



Forestry Commission Scotland
Coimisean na Coilltearachd Alba



Woodland Social Enterprise in Scotland: Data Baseline

March 2014

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Co-op Culture



Woodland Social Enterprise Baseline report

Shared Assets & Co-op Culture for the Forestry Commission

March 2014

Stage 2: Scotland

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Acknowledgements

Thank you to all who helped with the design and dissemination of the survey, and provided valuable reflections on the results:

- The Woodland Social Enterprise Network Management Group in England for their initial feedback on the survey design;
- Matt Taylor, Blackbark, Richard Snow and Andy Woodcock who all tested the survey for us;
- Community Woodlands Association, Permaculture Scotland, the Central Scotland Forest Trust and all other organisations that helped us disseminate the survey;
- Bianca Ambrose-Oji at Forest Research, and Jane Hull and Sheila Ward at the Forestry Commission;
- James Ogilvie and Bob Frost at Forestry Commission Scotland;
- Rebecca Hudson for her help in proof reading the report;
- Melanie Konrad for her help in circulating the survey; and
- Everyone who took the time to complete the survey and participated in interviews.

1. Executive Summary

1.1 Background and aims

This research was commissioned by Forestry Commission Scotland to better understand the current woodland social enterprise sector in Scotland: how many woodland social enterprises exist, what they are doing, what potential there is for the sector to grow, and what indicators could be used to measure any growth within the sector. It was undertaken by Shared Assets from January to March 2014, in parallel with a similar survey in Wales. The same survey had been run in England from October to December 2013.

1.2 Methodology, and caveats

A mixed methodology approach was taken, with the key data source being an online questionnaire for woodland social enterprises, with a less detailed version for aspiring enterprises. This is the source of the quantitative data in this report. This was supplemented with semi-structured telephone interviews with five questionnaire respondents and five representatives of funders, landowners and support organisations.

We have some concerns as to whether this report's data accurately represents the Scottish woodland social enterprise sector. Whilst our methodology attracted a high number of respondents in England and Wales, we received fewer Scottish respondents. This research was conducted at a time when a number of surveys looking at enterprise in woodland, and social enterprise, were being conducted, and the feedback from some support organisations was that the sector was "over surveyed". There is a wider question about whether some of the larger community woodland trusts would identify themselves as social enterprises (whether or not they meet the definition below); some may have discounted themselves from the survey.

There is some valuable data here, and it forms the beginning of a wider dataset about Scottish woodland social enterprise and the basis for further future work, but it should not be taken as complete, and we would advise against extrapolating concrete conclusions based on this data alone.

1.3 Definitions

This research has used a relatively open definition of a woodland social enterprise as:

- Being woodland based, or operating in a woodland setting;
- Having primarily social or environmental objectives, so not being primarily for private profit;
- Earning income through trade of some sort, not being totally reliant on grants or donations.

1.4 Key findings

Sections 6 – 9 outline the findings of this research. In summary:

- 31 responses were received; 21 met the criteria outlined above
- Most responses were from Highland and Argyll & Bute local authority areas
- 9 (of 31), or 29%, have been formed since 2011
- Just over half are charities
- Education & health are top priorities. This is particularly surprising given the amount of community woodland groups managing significant forest areas in Scotland, and a key reason why we have some concerns about the completeness of the data
- Respondents to this survey engage with 4546ha of woodland (the median is 40ha), and manage 1970ha (median 26.5ha)
- 47% of respondents are either breaking even or making a loss
- All have some trading activity but many are supported through grant funding

1.5 Potential indicators to measure growth in the sector

Whilst the data presented here should be treated with caution for the reasons outlined above it does provide a basis from which to develop a fuller data set as a baseline from which to monitor the development of the sector.

In section 13 we suggest some potential indicators and different ways of collecting them in order to monitor how the sector changes over time. In summary, it would be useful to continue to capture information on:

1. Number of enterprises that meet the three broad criteria for woodland social enterprise;
2. Number of full-time equivalent staff, and volunteer hours;
3. Diversity of activities and impact;
4. Woodlands engaged with, and managed, in ha;
5. Security of tenure / legal relationship with woodlands;
6. Turnover and surplus¹, both absolute and per hectare; and
7. Use of surplus.

We have suggested different levels of information that could be collected with different amounts of resources and three different but not mutually exclusive ways of collecting and analysing this data. Given the developing nature of the sector, it would be useful to revisit this data in around two years' time, if resources allow.

There is always a risk when deciding on specific indicators to monitor and measure that "you get what you look for"; growth, change and innovation may be happening locally but in ways that indicators are not able to capture.

¹ The balance at the end of the year, after costs have been taken into account.

2. Background and Aims

Shared Assets was commissioned by the Forestry Commission in September 2013 to capture information on the number and type of woodland based social enterprises operating in England, Scotland and Wales.

There are two stages to this work: Stage 1 involved developing a methodology and then testing that across England in October – December 2013². Stage 2, which ran from January – March 2014, has used this methodology across Scotland and Wales. This report outlines the results of this work in Scotland.

2.1 Objectives

This work set out to answer the following questions, as set out in Forestry Commission's brief:

- How many woodland based social enterprises are currently operating in Scotland?
- What area of woodland do they engage with (manage / utilise)?
- What type of activity are they undertaking (i.e. woodland management, health / education services, recreation, renewable energy)?
- What type of enterprise tools are they using (i.e. community share offers, trading)?
- What is the potential size of the sector (is there evidence of demand/potential/intention for the development of new social enterprises)?
- What are the most appropriate indicators for demonstrating change within the sector that would be useful to a range of stakeholders?

The two key outputs at this stage are a database of woodland social enterprises, and this report. This report summarises the data, discusses definitions, the future of the woodland social enterprise sector, and suggests indicators to demonstrate any future changes in the baseline data.

² The report on the England survey can be found here:
<http://www.sharedassets.org.uk/wp-content/uploads/2014/01/Woodland-Social-Enterprise-in-England-Final-Report.pdf>

3. Current Context, and Defining Social Enterprise

3.1 Context

The Governments in England, Scotland and Wales have an interest in the role that social enterprises can play in delivering public services. This report has been commissioned by the Forestry Commission to develop evidence about the number and type of woodland based social enterprises operating in the UK.

The UK Forestry Standard³ sets out the approach of the UK governments to sustainable forest management. This includes the Forests and People⁴ guidelines, which state that woodland owners and managers should:

- Consider the potential for developing sustainable woodland-based businesses and livelihoods and how this might be explored with interested parties and through local co-operation;
- Consider permitting the use of forests for sustainable low-key community uses, especially where such uses are linked to cultural activities or are established by tradition;
- Consider permitting or promoting the use of forests for education and learning activities of all kinds.

The Scottish context is informed by the 2006 Scottish Forestry Strategy⁵ and its 2013-16 implementation plan⁶. Key aims of these documents include:

- Enhancing forestry's engagement with communities;
- Supporting community ownership and management on the national forest estate, where this will bring increased benefits.

The National Forest Land Scheme supports the second of these aims by giving community organisations the opportunity to buy or lease National Forest land where they can provide public benefits⁷. This is supported through the Scottish Land Fund.⁸

The Land Reform Act 2003 enshrines a Community Right to Buy⁹, whereby communities with a population of less than 10,000 can register interest in land and get "first refusal" on purchasing it if the landowner wishes to sell.

3.2 Defining Social Enterprise

We initially defined woodland social enterprises as organisations that are woodland based, with social or environmental objectives and some trading income from selling goods or services.

³ Available at: <http://www.forestry.gov.uk/ukfs>

⁴ Available at: <http://www.forestry.gov.uk/forestry/infod-8bvg15>

⁵ Available at: [http://www.forestry.gov.uk/pdf/SFS2006fcfc101.pdf/\\$FILE/SFS2006fcfc101.pdf](http://www.forestry.gov.uk/pdf/SFS2006fcfc101.pdf/$FILE/SFS2006fcfc101.pdf)

⁶ Available at: <http://www.forestry.gov.uk/sfs>

⁷ See: <http://www.forestry.gov.uk/nfls>

⁸ See: <http://www.biglotteryfund.org.uk/scottishlandfund>

⁹ See: <http://www.scotland.gov.uk/TOPICS/FARMINGRURAL/RURAL/RURAL-LAND/RIGHT-TO-BUY/COMMUNITY>

There is no legal form that defines social enterprise; it is better thought of as an approach to doing business rather than being tied to a particular legal or governance structure. Charities, co-operatives and limited companies can all be social enterprises.

According to Social Enterprise UK¹⁰, social enterprises should:

- Have a clear social and/or environmental mission set out in their governing documents;
- Generate the majority of their income through trade;
- Reinvest the majority of their profits;
- Be autonomous of the state;
- Be majority controlled in the interests of the social mission;
- Be accountable and transparent.

Stewart (2011) recognises that, whilst there is a broadly accepted definition of social enterprise as being businesses that operate with primarily social or environmental objectives, the “details underlying what exactly constitutes a social enterprise are highly contested”¹¹.

Social Enterprise Scotland says that:

“Social enterprises trade in all markets, selling goods and services to individual consumers, local authorities, government and private businesses. Social enterprises exist to make a profit just like any private sector business. However, all profits or surpluses are always reinvested back into their social and environmental purposes. Social enterprises have an “asset lock” on all their buildings, land and other assets.”¹²

The “asset lock”¹³ is one of the key points of debate around social enterprise. Community Interest Companies (CICs) must have an asset lock, and charitable status effectively locks the assets of an organisation. This restricts the type of investment that organisations can access, though, and is seen by some to restrict the potential of social enterprise¹⁴.

3.3 Woodland-related Social Enterprise

Social enterprises operate in many different sectors of the economy. This report looks specifically at woodland-related social enterprise. A defining feature of the private forestry sector in the UK is that it is heavily publicly subsidised; the definition of a social enterprise as being independent of grants may not apply here.

¹⁰ See: <http://www.socialenterprise.org.uk/about/about-social-enterprise#what%20are%20ses>

¹¹ Stewart, A (2011) “Woodland related social enterprise – Enabling factors and barriers to success”. Forest Research. Available at: <http://www.forestry.gov.uk/fr/INFD-84JD86>

¹² See <http://www.socialenterprisescotland.org.uk/our-story/what-is-social-enterprise/>

¹³ “a legal promise stating that the company’s assets will only be used for its social objectives, and setting limits to the money it can pay to shareholders”. See <https://www.gov.uk/set-up-a-social-enterprise> for more information.

¹⁴ Some argue that the asset lock makes enterprises dependent on public subsidy or grant funding. For more discussion of this, see: <http://www.pioneerspost.com/comment/20131120/asset-lock-berlin-wall-between-social-enterprise-and-the-real-economy>

Crabtree (2013)¹⁵ discusses social enterprise in a woodland context, saying that social enterprise can be seen as either a particular type of organisation, or as an activity. In either case there is business activity, which generates income to further a social or environmental aim. The report places social enterprise in the “grey area” between charities, striving for maximum public benefit, and private companies, striving for maximum private benefit. Forest Research¹⁶ has developed a matrix exploring a spectrum from traditional woodland enterprise to community woodland groups, with social and community enterprises sitting in the middle.

Within this framework, the main thing that distinguishes a “social” from a “community” enterprise is that community enterprises are community owned and that staff are more likely to be drawn from the local community.

The framework describes features that both social and community enterprises are likely to have:

- 50% or more of income generated through the sale of goods and services;
- The potential to reduce staff costs through volunteering;
- A business plan in place;
- Less than 40% grant income or subsidy;
- 50-65% of profits spent on achieving social and environmental objectives;
- Assets held in trust.

3.4 Community Woodlands

Scotland has a well-developed community woodland sector, supported by the Community Woodlands Association (CWA). The CWA estimates there are over 200 community woodland groups in Scotland, and defines a community woodland as “one partly or completely controlled by the local community”¹⁷. Some of these groups control substantial areas of land and represent substantial forestry businesses.

Many community woodland groups trade in goods, such as timber or firewood, generate income through providing education or health services, or by providing space for others to deliver these services. They could therefore be considered to be social enterprises under the open definition described above, and we thus would have expected more of them to respond to this survey. That they did not could be due to “survey fatigue”, a reluctance to self-define as a social enterprise or a view that woodland management per se is not a socially enterprising activity whereas e.g. health or education activities undertaken in woodlands are.

The National Forest Land Scheme and the community buy-out provisions under the Land Reform Act 2003 apply to community-controlled organisations only.

¹⁵ Crabtree, T (2013) “Social Forestry Pilot Project Final Report: Supporting woodland economies in AONBs” The National Association for Areas of Outstanding Natural Beauty. Available at: <http://fieryspirits.com/group/woodlands-and-forestry/forum/topics/social-forestry-pilot>

¹⁶ Ambrose-Oji, B, et al., (2014), paper in review with Forest Policy and Economics.

¹⁷ See: <http://www.communitywoods.org/index.php>

4. Methodology and approach

Shared Assets took a mixed methodology approach to this research. The key data source is an online questionnaire, which was open for five weeks from 15 January 2014 to 19 February 2014. This was supplemented with five semi-structured telephone interviews with survey respondents and five with representatives of funders, support organisations and landowners. Each interview was between 40 minutes and an hour long.

We worked with Mark Simmonds of Co-op Culture to deliver the phone interviews with survey respondents. Interviewees were selected to give a mix of organisational and business types, as well as a geographical spread.

The survey was described as a “woodland social enterprise survey”, and asked people to respond if they were involved in social or environmental activities in woodlands, whether or not they considered themselves to be social enterprises.

In order to get a picture of both the current size of the sector and its potential development, there were two routes within the questionnaire:

- A. for existing social enterprises, asking about their aims and objectives, current activities, finances, woodlands engaged with, support needs and feelings about the future;
- B. a less detailed survey for “aspiring” social enterprises, asking about their plans, proposed activities and what barriers they face.

32 individual responses were received to the survey¹⁸. A link to the survey was sent by e-mail to known woodland social enterprises and community groups, it was included in the Community Woodlands Association newsletter and appeared on other sector specific newsletters and websites, as well as on Facebook and Twitter.

19 responses were received from the 64 groups¹⁹ that were already known to the researchers and were sent the survey directly. 13 of the responses were not directly solicited by us. One of the phone interviewees said that they had received the link to the survey from six different sources indicating that it was well circulated.

We estimated in the tender that there would be at least 20 responses to the survey. There have been a number of similar pieces of research work being undertaken in Scotland over the past six months, and there was a clear sense from some of the support organisations that groups had been “over-surveyed”, making them less likely to respond to this survey. This survey is therefore unlikely to be a reflection of the entire sector.

¹⁸ One response was a duplicate and was discarded. Two organisations from Scotland responded to the England survey and their responses were integrated into the analysis.

¹⁹ Mailing lists were compiled from existing databases (particularly the Woodland Social Enterprise Network) and previous research, particularly on Community Woodlands (Small Woods Association, 2009) and Community Management of Local Authority Woodlands, (Shared Assets, 2013) as well as groups known to the researchers. 155 emails were sent to community woodland groups, and 85 to other social organisations and enterprises with an interest in this area.

