNH's management duties. SNH's Rural Land Asset Management Policy Statement 2018 identifies the land as being under management by a community body. The site is no longer a NNR and its contribution to SNH Outcomes under SNH ownership would be low. The existing Lease with the Trust is beneficial but ownership would allow more flexibility to DFT in delivering efficient and effective management.

Risk mitigation

17. The risk of funding support not being secured by DFT for the acquisition is low. This is mainly demonstrated by analysis of DFT's accounts (see item 13. above). DFT has been successful with stage 1 of their application to the Scottish Land Fund and there is no reason to believe that stage 2 will not deliver the required support.
18. Given its apparent robust governance and structure, it would seem unlikely that DFT would be wound up post transfer. If this were the case, however, DFT's Memorandum of Association provides for appropriate dissemination of any property to a similar charitable company. SNH may wish to exercise its right to reclaim any of the discount agreed if wider public benefits had not been delivered up to the point of dissolution.
19. The heavy reliance on DFT's volunteers to deliver new projects to secure wider public benefits is considered low risk. DFT has a core group of volunteers who are committed to delivering projects which will be of value to their community. DFT's proposal to engage a Volunteer Co-ordinator will support and enhance human resources.
20. The Forest has suffered wind blow events in the past and DFT is still working to clear the areas affected. If such wind, fire or tree disease events affected more of the Forest area, DFT would need to re-prioritise in order to maintain safe public access and continue to progress with non-forestry related projects. Again, SNH may wish to exercise its right to reclaim any of the discount agreed if wider public benefits had not been delivered up to the point of any major wind blow.

