



Knoydart Natural Capital Sessions - October 2025

Summary Report



Credit : Ross Wilson, NCCP



Purpose of this Document

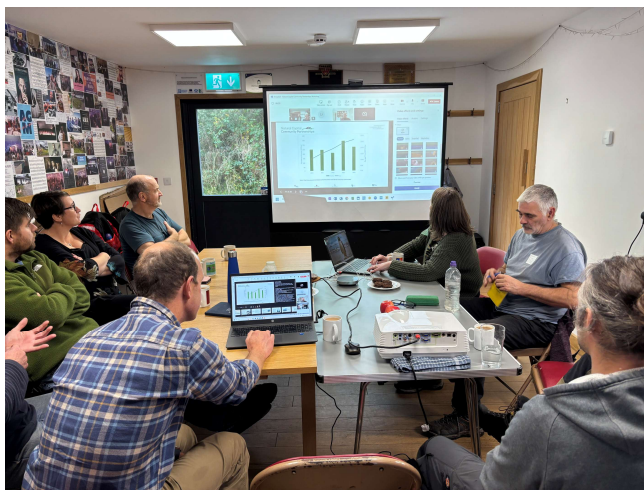
This summary captures the discussions, case studies, and next steps from the Knoydart natural capital sessions on 9th October 2025. It aims to share understanding of natural capital concepts and how they are being applied elsewhere, reflect on Knoydart's own position, highlight opportunities and challenges, and record learning from the event for directors, community members, and partners.

It also outlines potential next steps for the directors and community to consider.

Purpose of the Event

To introduce and update the Knoydart Foundation Board, Knoydart Forest Trust Board, and the wider community on:

- What natural capital means in practice.
- The Knoydart Credit Project and related work.
- Real-world examples of natural capital partnerships from other community and estate contexts.
- Allow time for further discussion



Credit : Ross Wilson, NCCP

Context: Knoydart's Land Management Plan and Vision

The recent Land Management Plan (LMP) process has been an important driver of community engagement. It has brought people together around shared priorities for the land, leading to broad agreement that nature restoration is a central focus of the Knoydart community's long-term plan. It must also deliver economic and community benefits, including local jobs, learning, and wellbeing. Delivering these ambitions will involve both costs and opportunities, and the community must consider how best to finance them in ways that reflect local values and stewardship.

The State of the Nature Markets: Context, Trends, and Opportunities

The land management plan identifies clear ambitions for nature restoration, which the community aims to deliver through a combination of public funding, grant funding, and income generated through activities such as deer stalking and timber harvesting. However, these sources are unlikely to cover all costs. Part of the session, therefore, was to explore the evolving landscape of natural capital markets. What they are, how they work, and how they could support Knoydart's objectives while maintaining community control and integrity.

Market Overview

Natural capital markets are still developing and remain fragmented. The most established part of the voluntary market is carbon, primarily through the Woodland Carbon Code (WCC) and the Peatland Carbon Code (PCC). The WCC continues to see steady demand, particularly for high-integrity, UK-based credits, while peatland restoration offers significant potential but has seen fewer verified transactions to date.

Alongside carbon, there is growing interest in biodiversity and nature credits, though these remain at an early stage with few recognised standards or clear regulatory frameworks. In parallel, there are emerging investment opportunities in ecosystem services such as water quality, flood mitigation, and catchment-scale improvements. However, these are generally bespoke arrangements with no established marketplace or pricing benchmarks.

The overall picture is one of cautious momentum: activity and interest are rising, but the number of actual deals is still relatively small due to lack of demand from buyers, and the high risk of nature market returns for investors. Transparency is limited, and some working in this space note that frameworks and guidance are evolving faster than practical examples.



Credit : Urras Oìqhreachd Chàrlabhaiqh

Current Trends

- **Voluntary carbon markets** in the UK have not expanded as rapidly as many predicted. However, demand for verified credits remains steady, and average prices continue to rise gradually.
- **Transactions** are piecemeal. Although people talk of the *carbon and nature markets* many registered and verified schemes have not yet reached the point of finding buyers or investors.
- **Corporate buyers** are increasingly focused on credits with demonstrable integrity and community benefit, reflecting growing scrutiny around greenwashing and ethical investment.
- **Investor interest** from institutional sources such as pension funds remains limited. Although very interested in natural capital, so far they favour projects in areas with a more established track record.
- There is a gradual shift in preference from buyers and investors towards projects that also deliver social impact or **community benefits**. This is driven by the principles set out in the Land Rights and Responsibilities Statement and guidance such as the [Community benefits from natural capital investment routemap](#).
- **Biodiversity** in nature markets remains largely undeveloped. The Ecosystem Restoration Code still in development and the Scottish Biodiversity Metric still emerging as a planning tool. However, some activity is being driven by regulatory requirements such as NPF4 and by significant funding from transmission operators like SSEN-T and SPEN.