4.1 Approach and survey design

In order to maximise the amount of data collected, a tight definition of social enterprise was not drawn at this stage. Organisations were filtered into the full survey (Route A), if they met three criteria:

1. being partly, mainly or entirely “woodland based”;
2. with primarily social or environmental objectives²⁰; and
3. with at least some trading income – i.e. not totally reliant on grants or donations.

Those who indicated that they aspired to meet any of these criteria were directed down Route B of the survey. If they indicated that they did not meet these criteria, and did not aspire to, they were routed out of the survey altogether (although they had the option to go back and change their choices).

The diagram below shows the routing process. A total of 21 respondents met the three criteria outlined above and went through to the full “Route A” survey; their data forms the substantive analysis reported below. A total of 3 respondents (indicated by the yellow arrows) stated that they were aspiring social enterprises; some discussion on them is included in section 11. The remaining 7 respondents (indicated by red arrows) either did not meet, or did not aspire to meet, the three basic criteria, and were routed out of the survey (they were given the chance to go back and change their responses if they had misunderstood).

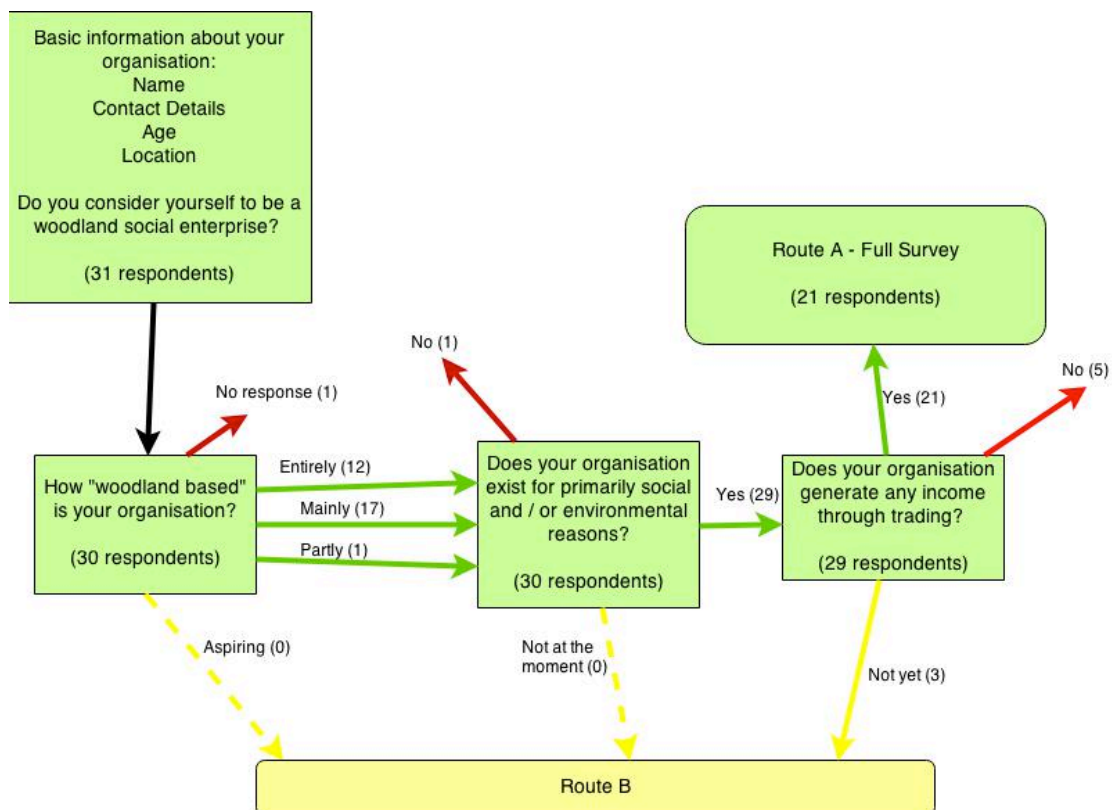


Fig. 1: Survey Design

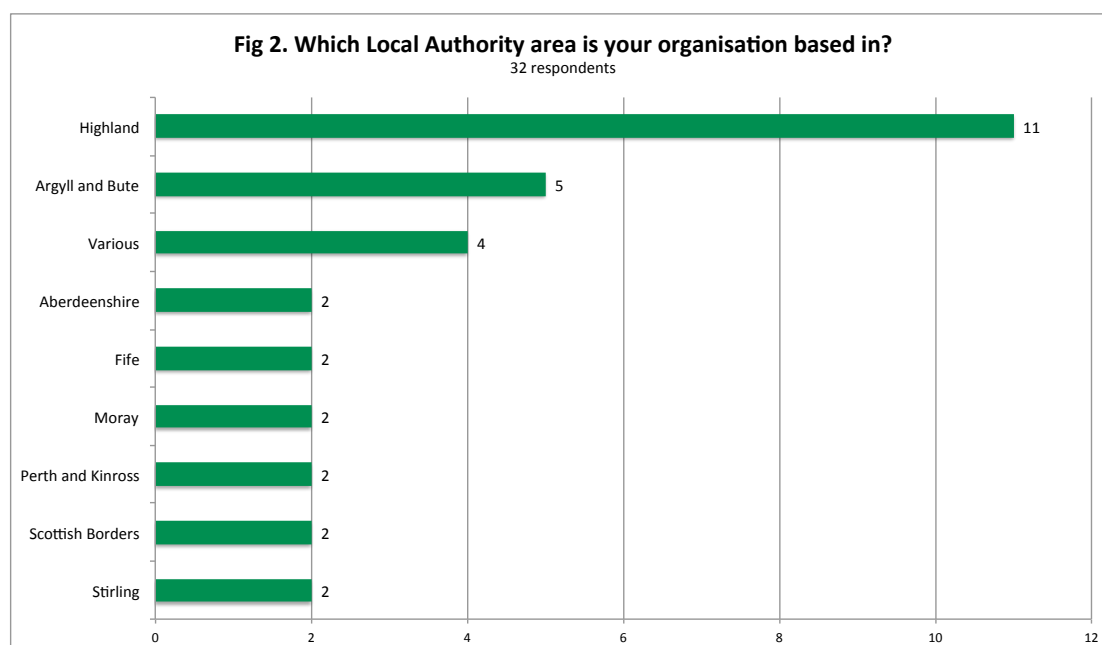
²⁰ A note was added to the survey to make it clear that this did not preclude the need to generate income, but did preclude operating for entirely private profit.

Not every respondent answered every question. We discarded those responses where there was not enough information to be useful but in cases where organisations started filling in the survey but for some reason did not finish, we have kept their data in the analysis. We indicate the total number of responses for each question below.

4.2 Geographical Range of Responses

Respondents were asked to indicate which local authority area they are based in. Half are based in either Highland or Argyll and Bute, two of the largest local authority areas.

Some of the supporting interviewees commented that woods were more likely to be seen as productive resources in the Highlands and as places for leisure and amenity in the central and eastern areas of the country.



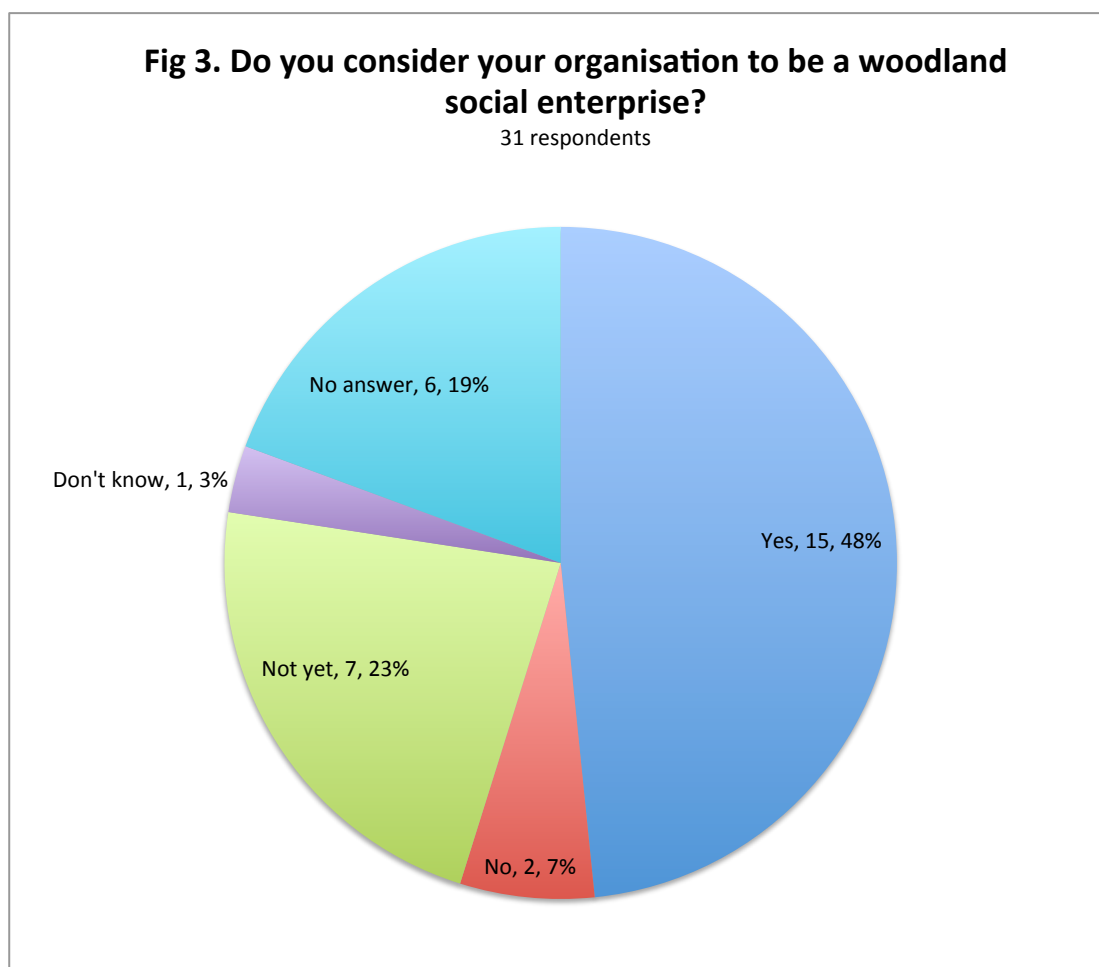
4.3 Analysis

There was no manipulation or coding of the data; the information here is straight counts and percentages. The interview data was analysed thematically.

5. Survey Respondents

Before any of the filtering questions were asked, respondents to the survey were asked whether they considered themselves to be woodland social enterprises.

As Figure 3 shows, 15 of 31 respondents said that they did. However, 21 answered the initial filtering questions saying that they were woodland based, with social or environmental objectives and a trading income.



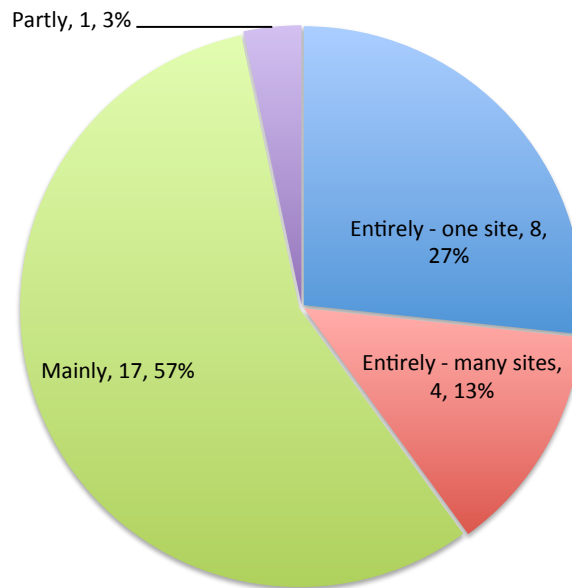
5.1 Number Engaged in Woodlands

As described above, three filtering questions were asked to establish whether to route the respondent down Route A of the survey, for existing enterprises, or Route B, for aspiring enterprises.

All respondents to this question were engaged in woodlands in some way.

Fig 4. How woodland based is your organisation?

30 respondents



Comments showed the variety of levels of engagement with woodlands:

Some are focussed on forestry and trees:

- *Forestry is our main focus but we also operate in landscaping/horticulture and timber processing and manufacturing, adding value to timber.*
- *We produce and sell firewood, buying in from both public and private landowners. We are the trading arm of the local development charity, who are looking to buy a small forest through the NFLS.*
- *We collect seeds in woodland and grow trees which will be sold and form part of new woodlands.*

Some are education and involvement focussed:

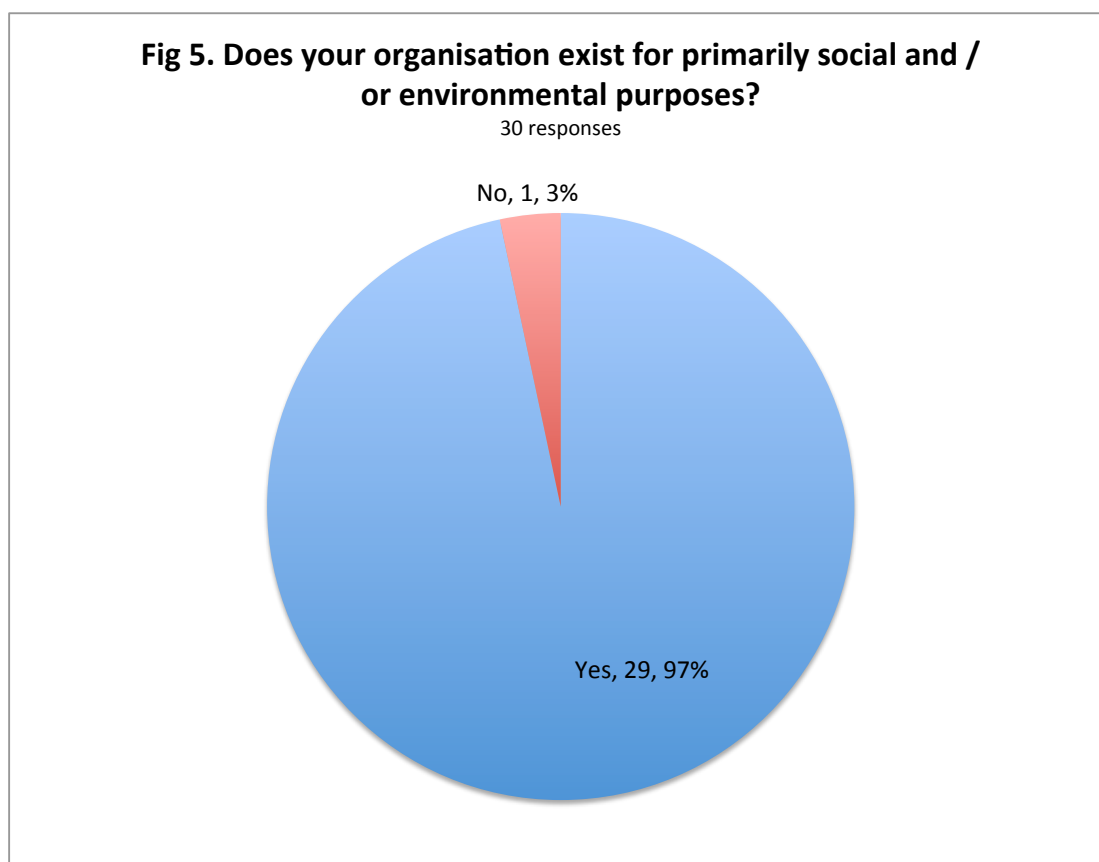
- *We use a variety of woodlands ... and a Forest Schools ethos on projects.*
- *We also visit communities, bringing our green woodworking workshops to them.*
- *Forest clubs operate on one site during school holidays. CPD events are held for school staff either on school grounds or within the local area - woodland, beach etc.*
- *Most of what we do is not site-based, but rather catalysing and supporting people's involvement in their local woodlands.*
- *We do also teach and supply outwith our own site.*

While some have a mixture of activities:

- *Woodlands are a big part of what [our organisation] does, but [it] is not a mainly woodland based organisation.*
- *We own 40 hectares of clear felled forest land where we intend to install 3 wind turbines, then develop the land for community use and some social enterprise with tree planting.*

5.2 Social and Environmental Objectives

Respondents were then asked about their social and environmental objectives.