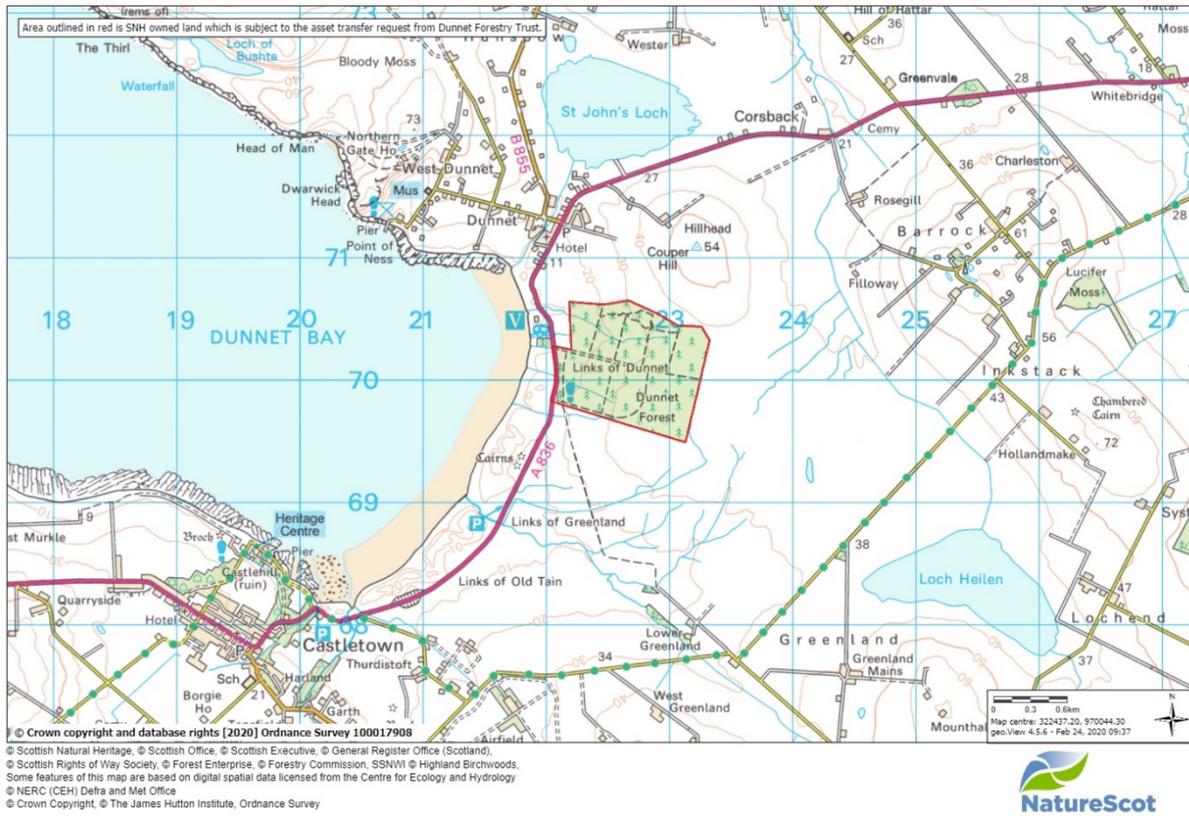
Communications

21. In accordance with the Act, the request has been publicised on SNH's website and advertised at Dunnet Forest. DFT has also used social media to publicise their request. The website will be updated with SNH's decision in due course, following the Board's decision. No adverse publicity is anticipated.

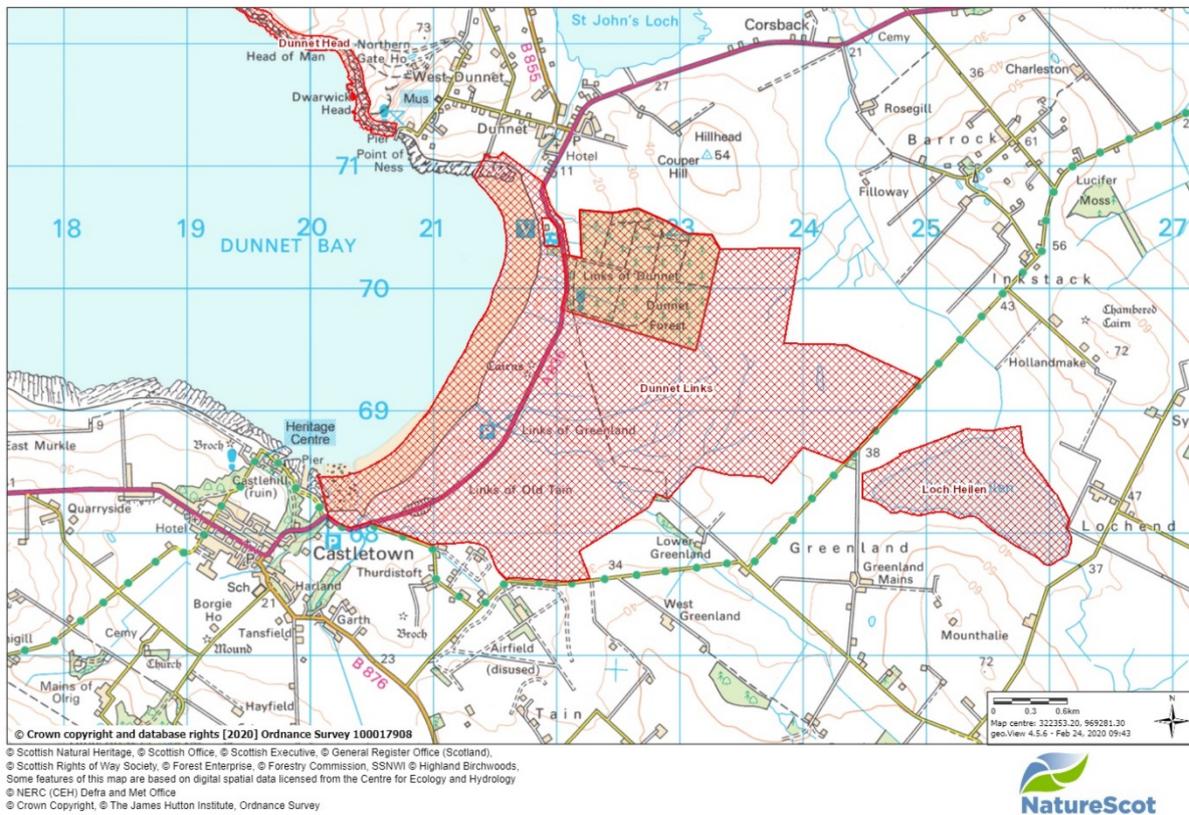
Recommendations

22. There are no reasonable grounds to refuse the asset transfer request. Approval is recommended.
23. The request scored strongly when assessed against the framework reflecting the 7 Best Value themes and the benefits the legislation requires public authorities to consider. The discount of 20% is therefore justified.
24. SNH should aim to meet the reasonable timescales required by DFT in order to secure funding from the Scottish Land Fund.
25. The use of conditions is recommended to protect the discount.