Risks and Considerations

For all landowners, especially community-led ones, entering natural capital markets raises legitimate questions about land-use flexibility, long-term commitment, and control.

- **Project durations can be very long.** Under the Woodland Carbon Code, projects typically span 40–100 years, although some flexibility exists depending on how credits are sold.
- **Credit sale options affect risk and control.** Selling verified credits after delivery offers lower risk and allows project developers (e.g., Knoydart) to retain full control, whereas selling Pending Issuance Units (PIUs) upfront provides earlier funding but creates stronger delivery obligations.
- **Woodland projects require significant upfront investment.** Capital and maintenance costs are front-loaded, with income from verified credits (rather than Pending Issuance Units) often only realised after 20–25 years.
- **Peatland restoration** - Agreements can deliver income following project registration (through sale of Pending Issuance Units) or at the 5 year anniversary following project verification and conversion to Peatland Carbon Units. There are though still short-term cashflow and monitoring obligations to manage. Finding a buyer for peatland credits can also be challenging.
- **Contracts should clearly define ownership and liability.** This includes resale conditions, with provisions to prevent transfers to partners misaligned with community values or to restrict resale entirely.
- **Investor alignment is crucial.** A system to scrutinise potential investors against the community's values and requirements helps safeguard integrity and reduce the risk of greenwashing.

The key is finding a balance between accessing investment and maintaining local autonomy. For Knoydart, community ownership and a well-earned reputation for responsible land stewardship provide a strong foundation. These attributes make the area particularly attractive to partners seeking credible, values-led projects. The challenge, and opportunity, is to define what a trusted partner would look like.



Learning from Others

Ardtornish Estate - William Hawes (Finance Director) & Henry Dobson (Land Manager)

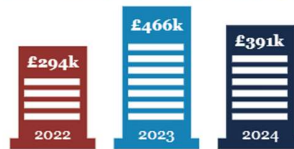
William and Henry explained how Ardtornish Estate has placed social and environmental impact at the centre of its management approach, using this as a basis to secure high-value natural capital partnerships. Their long-term agreement with Edinburgh University, focused on woodland and peatland restoration, shows how clear objectives, sound governance and fair risk-sharing can attract reliable investors while supporting both community and environmental outcomes.

Key Highlights:

- Innovative Edinburgh University partnership: long-term carbon offset deal for foreign student flights over the next 30–100 years.
- These deals take a long time to agree. It took 2 years to negotiate!
- Estate aims to deliver and communicate social and environmental impact
- Projects which can deliver community benefit which can do this are more likely to secure good natural capital deals
- Focused on delivering measurable social and environmental impact (see [Ardtornish 2024 Impact Report](#)).
- 5% of total contract value ring-fenced for community benefit.
- University holds land security; risks shared proportionally.
- It's important to understand the environmental integrity of any buyer.

Economic Impacts continued

• Our total contribution to local authority taxes between 2022 and 2024 was **£1.151M**.⁵



• We made payments averaging a total of **£16k** per year directly to local community funds or causes.



• The business received a total of

£186k

in agricultural subsidies from the Scottish Government in 2024.

2022 2023
£276k £245k

£100k under the Basic Payment Scheme (BPS). The BPS is an area-based income support subsidy for active farmers.⁶



2022 2023
£169k £164k

£35k under the Less Favoured Area Support Scheme (LFASS). LFASS provides additional income support to farmers in remote and constrained rural areas.⁷



2022 2023
£61k £31k

£39k under the Scottish Upland Sheep Support (SUSS)⁸ and Scottish Suckler Beef Support Scheme (SSBSS).⁹



2022 2023
£34k £38k

£12k under the Agri-environment Climate Scheme (AECS) in support of Ardtornish's organic farming enterprise at Inninmore.



2022 2023
£12k £12k

• The business also received **£25k** in forestry grants from the Scottish Government to support the maintenance of 244ha of newly planted native woodland.