Some of those who answered “yes” added comments that showed that economic considerations were equally as important when thinking about woodland management, for example:

- *Social, environmental and economic.*
- *Yes, social and environmental reasons are important but the organisation would not exist unless we were able to operate also as business and be able to generate income to cover overheads and employment costs.*

Some have a focus on wider environmental issues:

- *We are involved in developing local woodlands to provide a sustainable source of woodfuel for local communities wishing to move from fossil fuels.*

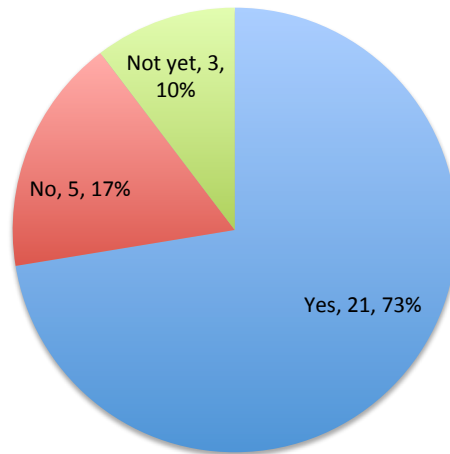
A number of the interviewees had identified niches – educational, or enterprise opportunities – that could increase sustainable woodland management.

5.3 Income Generation

The remaining 29 respondents were asked if their organisation generated any income through trading; i.e. through delivering products and services, rather than relying entirely on donations or grants.

Fig 6. Does your organisation generate any income through trading?

29 respondents



21 respondents said that they did, and were routed through to the full survey. The comments showed varying scales of income generation, and that trading makes a variable contribution to overall turnover:

For some, trading is a major source of income:

- *The vast majority of our projects are income generating.*
- *Last year we had 0% grants. All of our income was from trade and contracts, whether forestry contracts, landscaping contracts, construction projects using home grown timber, or skills development contracts.*
- *We are entirely self funded through trading but will be applying for funding this year.*
- *We receive no grants or donations.*

Some generate income through selling products:

- *Tree and woodland services, wood fuel, charcoal, training and bespoke crafts/furniture.*
- *We sell firewood, milled timber, charcoal and other by-products.*

For some, grant funding is an important income source:

- *Mostly grant funded although we do generate some income.*
- *We charge for out of school care (holiday play-schemes and after schools clubs) and for family activities. Rates are kept low with funding and some families get subsidised places.*

Some of the educational enterprises interviewed were mainly dependent on grants (particularly to deliver activities with disadvantaged groups), and little anticipation of full self-sufficiency. Some of the supporting interviewees expressed concern that social enterprises delivering public services were seen as a 'cheap option' by local authorities, and worried about the sustainability of smaller organisations.

6. Woodland Social Enterprise Data Baseline: Basic Information

21 organisations answered “yes” to the three filtering questions that established they were:

- woodland based;
- with social and environmental objectives; and
- earning at least some income through trading.

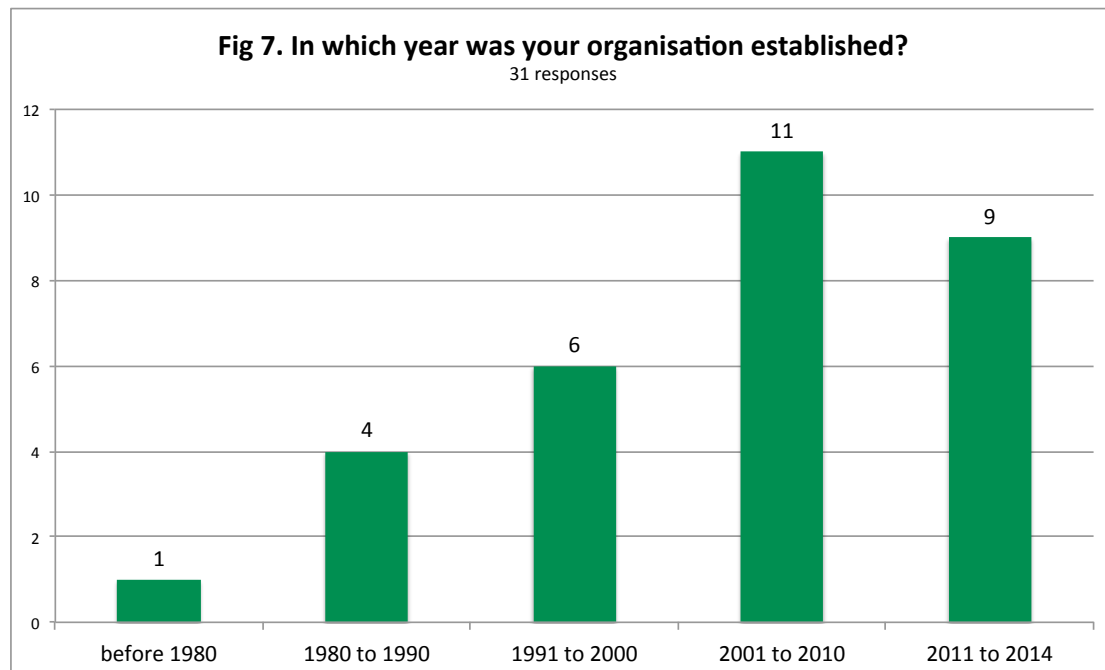
Whilst we acknowledge there are on-going definitional issues regarding what constitutes a social enterprise, we are taking these 21 as the baseline of woodland social enterprises.

This section of the report explores the variety of scales, activities and organisational forms used. It addresses the points in the brief in turn, i.e.:

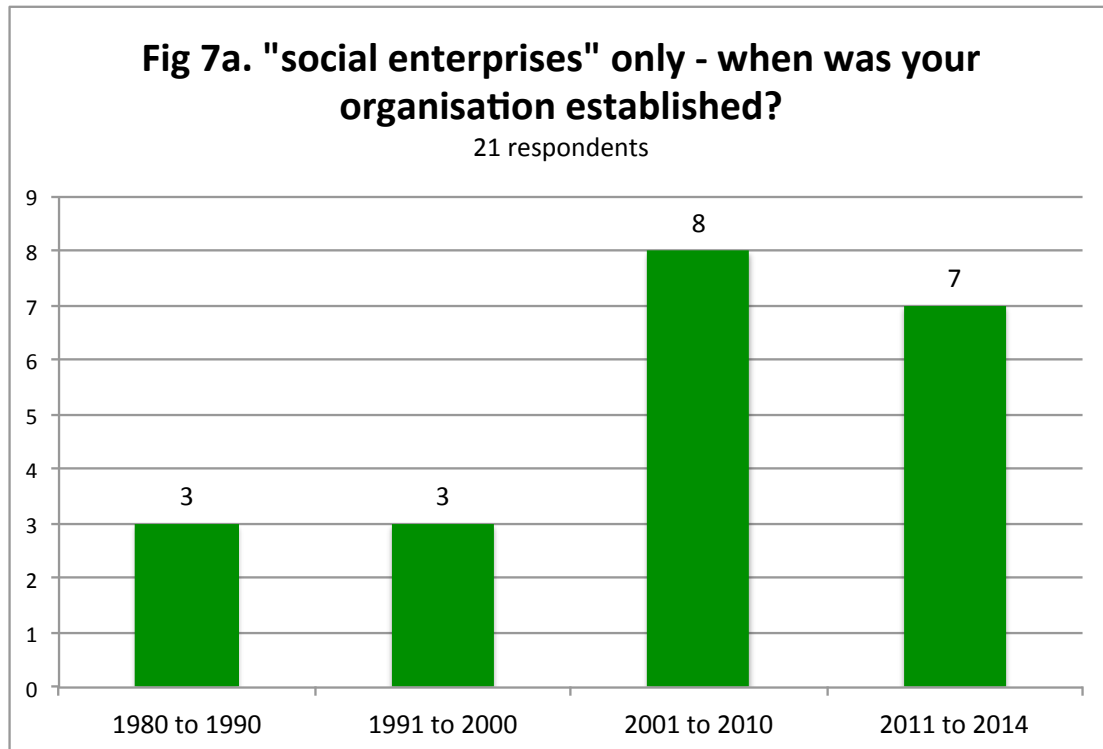
- Number of woodland based social enterprises currently operating in Scotland
- Area of woodland that they engage with (manage / utilise)
- Type of activity undertaken
- Type of enterprise tools in use

6.1 Age

While many community woodland groups have been in existence for a number of years, two thirds (20) of the total respondents to this survey had been established since 2001, and 9, almost a third, since 2011.



A similar pattern is seen among those who met all three of the “social enterprise” filtering criteria:



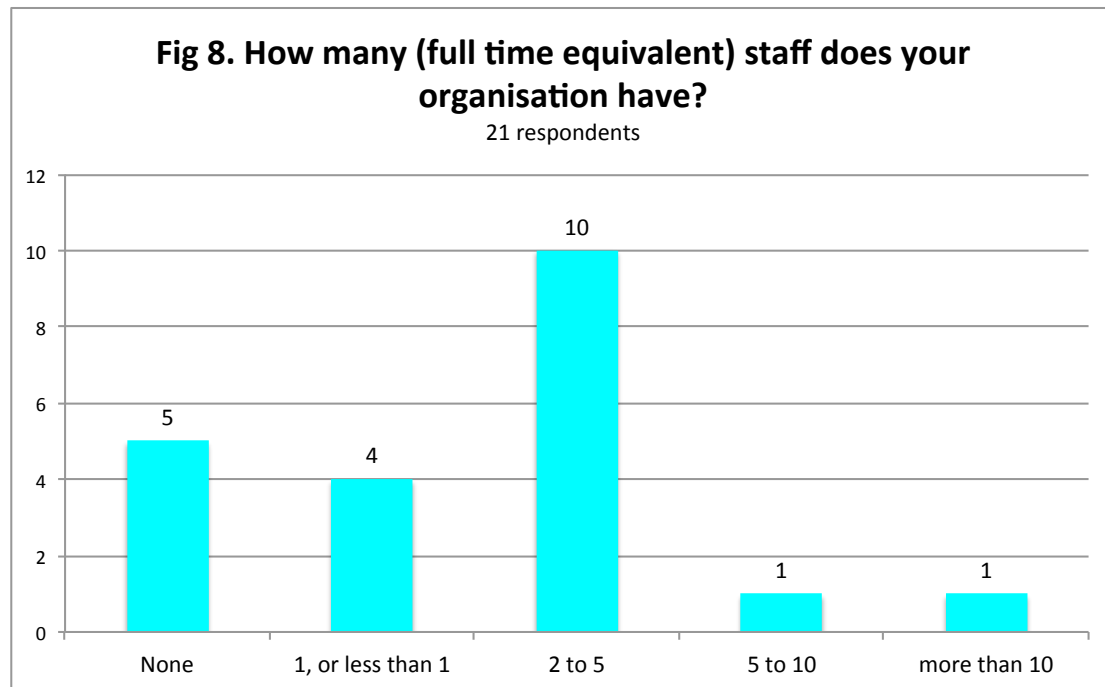
Recognising that some established community woodland groups may have come to trading and enterprise more recently, respondents were asked whether they had had to change their business models or the way their organisation brought in income. Responses varied:

- *No change to model, but it's taken a while to get to this stage.*
- *We always planned to trade.*
- *We have spent our first year trying to make a living but we are looking for funding to run projects with other partners as a source of income.*
- *We have had to constantly change, this has happened from political change (this was the most disruptive and disappointing, 'it's my ball and no one can play with it' mentality). Months if not a whole year were lost. How about some stable platform to work from for a known time?*
- *We have consistently been moving away from grants throughout our existence.*
- *We are about to close down a limited company, and may in time move to a more specifically social enterprise model.*
- *No – we're a new business.*
- *This is a new-ish project so no.*
- *Too early to say!*

6.2 Staff Numbers

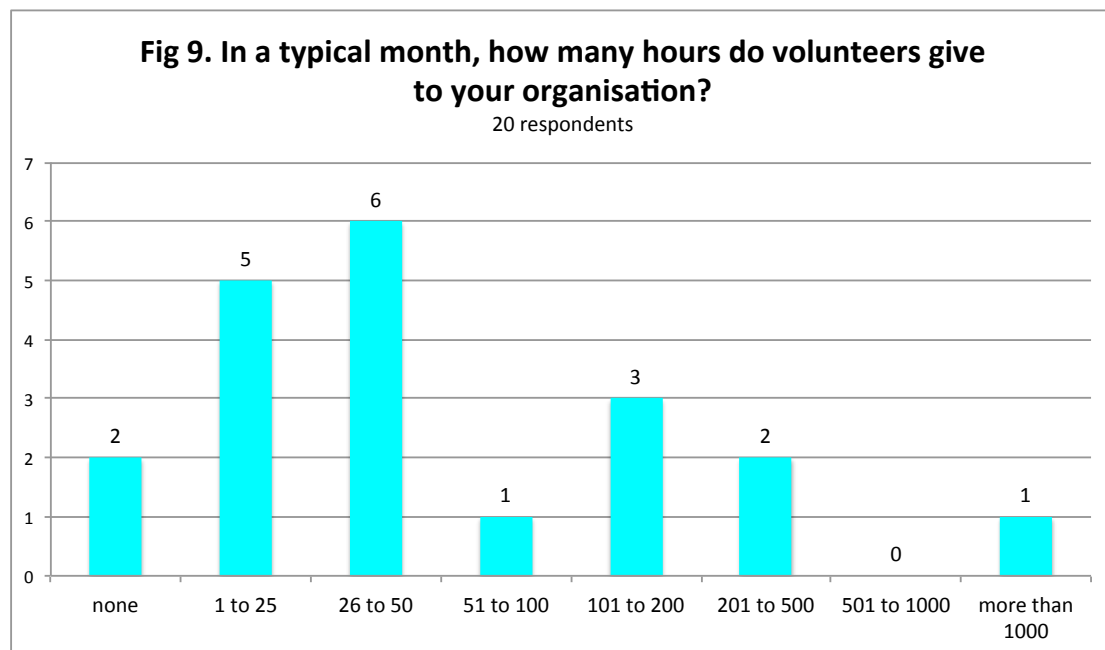
Respondents were asked about full time equivalent staff, in order to get a sense of the jobs associated with their organisations. "Staff" might be taken to mean employees or freelance or associate staff. Volunteers were asked about in the next question, but many of these organisations are run with substantial volunteer input and time.