Dunnet Forest (outlined in red) - SNH owned land subject to asset transfer request



Dunnet Links SSSI



Appendix 2. Relevant extracts from Community Empowerment (Scotland) Act 2015 Guidance for Relevant Authorities

Considering the Request

13.7. The information provided in the asset transfer request should demonstrate that the project has clear objectives, including the projected outcomes and impacts sought by the community transfer body alongside any associated dependencies, constraints and risks identified. The benefits of the request should be proportionate to the value of the asset and the level of discount sought.

13.8. Each one of the seven Best Value themes should be explored with the evidence provided used to evaluate the strength of the case being made, including the sustainability of the proposal in the longer-term (see table at page 60). The request must also include the benefits that will be delivered as part of the proposal (see paragraph 13.4) which can come in a variety of forms.

Assessment of outcomes

13.10. Most authorities who have operated voluntary asset transfer schemes have used a simple assessment of the benefits provided, for example on a 1-5 scale. This can be placed alongside similar assessment of the Best Value themes and any other relevant factors. This is an approach that most officials will be familiar with, for example from awarding grants, procurement, recruitment, or determining the best offer in commercial property disposals. It is helpful to have a framework to ensure that all issues have been fairly considered and clearly recorded, and to allow comparison between different options and between assessors.

13.12. The request will then be assessed in terms of the evidence provided:

Evidence	Overview
Very strong	Governance and financial arrangements are strong and sustainable. Best Value characteristics are evidenced and contained throughout the overall approach. Related projected benefits are very robust and demonstrate value for money: suitability, effectiveness, prudence, quality, value and the avoidance of error and other waste.
Strong	Governance and financial arrangements are sound and sustainable. Best Value characteristics are in evidence in the proposal. Related projected benefits are demonstrated well and represent value for money.
Moderate	Governance and financial arrangements are in place and acceptable. Best Value characteristics have been considered as part of the proposal. Related projected benefits are acceptable and could lead to value for money.
Weak	Governance and financial arrangements are weak. Best Value characteristics are not well demonstrated in the proposal. Related projected benefits are not based on robust information and demonstrates questionable value for money.
Poor	Governance and financial arrangements are poor. There is little evidence of Best Value characteristics in the proposal.

	Related projected benefits are ill defined and/or unrealistic and do not demonstrate value for money.
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14. Use of conditions to protect discount

14. Use of conditions to protect discount

14.1. As explained in previous sections, public sector organisations are required to achieve Best Value in their property transactions. In the case of asset transfer to community bodies, disposal at less than market value, or with other support or concessions, may be justified by reference to the expected benefits to be delivered by the project. In that situation, relevant authorities sometimes seek to protect themselves against the risk that the benefits may not be delivered by including clauses in the contract requiring some form of restitution if the project fails.

14.2. It is for relevant authorities to determine whether it is appropriate to include such conditions in the contract (and for community transfer bodies to decide whether to accept the transfer on those terms). The aim of this guidance is to ensure that, if conditions are used, it is done in an appropriate and proportionate way. This form of protection may be supplemented by maintaining relationships with the community transfer body and supporting it to develop its capacity and deliver the project effectively.

14.3. Any conditions which the relevant authority proposes to impose to protect discount should be included in the decision notice, in sufficient detail that the community transfer body is able to decide whether they are acceptable or not. As a result, the community transfer body could seek to challenge them through the review and appeal process.

14.4. Where ownership of the asset is transferred, the main ways of protecting the discount are:

- where a reduced price was agreed in recognition of the benefits to be delivered, the community body may be required to repay the difference in price if the benefits are not delivered.
- where the price was based on a lower valuation for a particular use, conditions may be imposed to return any increase in value to the authority, if the use of the property is changed or the expected benefits are not delivered.
- if the property itself is important to the community, for example due to its heritage or location, arrangements may be made to enable the authority to recover the property if it is no longer used by the community body for the agreed purpose (or the community body is wound up).

Appendix 3. Extract from DFT's asset transfer request - proposed projects to follow transfer of ownership

New Volunteering Initiative

Currently there are about twenty regular volunteers who attend the forest on Thursday mornings. With a few exceptions they are senior citizens who are free to attend on weekdays. Younger people generally use the forest at weekends and have limited opportunities to volunteer.

Following the asset transfer we will employ a part-time volunteer co-ordinator for two years to recruit and manage volunteers, with emphasis on weekend opportunities for all ages and abilities. The cost of the co-ordinator will be funded by DFT and (it is hoped) by the Stroupester Community Fund and the Beatrice Partnership Fund.