2022 2023
£66k £40k

⁵ Local authority taxes include council tax and non-domestic rate payments made to the Highland Council

⁶ More information about the BPS can be found here: <https://www.ruralpayments.org/topics/all-schemes/basic-payment-scheme>

⁷ More information about LFASS can be found here: <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/lfass/#:~:text=The%20Less%20Favoured%20Area%20Support,remote%20and%20constrained%20rural%20areas>

⁸ More information about SUSS can be found here: <https://www.ruralpayments.org/topics/all-schemes/scottish-upland-sheep-support-scheme>

⁹ More information about SSBSS can be found here: <https://www.ruralpayments.org/topics/all-schemes/scottish-suckler-beef-support-scheme>

Assynt Foundation - Simon Jeffreys (Treasurer)

The Assynt Foundation purchased ~8,000 hectares for the community in 2005. It quickly needed to establish meaningful sources of revenue.

With limited income options, the Foundation had to carefully consider how it could sustain both the land and its wider community goals.

That turning point led Assynt “accidentally” into the natural capital space. Key steps included:

- **Woodland Trust Partnership:** A five-year negotiation led to a deal where land was leased to the Woodland Trust, who will secure grant funding and managed registration under the Woodland Carbon Code.
- Profits from carbon credit sales are shared 50/50 between WTS and Assynt Foundation, with Aviva providing investment that guarantees a minimum price for credits.
- Gives Assynt Foundation predictable revenue while ensuring ecological outcomes are delivered by a trusted partner.
- Peatland Restoration Projects:
 - **Cul Mor** – Supported by a Peatland Action grant, with additional revenue being generated by the sale of peatland credits as pending issuance units
 - **Loch Awe** – Funded mostly by Peatland Action with Assynt Foundation also contributing directly to deliver the work. This is a larger project that represents a significant opportunity to go to the market.
- These projects have enabled the Assynt Foundation to build financial reserves. Longer term they aim to increase their employment local staff and contractors and reinvest directly into community priorities.

Simon reflected that external expertise and persistence were crucial, and that the Foundation “didn’t set out to become natural capitalists.” But through necessity, they found a model that aligns environmental restoration with community resilience, turning financial pressure into a foundation for long-term stewardship.

Reflections and Key Learnings

- Trust and time are fundamental; successful partnerships are built slowly.
- Certainty over income can support long-term planning.
- Strong leadership is needed to coordinate and maintain partnerships.
- There are many different market mechanisms which could be used for financing. Although there is no obvious path to follow, this does leave scope for creativity.
- Monitoring and data strengthen credibility.
- Integrity and value alignment are essential.



Summary and Next Steps

The Knoydart community, as a landowner, is in a strong position to pursue natural capital opportunities if and when it chooses to do so. Its advantages include community ownership, a strong stewardship reputation, well-established forestry and land management expertise (including deer management), dramatic landscapes, and a unique story.

Potential Next Steps

- Maintain engagement with natural capital market developments through initiatives such as the FIRNS Community of Practice and Nature Finance Pioneers.
- Explore funding and partnership models broadly to inform community discussion and enable meaningful comparisons.
- Keep the community's vision, values, and ethos at the centre of any project.
- Continue collaboration with partner organisations (including Community Land Scotland) to leverage experience and networks, including dialogue with other community-led organisations exploring natural capital finance.
- Advance opportunities for continued learning and training with the wider community, including an ongoing programme of events, talks, films to maintain and develop interest in the potential for habitat regeneration.
- Continue to work with local community organisations and businesses in Knoydart, as well as neighbouring landowners to identify opportunities for collaboration and to ensure alignment with wider community development plans.
- Define a set of criteria to assess potential partners against the community's values and principles. An example of this kind of output can be seen in the [Integrity Charter for Landscape Scale Rainforest Restoration](#).
- Provide the community with ongoing updates on market developments, opportunities, and progress against these next steps.

Glossary

A clear and useful guide to the emerging terms in natural capital and nature finance, helpful for anyone navigating this developing area: [Nature Finance Glossary - Ecosystems Knowledge Network](#)

Acknowledgements

Thanks to everyone who took part in the discussions and presentations:

- Knoydart Foundation & Knoydart Forest Trust staff and boards
- William Hawes & Henry Dobson – Ardtornish Estate
Simon Jeffreys – Assynt Foundation
Community Land Scotland – Natural Capital Community Partnerships
- The Knoydart community for their support, input, and engagement
- The Knoydart Credit Project is grateful for the support of the National Lottery Heritage Fund.
- The Natural Capital Community Partnerships programme would like to thank its partners for their support.