10, or almost half, indicated that they had between two and five staff. Only five organisations had none.



6.3 Volunteers

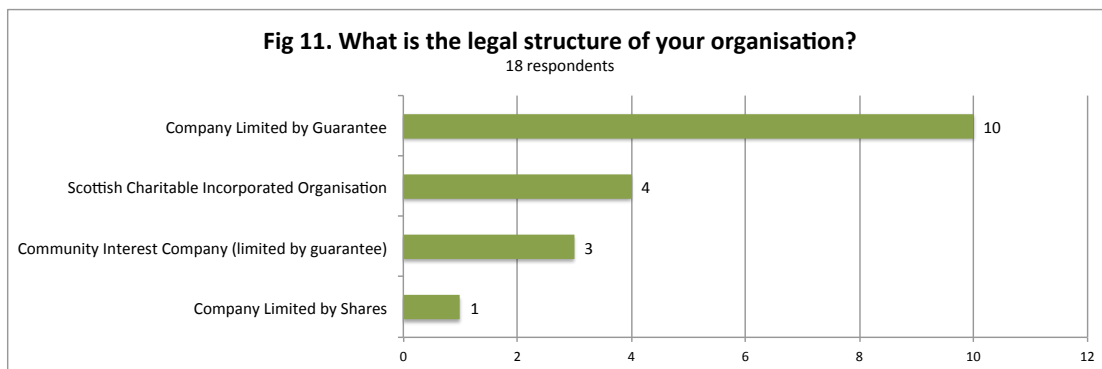
Many organisations benefit from significant volunteer time. Only two reported having no volunteer input. The organisation with more than 1000 hours a month of volunteer input commented that some of these people are trainees on skills programmes, as well as some being volunteers.



7. Governance, Aims and Motivations

7.1 Governance & Legal Structures

Respondents were asked both about their governance model – how they organise themselves – and about their legal structure.



Most respondents are companies limited by guarantee. The most common organisational model is of a two-tier organisation – with trustees or directors with strategic responsibility, and members of the organisation drawn from the local community. This is the model that is required under the Land Reform Act.

Comments provided further details on the way these organisations organise themselves:

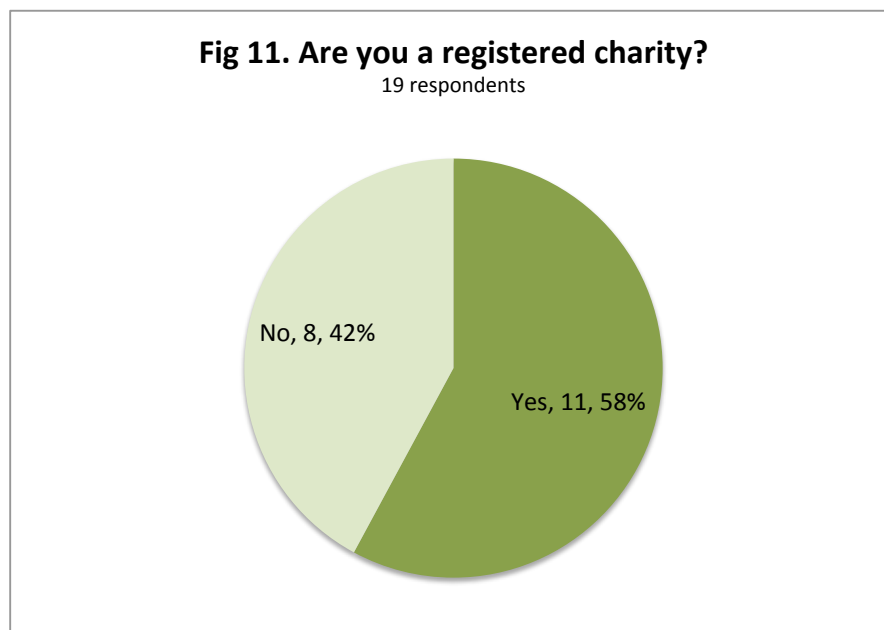
Some have trading arms or subsidiaries:

- *We are a company limited by guarantee with charitable status; we manage some of our woodland interests through a wholly owned subsidiary.*
- *We actually have a membership organisation, and a trading arm.*
- *Social enterprise: trading arm of charity.*
- *Local residents membership organisation (charitable Community Trust) with wholly-owned trading subsidiary (VAT-registered social enterprise company).*

Some involve partnership working, or involve people coming together around projects:

- *I contract another sole trader and use volunteers to provide support during club activities.*
- *[We are] part of a collaboration of 8 landowners. I am employed [...] by one of the partner organisations.*

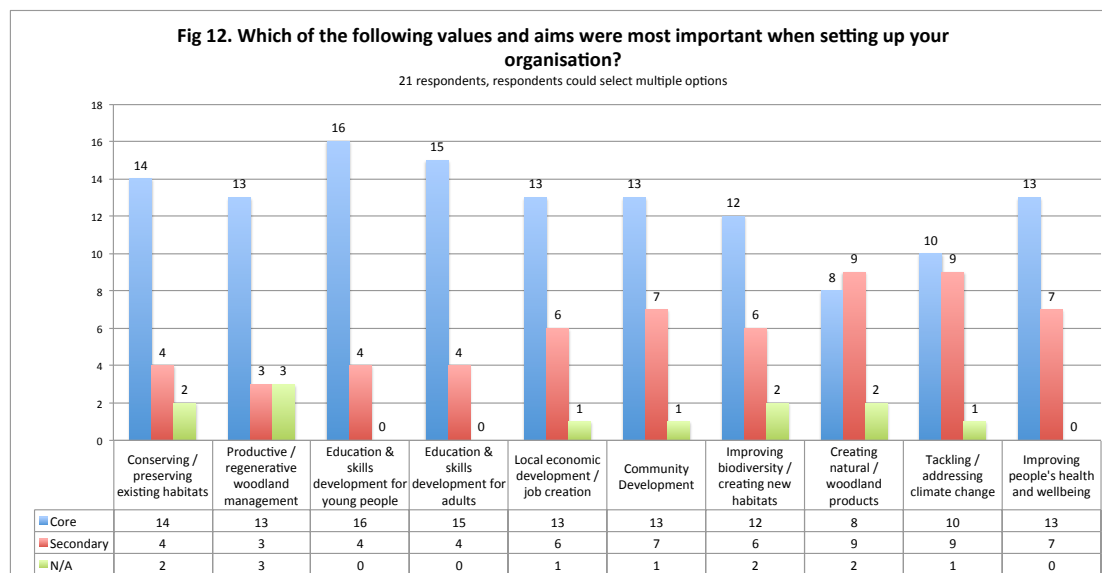
Just over half of the respondents indicated that their organisations were registered charities.



It should be noted that the Office of the Scottish Charity Regulator has different criteria for recognising charitable status to the Charity Commission in England and Wales, more often granting charitable status to cooperative organisations. It is unlikely for instance that a wood fuel business would be granted charitable status in England.

7.2 Aims, Values and Motivations

Respondents were asked about the core values and aims of their organisation, and asked to choose as many as applicable from a menu of choices.



16 of 21 respondents identified education and skills development for young people as a core aim, with education for adults coming a close second. Conservation was the third most common choice.

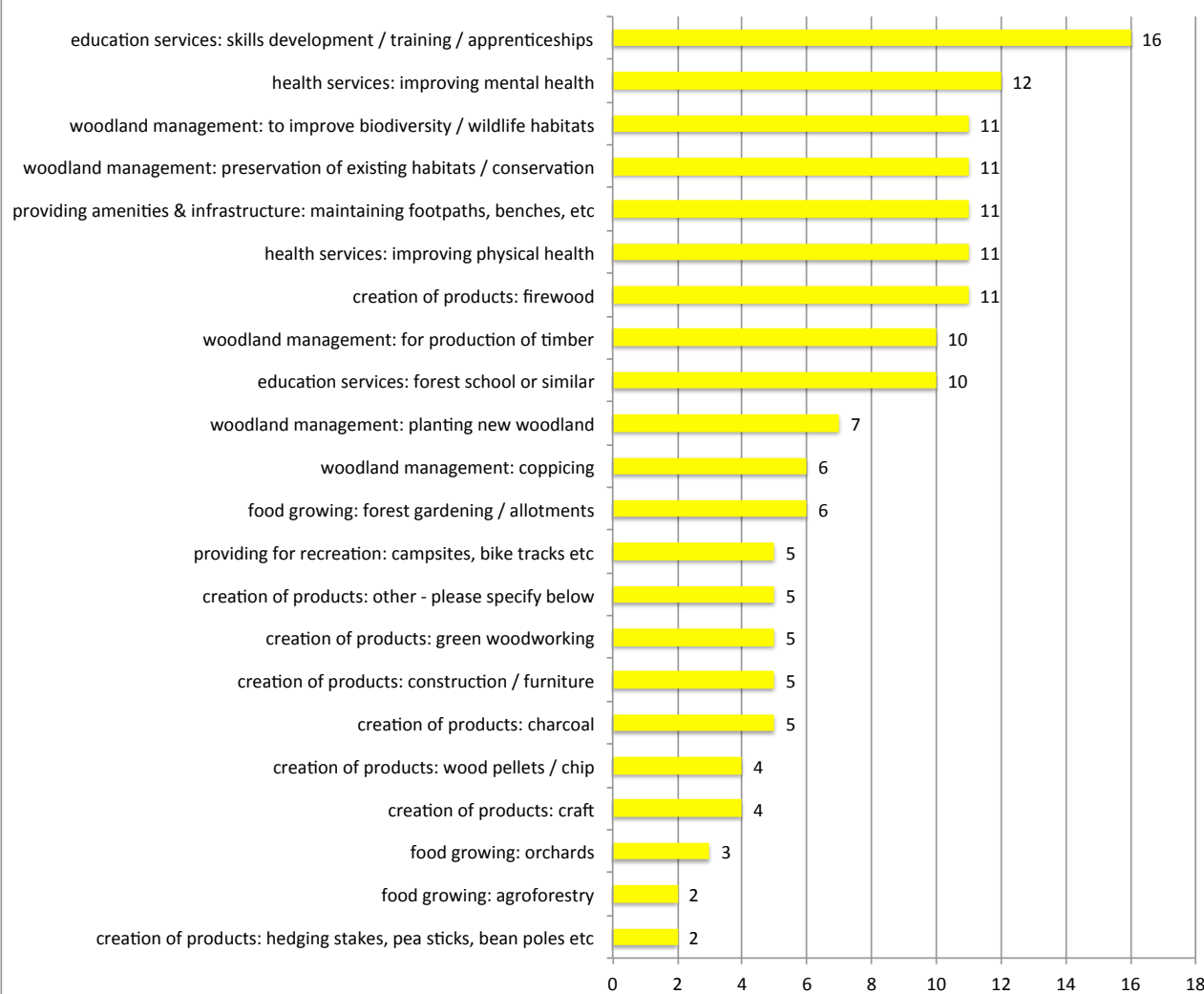
Interviewees also cited the creation of more sustainable woodlands as a key motivation.

7.3 Key Activities

Respondents were then asked to indicate the key activities their organisation undertakes, again from a menu of choices. Many organisations undertake a range of different activities. Indeed this might be seen as a hallmark of a woodland social enterprise. The most common activities were education services, mental health services and woodland management.

Fig 13. What are the main activities your organisation carries out?

21 respondents; respondents could select multiple options



Other activities that respondents specified included:

- *We operate three 19th century water powered wood mills.*
- *Products: garden ornaments. We have aspirations for more activities!*
- *Growing native trees for planting.*
- *Provide woodland advisory services to clients seeking to manage existing woodlands for conservation, biodiversity, timber, shelter, landscape etc. Also advice on small woodland creation, deer management, invasive species management, catchment scale management.*
- *We process some of our own timber using a wood-mizer and provide 9 forest crafts.*
- *We support, educate and advocate for all of the above.*
- *Lots of willow work / hazel - moveable fences.*

Interviewees often reported that “people focussed” activities, such as education or health activities, provided more of their income than woodland management activities.

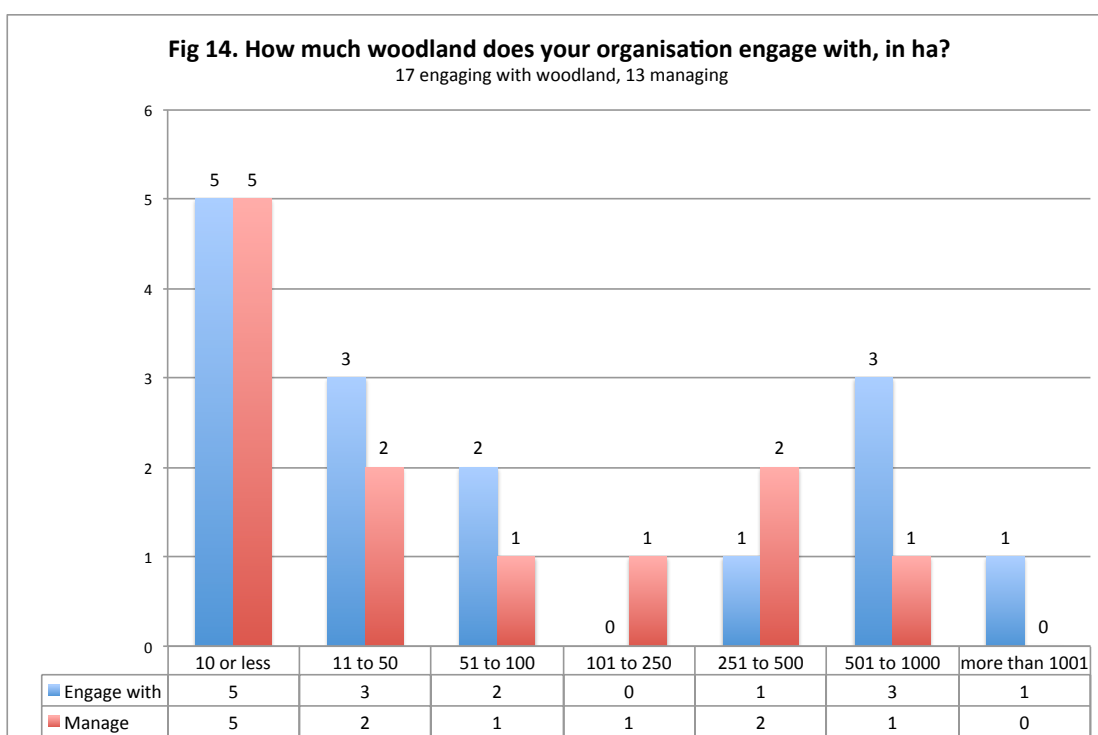
8. Woodlands

8.1 Area of Woodland

Respondents were asked approximately how many hectares of woodland they are active on and on how much of that, if any, they undertook woodland management activities.