Improvement of the Forest Entrance

The entrance to the forest is unattractive although essential elements such as noticeboard, forest map, waste bins are already there. A major redesign is needed including prominent signage for 'Dunnet Community Forest'. This is linked to improvements in car parking.

All Abilities Access

Significant work has already been done to improve some paths so that they are suitable for wheelchair users and others with limited mobility. We propose to engage with Caithness Disabled Access Panel to review the wider path network, identify potential improvements and implement them.

Vehicle Parking

The car park is surfaced to a high standard and has two disabled bays. It is lined out to minimum spacing standards and there are no parent and child bays. Increasingly there are occasions when it is full and it can be a very busy place. More space is needed.

At the same time the increase in traffic arising from the 'North Coast 500' tourist route has resulted in overnight campervans becoming increasingly frequent. There have been cases where campervans parked over more than one bay have been asked to move. We do not wish to address the problem by installing height barriers since some local people use high vehicles to get to the forest. Also we welcome use of the forest by tourists. It has become apparent that there is a campervan issue throughout the Highlands and provision of stances may be part of the solution. Little Assynt Community Woodland provides stances with an honesty box and a restriction on length of stay. We will look at the feasibility of this and other solutions.

A related matter is provision for parking horse boxes and this will be described under equestrian facilities.

Children's Play Area

Many children use the forest – either in family groups or in school parties. We propose to create a play area using forest materials. It will be constructed by volunteers and we will consult parents on its design.

Equestrian Facilities

The paths network includes designated bridle paths and circular routes are possible. Usage by horse riders is light but regular. In most cases horses have to be transported to the forest. Unfortunately we are unable to allow the car park to be used by horseboxes because the space is too restricted to allow safe manoeuvring. This means that horses have to be unloaded at the Ranger Centre several hundred metres away, walked on the footpath to the forest and then across a busy road.

We engage with horse riders to find the best way of providing an unloading area for horseboxes, possibly adjacent to the car park and a link to the bridle path.

Forest Nursery

The nursery is used mainly for temporarily holding trees which have been bought in for planting. There is considerable scope for raising trees for seed and we expect that this work will be attractive to some people who wish to volunteer in the forest.

The size and layout of the nursery and its facilities will be reviewed and its area will be increased if necessary.

Therapeutic Garden

There are many examples of where therapeutic gardens have been used to improve the well-being of people, including those with special needs. We shall explore the possibility of piloting a therapeutic garden on a small scale within block 6 which is the most heavily used and has all abilities paths.

Veg plots

Within the forest there is scope for veg plots (mini allotments) which would be available to members of the public either individual or joint use. We will explore demand and carry out a feasibility study

Small Scale Sawmill

Currently timber suitable for sawlogs is cut up for firewood. When sawn timber is required for use in the forest it is bought in. We propose to invest in a portable sawmill such as those supplied by Logosol. This will allow us to produce timber for use in the forest and for sale.

Wood Drying Shed

It is essential that the split logs that we sell as firewood are dry and ready to burn. We must hold under cover a stock of logs for splitting which is sufficient to keep pace

with demand. As sales have increased we have found that space in our woodshed for drying this stock is becoming insufficient, particularly in winter when demand is high and logs being moved under cover have high moisture content.

We propose to build a timber-framed drying shed. Our own timber will be used where feasible.

Firewood Delivery Service

Our firewood sales are increasing year on year but the local market is competitive. Firewood suppliers generally offer delivery but currently we do not. We propose to carry out a feasibility study of offering delivery and this will include examining the ways in which other community forests have found it possible to do this.

Forest Centre for Education and Recreation

This major project is a longer term aspiration. It would be a timber building with facilities for an indoor education space, forest skills training, wood workshop, bad weather shelter, venue for music and other events. We will draw on the experience of similar facilities elsewhere, for example Abriachan and Evanton Wood, for example at Abriachan and Evanton and carry out a feasibility study for a facility at Dunnet Forest.

School Holidays Forest School

We believe this would fill a need locally. Joint working with other organisations would be beneficial. Depends on availability of the Forest Centre but could possibly be piloted using the existing log cabin. Support from local community funds is considered likely. Feasibility study required

Compost Toilet

Currently there is no toilet at the forest. The nearest public toilet is at the Ranger Centre about 700 metres from the forest car park and it is open only in the Summer months.

Woodland Restructuring

This will continue be the core activity of Dunnet Community Forest. The objective is a mixed broadleaf/conifer woodland with native and other species, increasing supplied from our own nursery and benefitting both people and biodiversity.

Silviculture and other aspects of forest management are governed by the Long Term Forest Plan (LTFP), which is a document approved by Forestry Commission Scotland (now Scottish Forestry). The 2009 – 2018 LTFP was updated by a 2015 – 2019 Plan. A new LTFP is currently in preparation and the stakeholder consultation phase has been completed. The scoping document and maps for the new LTFP are attached to this Asset Transfer Request.

Appendix 4. Summary of SNH Asset Transfer Request assessment framework

The request was scored against 11 criteria with different weightings. This resulted in an overall score of 3.79 or 76%. A summary of the scores against each of the criteria is as follows:

No.	Evaluation criteria	Score (out of 5)
1	Contribution to national priorities	4
2	Financial (direct benefit to public sector)	2
3	Equality	4
4	Sustainability	3
5	Capacity: leadership, governance and performance management	5
6	Effective Partnerships	3
7	Local community support	5
8	Wider public support	3
9	Contribution to delivery of SNH's strategic priorities	4
10	Affordability	3
11	SNH corporate responsibilities	5

Notes on Dunnet Forest Trust's asset transfer request assessment framework

1. National outcomes and public benefit

To what extent does the vision/aim of the project contribute to National Outcomes, and to what extent will agreeing to the proposal have a positive impact on:

- i) economic development;
- ii) regeneration;
- iii) public health;
- iv) social wellbeing;
- v) environmental wellbeing;
- vi) any other socio-economic benefits that might arise through the alternative use of the asset? (Note: to be considered in the round - not all will be relevant).

National Outcomes – the application contributes to 9 out of 11 National Outcomes which are summarised below:

Children and young people – safe places, stimulating activities

Economy – thriving businesses

Fair work and business – attract and retain new talent

International – visitor economy is thriving

Communities – nurture and protect local resources and environments

Education – life-long learning in varied and surprising places

Health – active, widespread engagement with exercise, awareness of mental health

Culture – cherish and protect... our rural cultures

Environment – we ensure all communities can engage with and benefit from nature and green space

Economic development – supports DFT’s existing forest products sales, proposals to support businesses on the site and aspirations for employment as well as encouraging tourism.

Regeneration - small forest-related businesses proposed on site, broadening scope for sale of forest products (e.g. acquisition of sawmill equipment).

Public health - Forest is place where people take regular exercise; walking, running, etc. Proposal to add to path network, including all abilities.

Wellbeing - as above. Also links with other Community Groups which brings people together.

Environmental wellbeing - positive works and management for bumblebees, woodlands (re-planting, felling wind blow), creating open areas for butterflies, etc.

2. Financial (direct benefit to public sector)

To what extent will the project have a positive impact on public sector costs and/or enhanced provision of services or amenities?

- Income to public sector finances (SNH capital budget) of £48K. Savings related to SNH staff costs are minimal (e.g. 3 days at C/D grade = <£1,000).

Advice from Mairi Gunn (Financial Accountant):

If the discount of 20% was granted then the value of the discount would be reflected as a capital grant in kind (based on £60,000 market value this would equate to £12,000). £12,000 would score against SNH’s capital budget.

If the sale is agreed at £48,000, the disposal of the land itself also scores against the capital budget and when the whole transaction is considered including the discount, SNH’s capital budget would be boosted by £48,000.

- No enhancement to services but amenities such as access to the woodlands via car park improvements, new paths, interpretation and toilets/buildings will all be enhanced.

3. Equality

To what extent does the proposal take into account the different needs of the community, promote inclusion, benefit disadvantaged groups and improve socio-economic disadvantage?

Relevant aspects include:

- Open to all, accessible by all. Drop in day leaflet is example of inclusion;
- Improvements proposed to formal tarmacked car park (for use by different groups such as horse riders);
- Improved all-abilities paths for inclusion of disabled as well as able bodied, engage with Caithness Disabled Access Panel;
- No charging for local businesses or private individuals to use the site;
- Production of relatively inexpensive firewood (countering fuel poverty via a range of rates for different grades);
- Opportunities for volunteers – 2 existing members have learning difficulties, new Volunteer Co-ordinator post will focus on w/e opportunities for all ages and abilities;
- Membership of DFT currently free;
- Meaningful work for offenders on community payback schemes;
- Provide opportunities for people to meet, avoid loneliness, therapeutic garden possibly in block 6;
- Tourists as well as locals – provision of campervan stances possible.