A total of **4546.5ha** of woodland is engaged with by 17 organisations. Woodland management activities are undertaken on **1970ha** of this land by 13 organisations. There were no notable regional differences.

The median amount of woodland engaged with is 40ha and the median amount managed is 26.5.

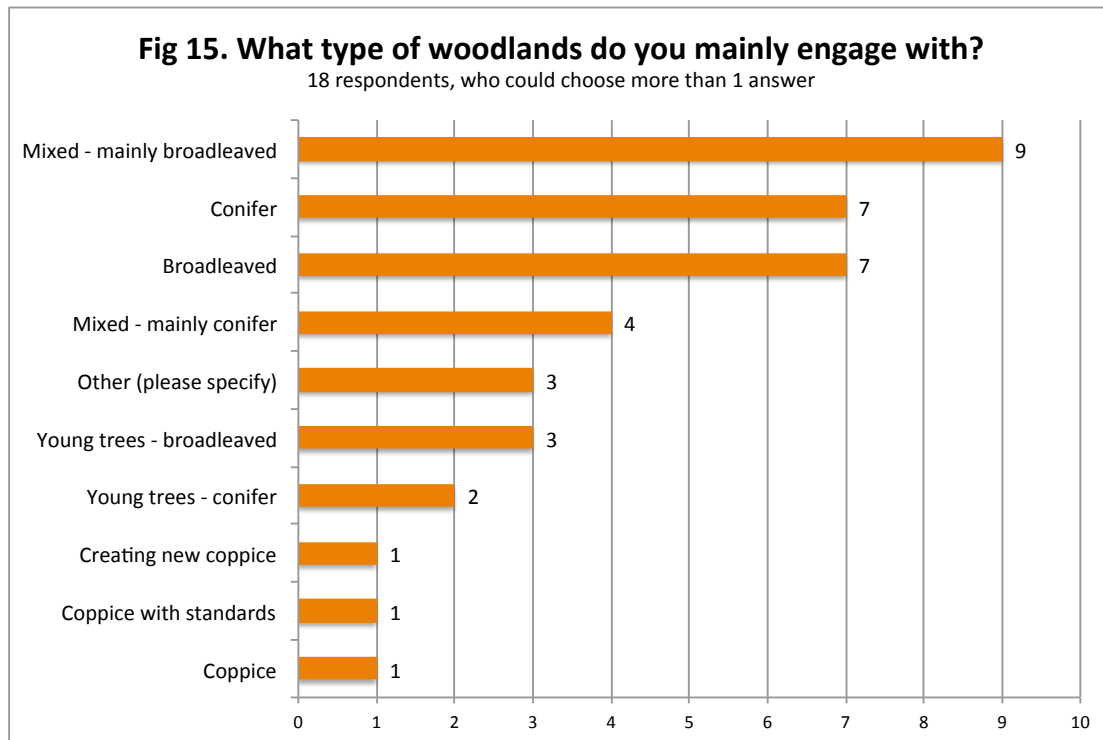


Five of the 17 are engaged in 10ha or less of woodland, four are engaged in more than 500ha.

Four of the 13 organisations doing woodland management manage the entire area that they engage with.

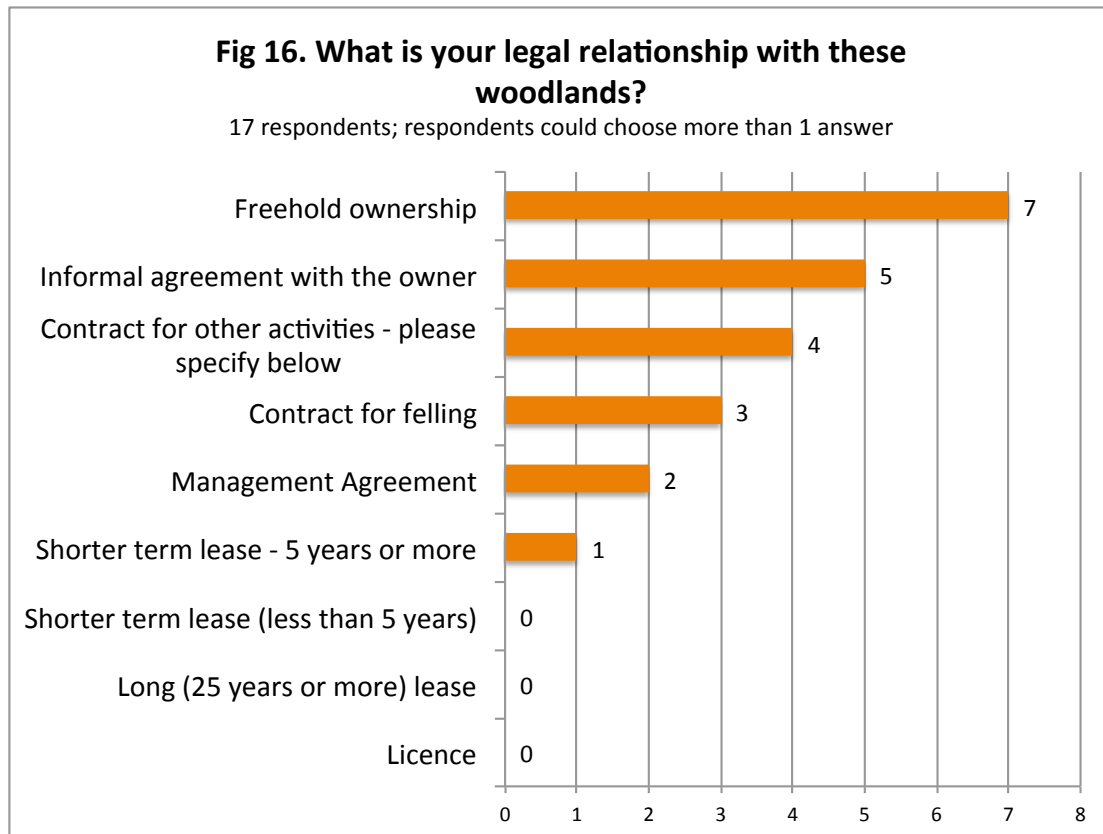
8.2 Types of Woodland

Respondents were asked to choose as many types of woodland as applicable from a menu of choices. The most common was mixed, mainly broadleaved, followed by conifer.



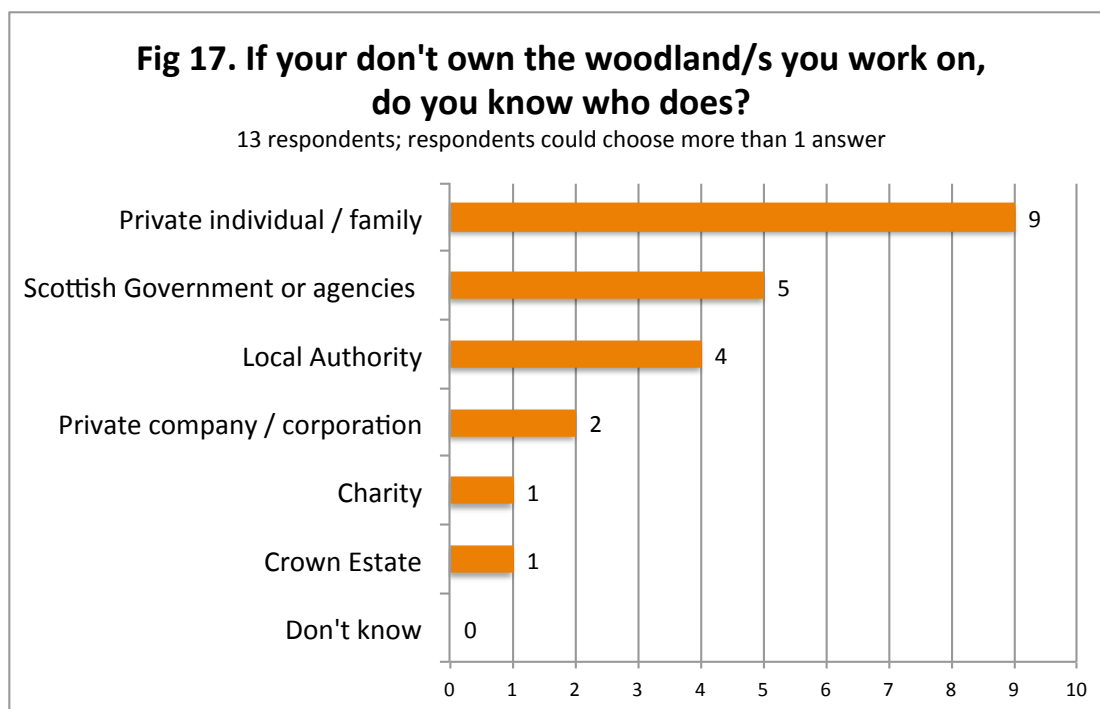
8.3 Woodland Tenure

Respondents were asked to choose their legal relationship to the woodlands from a number of options.



Eight respondents ticked just one box; the rest ticked more than one box.

One of the landowners interviewed talked about their openness to working with social organisations, but that they were reluctant to grant leases given the potential for loss of control of their land. They recognised this could be hard for the enterprise, but felt the need for support in developing agreements that met the needs of both parties.

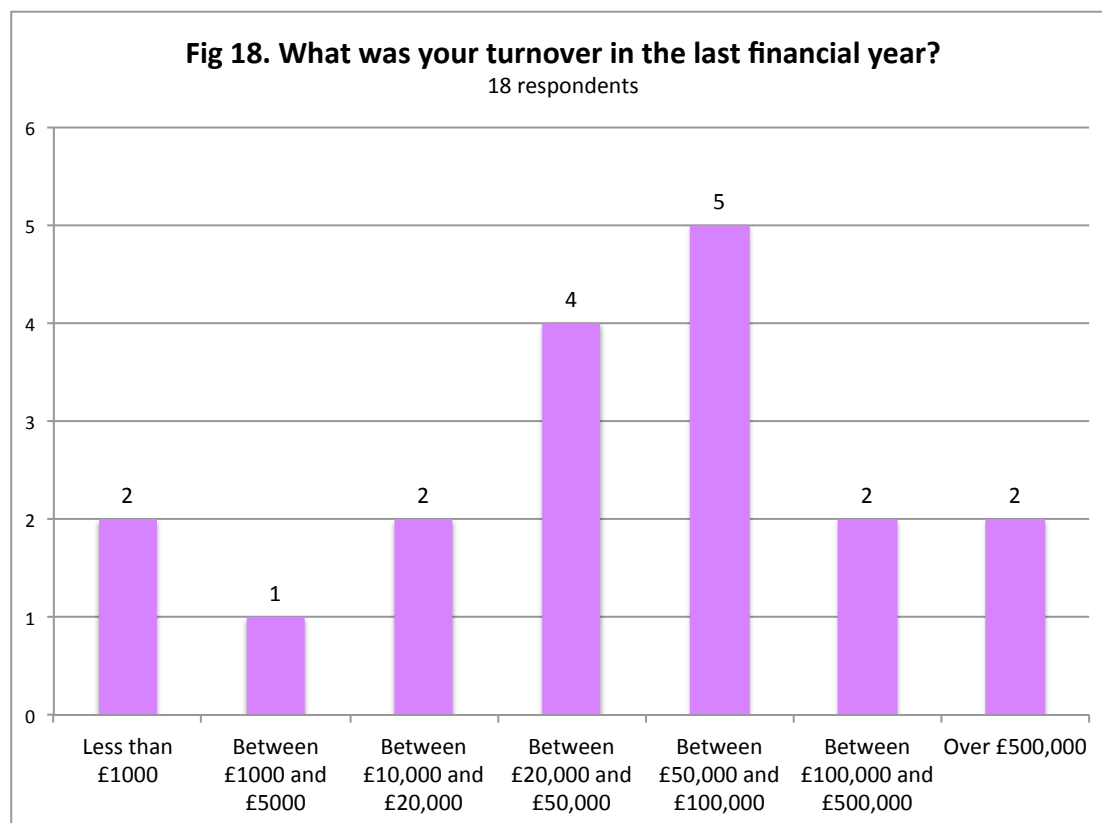


Those that do not own all the woodland they work on were asked to choose the owner from a multiple-choice menu. As some respondents work across different sites, they had the option to select multiple answers. The most common choice was a private individual or family.

9. Finances

9.1 Turnover

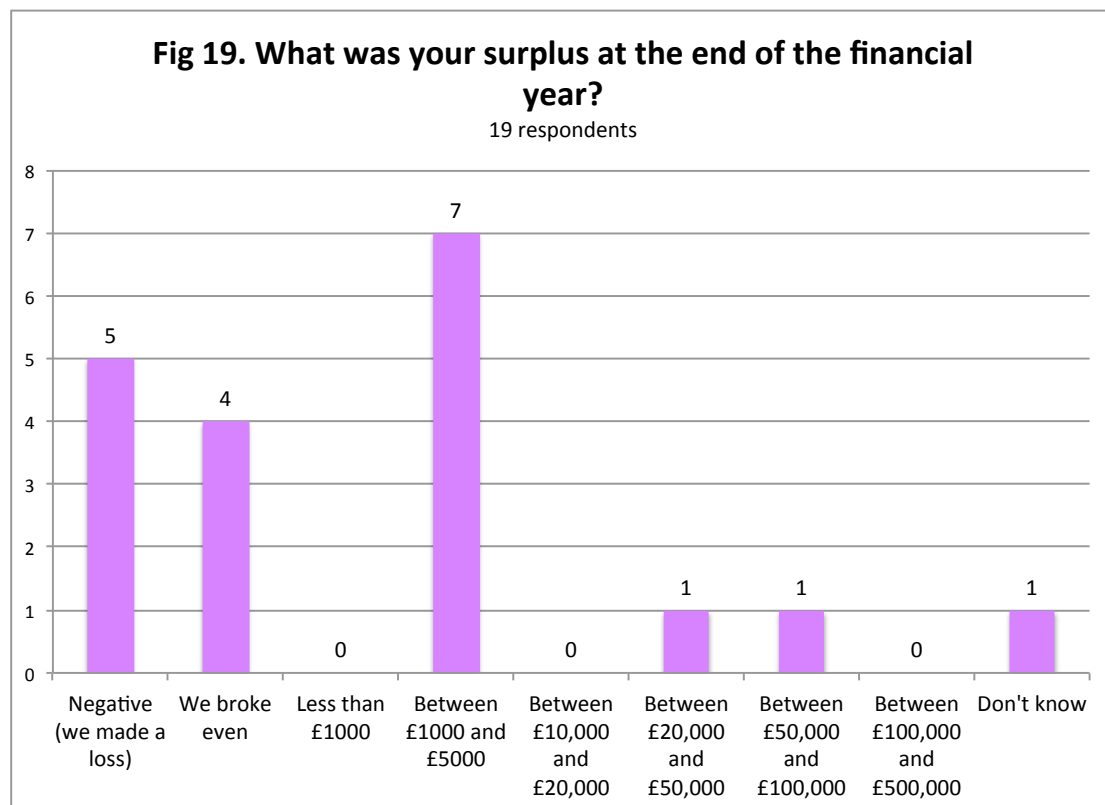
Respondents were asked about the finances of their organisations. They were asked to indicate the turnover (total income) of the organisation from a series of categories. Four of 18 respondents had turnovers of over £100,000. Three had less than £5000.