4. Sustainability

To what extent will the activities achieve the intended outcomes and is there evidence of a robust business plan?

Relevant aspects include:

- Most existing activities are set to continue and multiple new ones are proposed. Most of the new projects are at early stages (e.g. feasibility studies or proposed investments). However, there's no reason to believe these relatively small projects would not go ahead when the Trust has already delivered similar plans in the past (last 18 years with projects such as woodshed, machinery store, log cabin, access road for timber).
- No negative consequences identified. Reliance on volunteers, especially key players who are largely senior citizens is a potential concern. However, membership numbers are healthy and the appointment of a volunteer co-ordinator should mitigate against delivery of DFT objectives.
- Terms and conditions of the decision could protect SNH's agreement of a discount. Proposed projects identified by DFT are mostly at the scoping stage so there is a risk they might not be delivered. Suggest inclusion of a condition - e.g. SNH reserve the right to reclaim the discount if the community benefits are not realised for a period of 15 years following date of transfer.

Have they identified the costs and do they have funds in place to deliver the project?

Yes, as evidenced by:

- Sound financial position and the Trust operates a sizeable buffer in terms of reserves. SNH Accountant, Bruce Brown checked DFT's accounts as submitted for end March 2018 and 2019:

In both years the Trust represents Low Risk which means that it has passed all 3 key primary financial indicators assessed. Although small it has demonstrated effective financial management throughout with relatively robust unrestricted reserves of £55,883 and a healthy Bank Account of £48,024 both at 31-3-19. This is well in excess of the maximum range of £15,000 unrestricted reserves as stipulated in its Reserves Policy.

With reference to the Asset Transfer Request – Section 6: Funding and in particular to the Cost of transfer of Dunnet Forest amounting to £50,800 and how the Transfer will be funded I am satisfied that DFT can easily afford its contribution of £7,300. The key to this is the level of supporting contributions from the Scottish Land Fund £31,500 and Donations of £12,000 (with £11,000 already secured).

- Current income streams to continue: forestry grants, donations and revenue from the sale of forest products.

Have they demonstrated how they will sustain the project in the longer-term?

Yes, as evidenced by:

- Board of Directors have a wide range of experience or business management, charities and community bodies. Specialist skills within the wider membership.
- Investment in staff – existing part time forest worker and proposed volunteer co-ordinator.
- Currently scoping a new 10 year long term forest plan which demonstrates commitment to sustain the project, continue felling/thinning and eligible for re-planting grants.
- Involvement of new businesses on the site also likely to keep the impetus going.
- Associated costs of new projects to be funded from revenue or seek funding from other sources:
 - Stroupster Community Fund – Stroupster Wind Farm £149,500 p.a. available for 25 years from c. 2015.
 - Tesco Community Grants – voting for community projects which may receive up to £2K (2nd place £1K and 3rd £500).
 - Caithness and North Sutherland Regeneration Fund - £300K p.a. available until 2023 from Nuclear Decommissioning Authority and Dounreay Site Restoration Ltd to increase attractiveness of area.
 - Climate Challenge Fund – now closed to new applications for bigger spend projects in the 2020-22 funding round.
 - Highland LEADER – 2014-20 and likely to be fully committed now.
- No specific monitoring or evaluating process identified.

5. Capacity: leadership, governance and performance management

To what extent is there evidence of suitable governance structures for the scale of the project, policies and leadership behaviours to support the application of good standards of governance and accountability?

Relevant aspects include:

- Operating under Lease since 2002.
- Employer of staff – existing and proposed.
- Significant membership (479 no.) with good communications (e.g. writing to members to inform them of feasibility of ownership in March 2019).
- AGM/EGM process appears to be in use, to do with proposed ownership.
- Constitution appears to have been drafted by Solicitors.
- At least 1 director has to retire at every AGM – avoids domination by particular individuals.
- Sound policies on conflicts of interest – e.g. directors to declare any Col's and leave meeting if required by Board or Committee.
- Sound policies to ensure sufficient funds.

Does the community body have the skills, experience and resources to deliver the intended outcomes and to monitor/report on their delivery?

- Yes, as demonstrated by the last 18 years under the Lease.
- New projects may pose new challenges and it would be useful to have an indication as to the timescales for delivery. New staff post unlikely to assist significantly with larger development projects that cannot be tackled by volunteers.
- Mention of monitoring and reporting – yes, in annual accounts reporting. Undoubtedly, this will also be covered internally by regular Committee meetings.

6. Effective Partnerships

To what extent has the group demonstrated how it and its partnerships, will provide a collaborative approach to the challenges the community faces?

Relevant aspects include:

- Letters of support include support from a wide range of clubs, societies and organisations (e.g. Castletown Heritage Society, Scottish Ornithologists' Club, High Life Highland).
- Partnerships with authorities, e.g. SNH (Lease), Scottish Forestry on the new Long Term Forest Plan.
- Funding partnerships – grant funding.
- New proposals to allow local businesses to be sited at Dunnet Forest and Forest Centre for Education and Recreation shows partnership working although these are ideas rather than fully formed plans.
- Local accommodation supports Dunnet Forest by displaying leaflets – mutual benefits.

7. Local community support

What evidence has been provided of local community support for the project/delivery of intended outcomes?

Relevant aspects include:

- Letters of support included from a wide range of clubs.
- Community consultation.
- Local political support – Gail Ross MSP.
- Regular use of the Forest indicates current support levels are high (>60k visitors annually).
- Not much evidence of support for delivery of intended outcomes (i.e. the new projects proposed). Also some uncertainty if there is demand for space from forest-related businesses?

8. Wider public support

How will the project contribute to wider public strategies and plans, including delivery of local development plans?

Relevant aspects include:

- Relevant Local Development Plan place making priorities are:
 - Take advantage of Dunnet's strategic position on tourist routes including the North Coast 500 and John O'Groats to Lands End. Yes, provision for tourists as described previously.
 - Avoid any adverse effect on North Caithness Cliffs SPA or Dunnet Links SSSI. Yes.
- Long Term Forest Plan – will be considered by Scottish Forestry in the context of priorities for Caithness. Contributes to Scotland's Forestry Strategy 2019-29 priority: Engaging more people, communities and businesses in the creation, management and use of forests and woodlands.

For proposals where a discount is requested, to what extent will businesses or third parties be negatively impacted if the request is agreed to?

Relevant aspects include:

- Businesses likely to benefit from the proposals. No change from the current position with respect to other firewood businesses i.e. neutral.

For communities of interest only, what are the benefits and impacts on communities, businesses or individuals outwith the community represented by the community body submitting the asset transfer request?

Relevant aspects include:

Tourism – positive benefits, local place of interest to visit, positive benefits for providers of accommodation, campsites, outdoor pursuits, etc.

- Costs in terms of local infrastructure and roads but not currently aware of this being an issue.

9. Contribution to delivery of SNH's strategic priorities

Extent to which the Asset Transfer Request will impact positively on the delivery of SNH's strategic priorities and Corporate Plan?

Relevant aspects include:

- Contributes to 2 out of 4 of SNH's 2018-22 Corporate Plan (Connecting People and Nature) outcomes:
 - More people across Scotland are enjoying and benefitting from nature.
 - There is more investment in Scotland's natural capital and its management to improve prosperity and wellbeing.
- Fits with SNH's Rural Land Asset Management Policy Statement. Site is no longer a NNR and its contribution to SNH outcomes is low. Existing Lease with the Trust is beneficial but could be more efficient and effective via transfer of ownership.

10. Affordability

Extent to which the Asset Transfer Request will impact positively on SNH's budget and as a result its ability to deliver its functions.

Relevant aspects include:

- SNH's capital budget would be boosted by £48K. Would need to alert Scottish Government to this income but assumption is that SNH would receive this in addition to planned budget. Capital expenditure only.

11. SNH corporate responsibilities

Extent to which the proposal will make a positive contribution to SNH's corporate responsibilities (arising from legal, financial, reputational and displacement considerations) should we agree to the request.

Relevant aspects include:

- Tenure of land would change but currently leased by Trust so no significant legal implications.
- RLAMP – identified as low contribution to SNH outcomes but which has identified community interest in ownership.

- Value of land likely to increase under the Trust's ownership due to the ending of the Lease. Increase in value could also come about as a result of commercial or residential planning permission. Would include clause in decision to the Trust to prevent inappropriate use in future. Seems unlikely as significant commercial/residential developments are not part of the Trust's aims.
- Reputational risks are minimal due to community benefits. Should be positive.
- No displacement issues.

Ends.