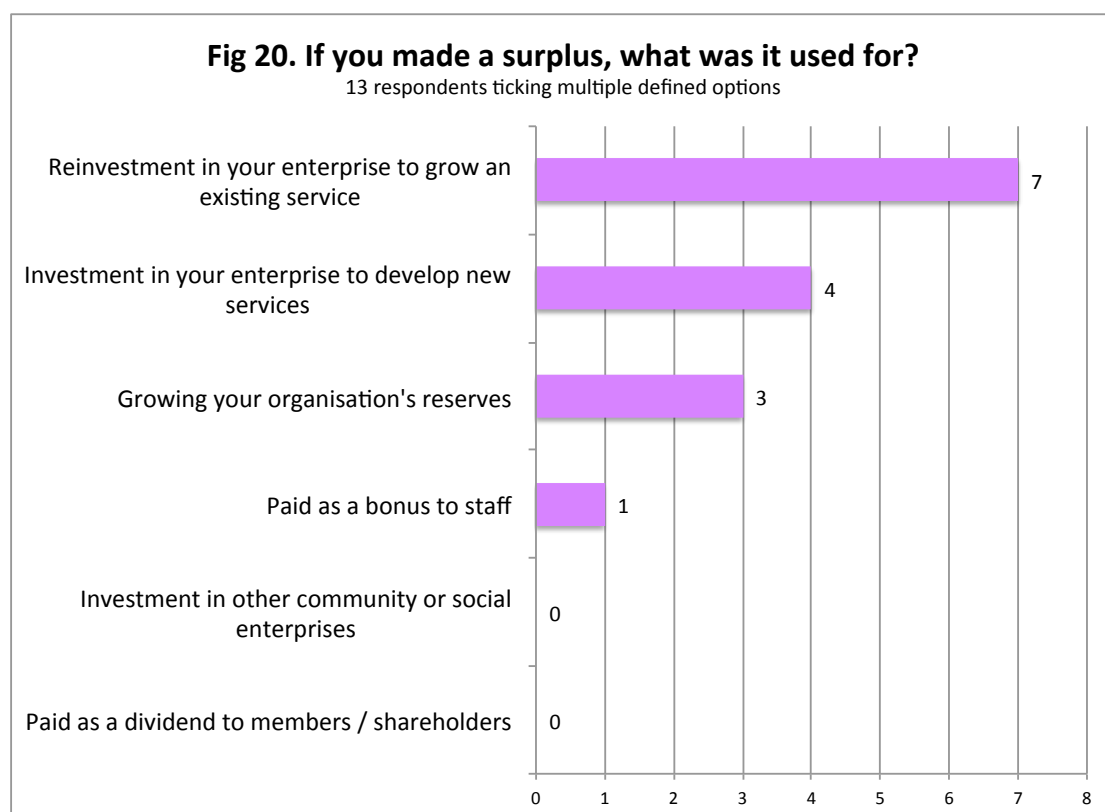
9.2 Surplus

Respondents were asked what the surplus was at the end of the last financial year. Surplus was defined as the amount of money left after all costs had been accounted for.

Nine of 19 respondents had either broken even or made a loss in the last financial year. Two had made more than £20,000.



The most common use of any surplus was reinvestment into the enterprise's existing services.



9.3 Turnover and surplus per hectare

Turnover and surplus per hectare of woodland managed are often used as indicators in traditional forestry and woodland management. The data gathered here does not allow a precise calculation of these figures, but by taking the mid point of the categories provided for turnover and surplus in Figures 18 and 19 above, and cross referencing with the amount of woodland managed (discussed further in Section 8), we can see that there is a wide variety in both.

HA managed	Approx turnover pha	Approx surplus pha
2	£37,500.00	£750.00
4	£18,750.00	£4.29
6	£12,500.00	£130.43
23	£1,521.74	-£5.00
30	£1,166.67	£100.00
100	£30.00	£170.45
161	£465.84	
440	£1,420.45	£-
500	£30.00	-£0.10
700	£428.57	£-

Only 10 enterprises answered both questions, so it is hard to draw conclusions from this data. It is notable that there is little correlation between the turnover and surplus figures, and that the smaller amounts of land are often more profitable. The wide variety of activities that social enterprises carry out can mean that smaller plots of land are more intensively used and that, in some cases, more income is generated than would be the case with commercial woodland management – or that social enterprises can successfully manage land that the private sector could not.

It should be noted that these can only be approximate figures, and do not take into account non-monetary contributions like volunteer time or non-monetary outputs like increased wellbeing.

9.4 Start up costs

Respondents were asked about the capital needed to set up the organisation, where it came from and what it was used for.

Given the potential high cost of land purchase, this was separated out from other start up costs.

Fig 21. If you own the woodland you work on, did you have to purchase it?
14 respondents

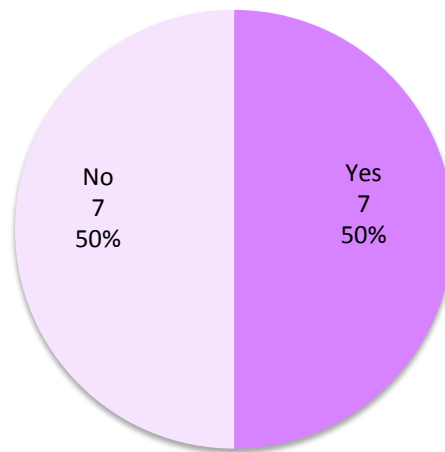
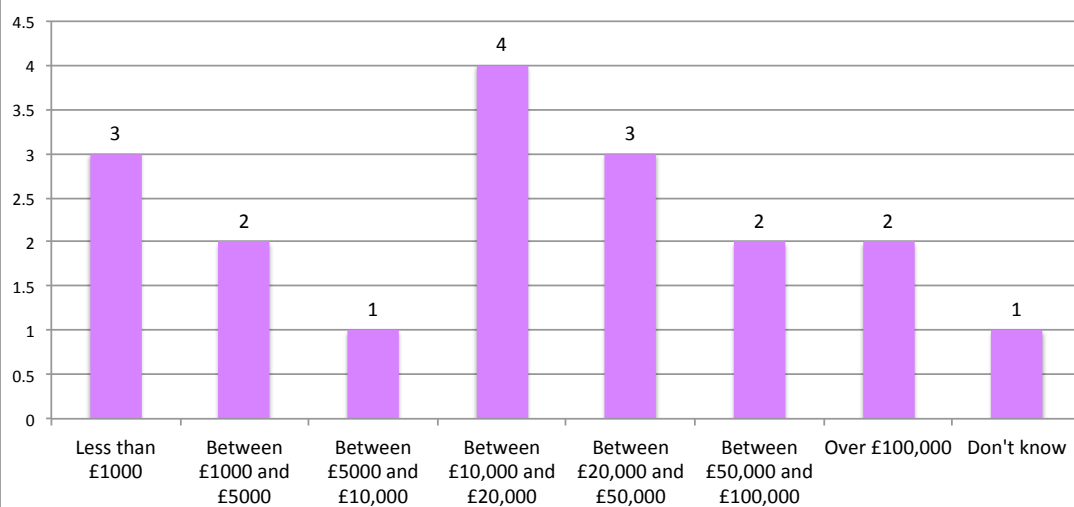
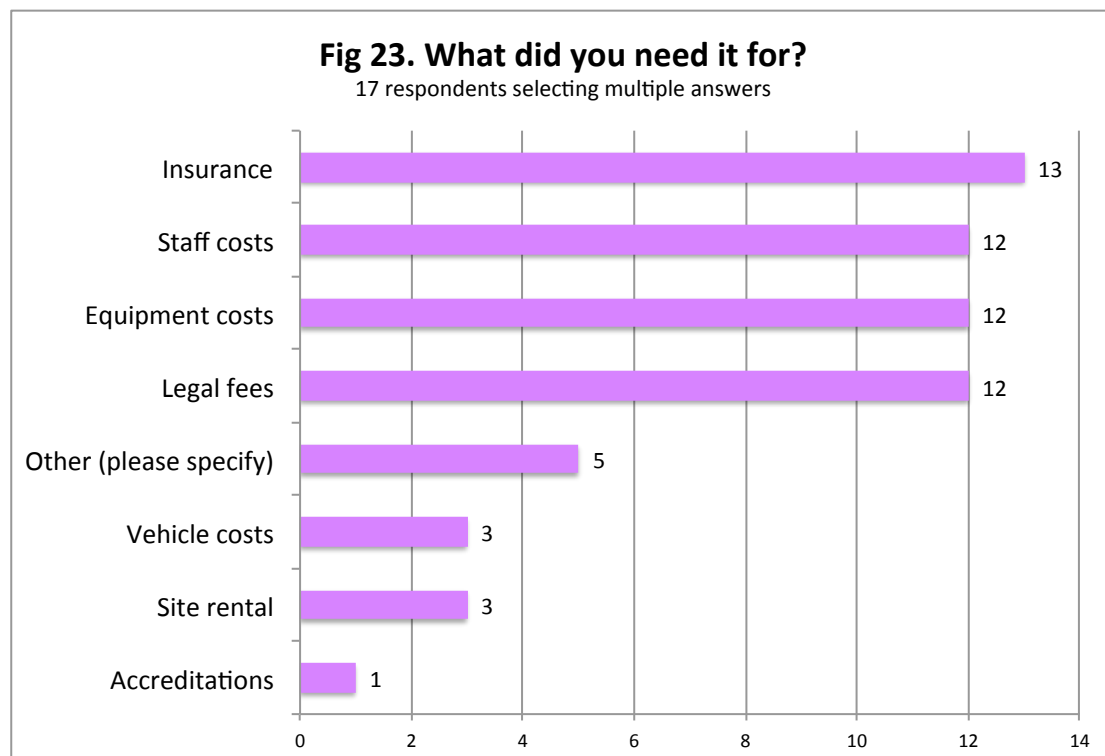


Fig 22. Apart from purchasing the woodland, how much money did you need to start up?
18 respondents

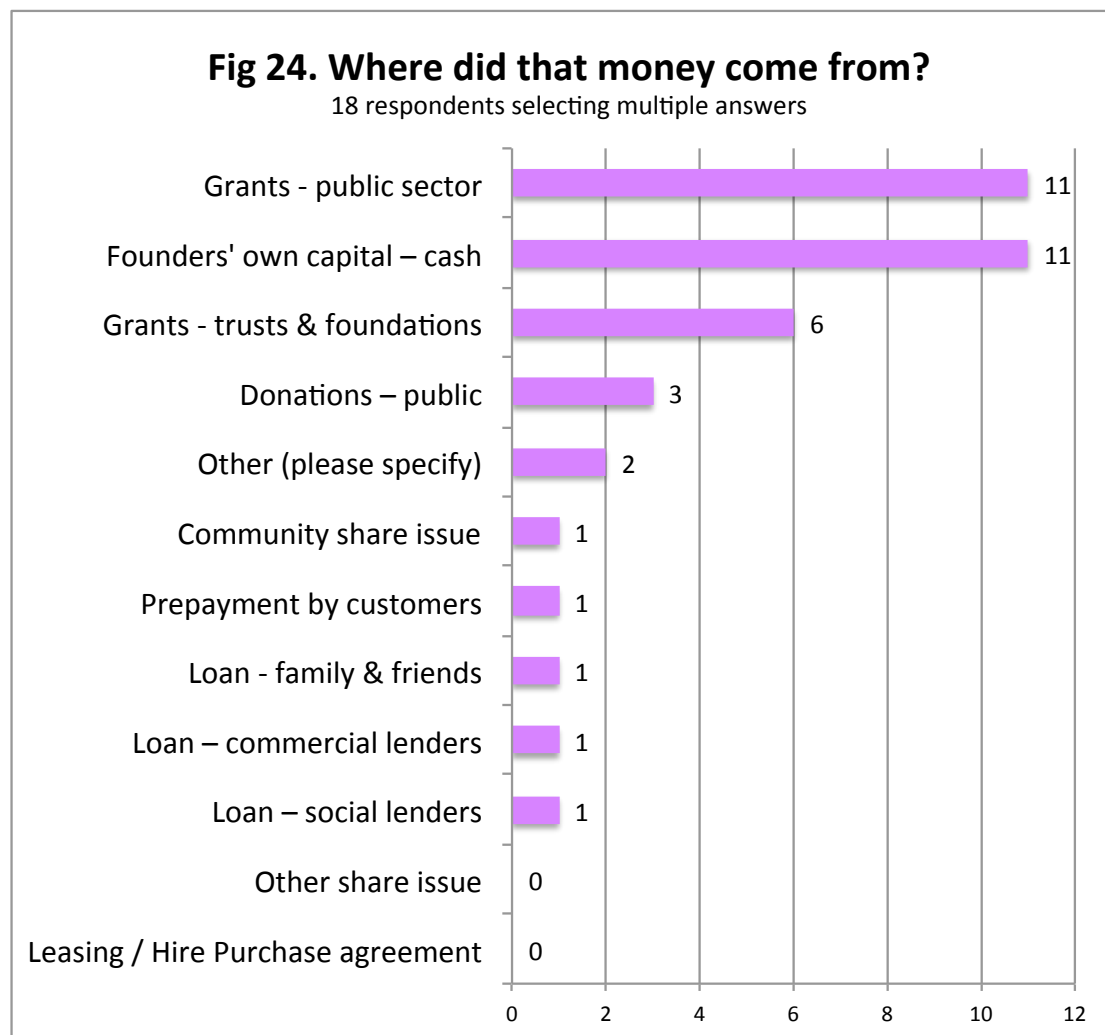




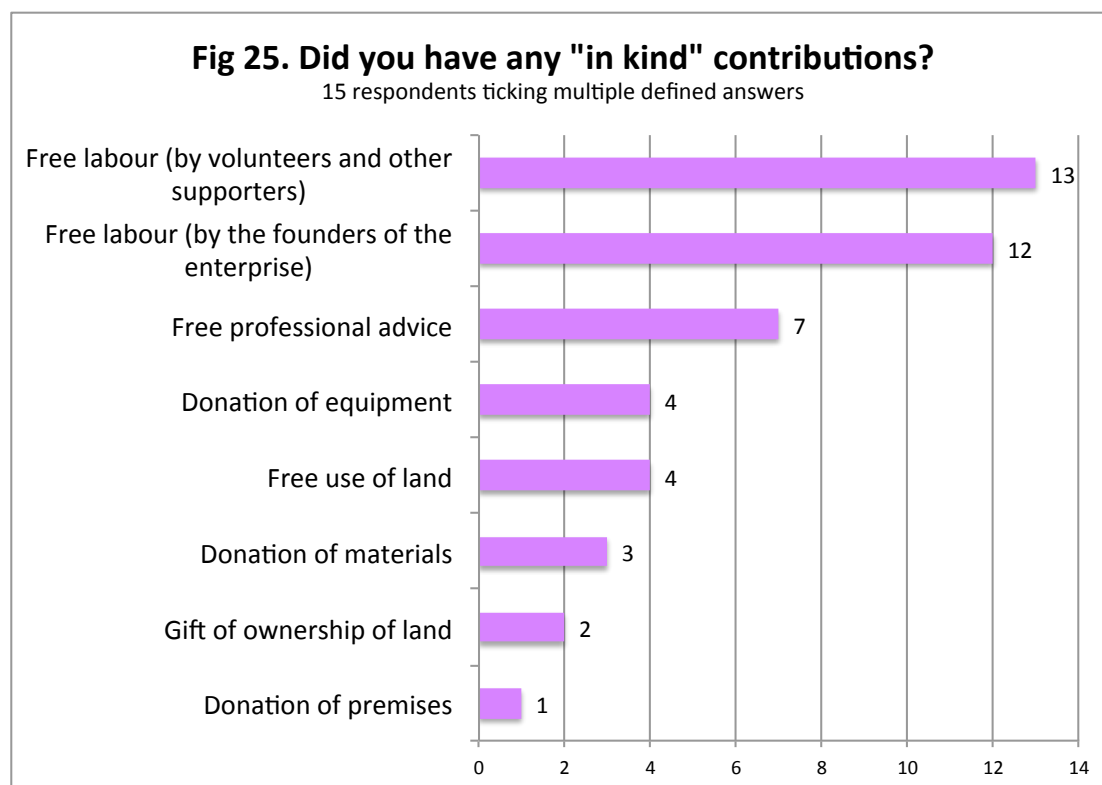
Responses in the “other” category included construction and marketing costs:

- *Site development.*
- *Building renovation, feasibility studies, business plan development, specialist advice, creating new office and business space to rent.*
- *Ground works, site services, buildings, polytunnels*
- *Web site and email addresses.*
- *Buying trees.*

Over half of the enterprises’ founders had invested in the business at start up. Grants from the public sector also featured highly.



Most organisations had received some kind of in kind support, from free labour, to donations of equipment and materials.

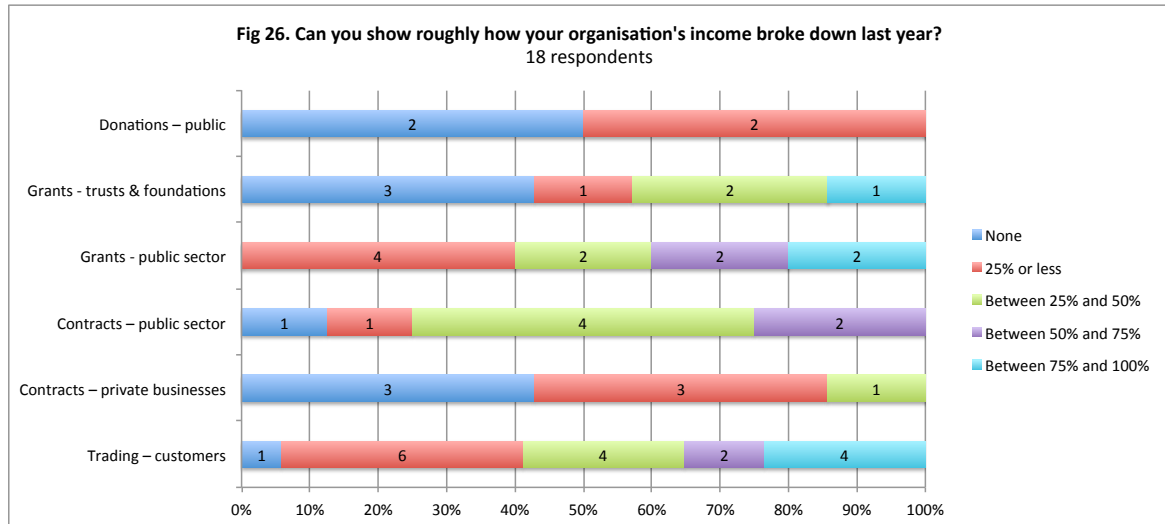


9.5 Enterprise Tools

Respondents were asked about how they made money. They were asked to choose approximately how much of their income came from various sources:

- Trading – customers
- Contracts – private businesses
- Contracts – public sector
- Grants – public sector
- Grants – trusts & foundations
- Donations – public

There was an option to tick “other” and to provide further details. Figure 27 shows how important each of these sources of income was for the 18 respondents who had this information to hand.



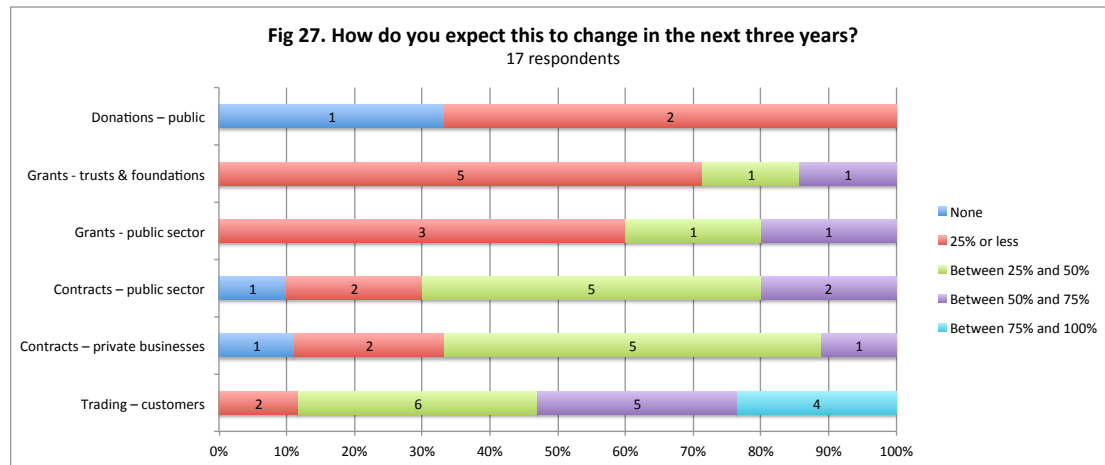
Key themes that come out of this data include:

- Most organisations have at least some trading activity;
- None are entirely reliant on donations from the public;
- But some are mainly reliant on grants from the public sector, or trusts and foundations;
- Donations from the public are not a substantial income stream for any organisations;
- Organisations have varied income streams; most do not have their “eggs in one basket”.

Seven respondents indicated that they had some contracts with the public sector. When asked specifically about public sector procurement, only two of 17 respondents said they had tendered for contracts with the public sector. Three said they were planning to. Two said that they had contracts but had not needed to tender.

One of the supporting interviewees reported having experienced hostility from small private sector businesses at the perceived advantages that community groups and social enterprises had in tendering for contracts – particularly being able to attract volunteer labour and grants. The ability to combine social and community activities with woodland management is a feature of many social enterprises, but can be seen to offer them an unfair advantage in a competitive market.

Respondents were also asked how they expected this breakdown to change over the next three years. The main change is that no respondents expected to have more than 75% of their income from grant sources.



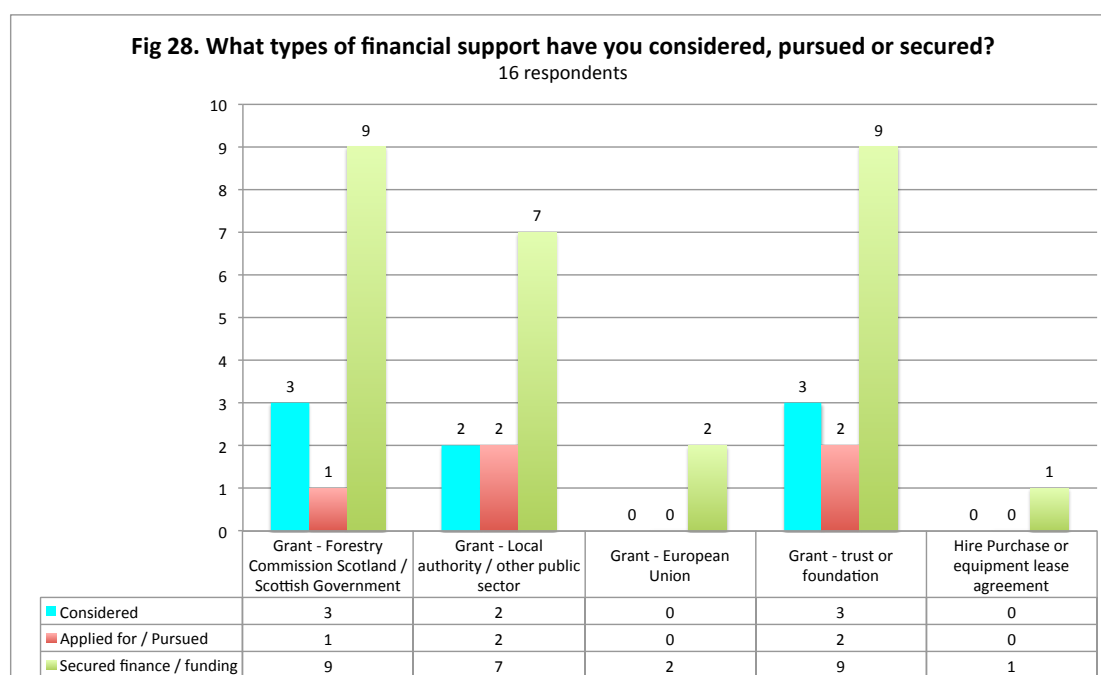
9.6 Finance

Respondents were then asked whether their organisation had needed financial support in the last year, and asked to indicate whether they had considered various different types of finance, and if so whether they had been successful in securing them.

A number of options were given, namely:

- Grant - Forestry Commission Scotland / Scottish Government
- Grant - Local authority / other public sector
- Grant - European Union
- Grant - trust or foundation
- Loan - commercial lender
- Loan - social lender
- Hire Purchase or equipment lease agreement
- Community Share Issue
- Other Share Issue

The table below shows their responses. None of the respondents reported considering loans or share issues of any sort (although one of the respondents mentioned a loan when talking about support in the section below). Of 16 respondents, nine had secured funding from Forestry Commission Scotland or the Scottish Government and nine from trusts or foundations.



Respondents were asked for any further details, and a number of comments were left:

- *[We have] not "needed financial support" in the last year. However, we have received public sector grants based on delivering certain public interest outcomes.*

- *We have had a LEADER funded Volunteer Development project, which is coming to an end, plus more recently we have received funding from the Tudor Trust.*
- *We were unsuccessful in obtaining funding through the Enterprise Ready Fund Cat 3.*
- *Small grant for provision of tools and training in woodcarving.*
- *We occasionally apply for grants, these are usually for capital equipment. We recently received funding from a [...] charity to purchase an 'Ox trac' skidder forwarder, this allows us to both carry out contracting and provide FMO [forest machine operations] training.*
- *Considered an HLF [Heritage Lottery Fund] application, however employment complications meant that this was not taken forward by this organisation.*
- *Considering crowd funding.*

10. Support needs and key challenges

16 of 20 respondents said that they had support when setting up their businesses. They were asked what was most useful, and answers varied.

Many mentioned specific support or grant funding organisations:

- *Talking to similar organisations.*
- *HIE [Highlands & Islands Enterprise] - funding and advice; Forestry Commission Scotland - funding and advice; LEADER – funding; Community Woodlands Association [CWA] - support and advice.*
- *First Port - financial support.*
- *HISEZ [Highlands & Islands Social Enterprise Zone]; HIE; CWA; FCS; Highland Council. Our local community council and business association.*
- *[Our local] Voluntary group.*
- *First Port/Scotland UnLtd.*
- *Long time ago now, but CWA have always been very helpful and supportive.*
- *CWA; HIE; Just Enterprise; Business Gateway.*
- *Support on co-op model and members' agreement.*
- *Funding from First Port and PKC Social Enterprise Development Fund.*
- *Core funding from (private) charitable foundation during formative first 5 years of Trust. Most significant funding for NFLS forest acquisition from Social Investment Scotland. Also loan from Triodos Bank.*
- *SAOS - Scottish Agricultural Organisation Society.*

Some had had particular training:

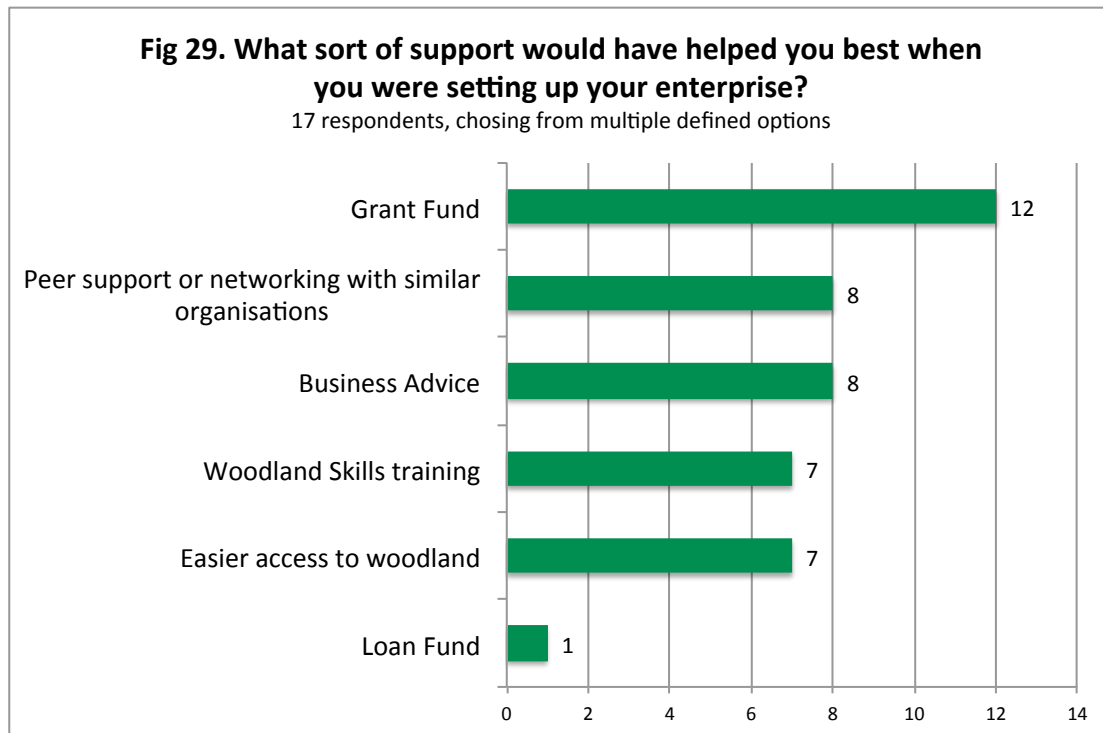
- *We studied at the School for social entrepreneurs for a year before starting our social enterprise. This was most helpful. The social enterprise academy is doing similar.*
- *Forest Education Initiative - part funding for Level Three Forest School Leader qualification. Mud Pies - business advice and support.*

Some had had less formal support:

- *We have been paid to run workshops on behalf of organisations rather than gained support to set up.*
- *No support, but we are however part of a number of networks. What is most helpful is enthusiastic learners!*

10.1 Retrospective support needs

Respondents were then asked what type of support would have been useful, and to chose from a list of options.



Some of the comments in the “other” box included the need for support for accessing legal and technical advice, as well as land access.

- *Support to develop a Woodland Plan.*
- *This is hard looking back 10 years, financial help is crucial at the start along with not wasting money, which is where the advice comes in. Access to woodlands is so underestimated, land needs to be set aside for training across Scotland with a very joined up approach.*
- *Legal advice on structure and land transfer.*

10.2 The next three years: challenges and opportunities

Interviewees – both enterprises and supporting interviews – mentioned woodfuel as an area of perceived potential growth.

The next round of the Scottish Rural Development Programme (SRDP) was seen as not going as far as it could in supporting smaller woodland enterprises.

The landowners interviewed mentioned land reform as something that they felt was blocking potential collaborations – and that many people were waiting for the land reform review committee to report before making decisions about their land.

Respondents were asked how they felt about the next three years in general, and responses were, in general, positive:

- *We have received funding from the Enterprise Ready Fund, we aim to get into the corporate team building market and to expand our geographical base.*
- *We're applying for investing in communities funding - hopeful!*

- *Good - trading profits are slowly increasing. We expect a large capital grant for accommodation and café and community centre c £1mill. This will ensure our financial independence.*
- *I am hoping to continue with holiday clubs and extend my work in schools, providing support for staff in outdoor learning.*
- *Fairly positive if we can reach agreement with FCS on plans for extraction and milling.*
- *We await a grid connection date for our community owned wind farm at which point we will have an idea of what the next 3 years will be.*
- *Organisation should grow during this period. Structure may limit our ability to grow however (unless we become employers rather than relying on members' capacity and skills).*
- *Expecting good steady growth in woodfuel sales.*
- *Interesting times, lots of potential to all work together more closely, share information, grow the industry and young people.*

Some expected little change, or mentioned uncertainty:

- *Nervous!*
- *Continuing as currently.*
- *Should get up to full production numbers in 3 years. Difficult for small nurseries to be self-supporting as competing on price with industrial scale operators.*
- *Uncertain as to the impact of SRDP2. Confident that our wood fuel business will expand.*

Many of the final comments in the survey reflected on the challenges and opportunities of being a woodland social enterprise.

Some had specific comments for Forestry Scotland:

- *Really need a clearer steer from FCS on Community Woodland and in fact on how to manage small parcels of woodland within their rules. At present we have to meet the same criteria for equipment, training and certification as large contractors who are clear-felling woodland. This is very difficult for a group of volunteers and is inhibiting development of the social enterprise.*
- *Some support from Forestry Commission to create a Forest Plan would be most helpful at this time.*
- *We congratulate the Forestry Commission on engaging in this survey. We see a risk that SRDP will exclude social benefit.*
- *Land ownership is great as long as there is a long term aim and plan, these should be invested in and supported, land even flagged up to community groups.*

Some had reflected on the need to build connections and knowledge:

- *The skills training programmes are vital for the industry if we are to attract young people, they have been very successful and should continue or expand. Getting everyone involved together and to share experiences, barriers and successes could be vital. A networking event is a great idea. Maybe this could be followed*

up with a yearly gathering?[...] We are now at the stage where we would like to own our own land and build our own buildings from Scottish timber.

- *Would be nice to have connections with other projects.*
- *Great that there is support out there for those committed to getting it! I have found my first few months as a social enterprise to be highly enjoyable and not as arduous as I expected.*

One specifically commented on landowners:

- *Landowners should open up their currently under managed woodland to organisations such as ourselves for environmental and social benefits but it is difficult to know who these people may be. Perhaps a survey of landowners to see if they are interested in this type of enterprise within their woodlands?*

This chimes with a comment from one of the landowners interviewed, who mentioned that a process for attracting and vetting potential social enterprise users of land would be welcome.

11. Aspiring Woodland Social Enterprises

Only three respondents indicated that they aspired to meet the woodland social enterprise criteria – and all three indicated that they were aspiring to trade.

These were routed to “Route B” of the survey. They were asked what area of woodland they were engaging with or considering engaging with. The total response was 427.79 ha, which was made up of 1.79ha currently managed by a community woodland group, and 426ha owned by a private landowner considering social enterprise. The other response concerned a group “pooling carbon held by farm woodland”.

12. The Woodland Social Enterprise sector

As mentioned, the data in this report is not representative enough to extrapolate a potential sector size. However, there are trends and research themes that can inform future work.

12.1 Defining the woodland social enterprise sector

Community woodlands and community land ownership are an established part of Scottish land management. We know that there are more organisations in Scotland that fit our criteria for woodland social enterprise than filled in the survey.

There is a clear spectrum of “social” activity related to woodlands, both in terms of activities (from woodland management, to habitat conservation, to training, to education, to health and cultural work), and organisational motivations (from community woodland groups to co-ops and others trying to sustain a livelihood to larger charities seeing woodlands as a way of meeting wider aims).

The definition of woodland social enterprise could be drawn tightly, so that only those with a majority of income from trading, and firmly “woodland based” activities qualify. Or it could be drawn more widely, reflecting the patchwork of income streams, organisational forms and activities detailed here, to encompass all enterprising activities that relate to woodlands, or use woodlands as a setting.

Partly the decision on how tightly to draw the definition will depend on overall policy objectives. Is woodland social enterprise seen as a potential alternative to traditional public or private sector forestry? Or, is it an evolution of traditional community woodland groups, adding value to the traditional forestry sector but not replacing it? The answer will influence what support to the sector (however defined) is aiming to achieve.

Any definition will have to be wide enough to cope with organisations moving within it. Sole traders may become part of co-operatives. CICs may spin out of local authorities; community groups may begin trading.

The Land Reform agenda and the National Forest Land Scheme are mechanisms for encouraging increased community ownership of land. While many community woodlands may meet the criteria for woodland social enterprise, they may not define themselves as such or identify with the term. This may be due to a reluctance to appear too “business like” or profit driven, or, at the other end of the scale, to a need to seem less “social”, and to be seen as professional woodland managers by others in the timber industry.

A significant number of education and health woodland enterprises also exist. These may not be rooted in a community, or have community control of their governance, but see themselves as having social aims and objectives. They are often run by socially minded sole traders or freelancers collaborating with each other. Whether

these organisations should be seen as woodland social enterprises depends on whether community control is seen as necessary.

12.2 Opportunities

The National Forest Land Scheme, the Land Reform agenda and the general support for community ownership of land in Scotland are all opportunities to further grow woodland social enterprise in Scotland.

The support for outdoor learning in Scotland also offers opportunities for education-focussed woodland enterprises²¹.

Woodfuel was seen across the board as an area of potential growth for the sector. Agricultural woodland was seen by some as a key area to expand into, helping farmers manage currently unmanaged patches of woodland.

About a third of the respondents to this survey indicated their organisations had been formed in the past three years. This may indicate growing interest in this sector.

12.3 Barriers

While there is funding and support for community and social enterprise management of land in Scotland, a number of enterprises interviewed mentioned that Scotland's land ownership structures were still a barrier to their own development or acquisition of land.

As woodland management social enterprises operate in a commercial market, they are subject to State Aid²² provisions limiting the amount of public funding that can be received. This was seen by some as a barrier to development.

A number of enterprises mentioned uncertainty over the reform of the Scottish Rural Development Programme, and concern that social benefits and smaller organisations would not be recognised well enough. This may compound existing difficulties faced by those managing smaller patches of land whilst needing to adhere to regulations and criteria designed for large contractors.

Landowners mentioned that uncertainty over the outcome of the land reform review²³ was making them less likely to consider working with social enterprises.

²¹ See: <http://www.educationscotland.gov.uk/learningteachingandassessment/approaches/outdoorlearning/>

²² For more information see: <http://www.scotland.gov.uk/Topics/Government/State-Aid>

²³ For more information see: <http://www.scotland.gov.uk/About/Review/land-reform/ReviewGroup>

13. Potential indicators to demonstrate change within the sector

Deciding on what to measure shows what is considered to be important and so will be affected by the overall policy objective and the approach taken to defining social enterprise. It is worth considering that, taking account of the diversity of enterprises detailed here, growth may happen in areas that are currently unexpected, and thus flexibility should be built into any model.

Lawrence and Ambrose-Oji (2013)²⁴ have developed a framework for collection of information on community woodland groups, in order to develop comparable case studies that reflect the evolution and current situation of groups.

The key elements of this framework are:

1. History
2. Institutional context
3. Group organisation
4. External links
5. Resources

This has informed the development of these key indicators. The indicators below sit mainly in the "group organisation" element, with particular attention to the business model. We would suggest, though, that any longitudinal study uses the same elements of the framework in order to develop comparable information.

We have attempted to develop indicators that are easily measurable but that can be expanded on if resources allow.

In this section we discuss what indicators would be useful to track and then how they may be collected. The basic indicators suggested are quantitative and should be relatively easy to collect. We have suggested where further resources could allow more detailed data to be collected, or where more qualitative information would be helpful.

13.1 Indicators

A: Enterprises

1. Number of enterprises that meet the three broad criteria for woodland social enterprise

- Recent growth in numbers could be expected to continue but this is likely to be tempered by the closure of some enterprises; the date founded should be collected
- If more resources are available: categorise woodland social enterprises by type or business model, and track number of enterprises, and success and failure rates, within each category.

2. Number of full time equivalent staff, and volunteer hours

²⁴ Lawrence, A & Ambrose-Oji, B (2013), A framework for sharing experiences of community woodland groups, Forest Research, Available at: [http://www.forestry.gov.uk/PDF/FCRN015.pdf/\\$FILE/FCRN015.pdf](http://www.forestry.gov.uk/PDF/FCRN015.pdf/$FILE/FCRN015.pdf)

- Consideration should be given to whether it is important to capture the contribution of partners in co-operative businesses, and freelance staff, and if so, what the most useful measure of this is. This will be important in terms of support for the rural economy.
- Tracking the contributions of volunteers will be important in understanding the business models in use in the sector
- If more resources are available: understanding the interplay between voluntary, reciprocated (e.g. in firewood) and paid labour in the sector would be useful in understanding the real business models in action. From an impact point of view, it would also be useful to understand how volunteers use the skills they gain. A qualitative longitudinal study focussing on a sample of enterprises across the spectrum could be useful in providing this data.

3. Diversity of activities & impact

- Capturing information on the variety of activities undertaken by woodland social enterprises will be useful in understanding the sector and its development. The list used in this work could be updated as the sector grows and different activities are tracked. This could be important as one of the potential strengths of this sector is the diversity of enterprising activities, which may increase the viability of small plots of woodland.
- As a minimum, enterprises could be asked to describe how they see their impact and any steps they are taking to measure it.
- If more resources are available: more qualitative research could probe the impact that these enterprises are having. Developing a user-friendly and sector-appropriate range of impact measures may be a useful output.

B: Woodlands

4. Woodlands engaged with, and managed, in ha

- This is a key indicator and will help indicate the impact the sector is having more fully than the simple number of enterprises in existence.
- If more resources are available: more nuanced data could be achieved by asking about amount of new woodland created, and previously unmanaged woodland brought into management.

5. Security of tenure / legal relationship with woodlands

- This is an important indicator, as lack of security of tenure will contribute to the instability of small enterprises in this sector, and may provide insight into the type of support necessary to grow the sector.
- If more resources are available: qualitative research might probe how some of these informal agreements have come about, and consider how different types of landowners interact with woodland social enterprises; and what support both landowners and enterprises need to ensure mutual benefit.

C: Finances

6. Turnover and Surplus, both absolute and per hectare

- Given the range of business models and types in use, it may also be useful to break this down according to business type, especially as the data set grows.

- If more resources are available: comparing these figures to any in the “traditional” forestry sector could be useful.

7. Use of surplus

- A key defining feature of a social enterprise is the reinvestment of the majority of its surplus; this should be tracked.

13.2 Collection methods

There are three broad approaches that could be taken to collecting this data. They are not mutually exclusive but will take different amounts of resource, time and input.

1. The “open source” approach

- Develop an online portal / website with a simple form for the basic information outlined above, allowing individuals to create an account and fill in this information.
- Contact all respondents to the survey and ask if they are happy for their information to be made public as part of this initial dataset. Financial information could be kept private, if required.
- Publicise this and ask enterprises to fill in their own information.
- This would allow some peer networking as enterprises could see other organisations doing similar things near them.
- A yearly “call for information” or similar could be issued, followed by basic analysis.

Resources

- The key cost will be in web development and maintenance and in time spent chasing information and analysing.

Considerations

- Enterprises are likely to need some kind of incentive – potentially networking, mentioned by some of our respondents as desirable – to take the time to update their information.
- There is little opportunity to collect any qualitative data in this method, although an up to date contact list of woodland social enterprises would mean that future qualitative research would be easier.
- This approach should be co-ordinated with the Community Woodlands Association.

2. Further iterations of this research

- Re-run a similar research project combining an online survey and telephone interviews at regular intervals – say every two or three years.

Resources

- Similarly to this work, an external organisation could be commissioned to carry out the work, or it could be done internally within the Forestry Commission Scotland or Forest Research. The main time cost is in the telephone interviews, questionnaire design, and data analysis.

Considerations

- This method allows for more in-depth analysis, collection of qualitative data, and more detailed quantitative data.
- It could run in parallel with the method described above, with selected telephone interviews being undertaken, and more detailed optional questions available at the yearly call for information.

3. In-depth longitudinal research

- This could be along similar lines to the existing Forest Research longitudinal work on community woodland groups; taking a sample of woodland enterprises and tracking their development, challenges, opportunities and impact.
- Alternatively, funding could be sought for an academic research project, with a number of PhD studentships, looking at different aspects of the sector, such as different business models, impact and the legal relationship of these enterprises to the woodlands they work with.

Resources

- Both of these options would require more significant resources, particularly in terms of research time, as well as in publicity.

Considerations

- Either of routes 2 or 3 would allow the Forestry Commission to obtain One of these routes would be the best way of getting the more nuanced and longitudinal data suggested above.
- This approach could complement the “open source” approach outlined in option 1.

14. Conclusion

Woodland social enterprise is a relatively new term, but Scottish community organisations have been carrying out enterprising activities in woodlands for some time, and we suspect that the woodland social enterprise sector in Scotland is bigger than the 21 organisations that form the basis of this report.

The information in this report shows a varied and diverse sector of social and community based organisations carrying out enterprising activities in and around woodlands. These organisations vary in size, scale, activities, governance and business models. What unites them is an enterprising approach to engaging in woodlands, a social or environmental motivation and a reinvestment of any profits into their objectives or their community.

Diversity is a hallmark of these organisations. There is a patchwork of different activities, incomes, phases in time, and even seasons within these organisations, and across the whole sector. Enterprises have their “eggs in different baskets”, with funding, income generation, activities and relationships with their community and the organisations that support them.

While some in this data set are managing larger areas of land, there is some intensive use of smaller areas of land. Some find that there are barriers in accessing larger areas of land, particularly where regulations are designed for larger contractors.

These organisations exist within networks of support, and ‘help’ in the broad sense: payment in kind, support organisations, advice, funding and networking. This support seems key when starting up, and nurturing the development of organisations.

The overall impression is of a hopeful set of organisations, looking forward for new activities, and growing and changing all the time.