Facility for Investment Ready Nature in Scotland – End of Project Report

The Flow Country Green Finance Initiative

This project is supported by NatureScot in collaboration with The Scottish Government and in partnership with The National Lottery Heritage Fund.

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The Links, Golspie Business Park, Golspie, Sutherland. KW10 6UB

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Introduction

The Flow Country is home to the largest blanket peat bog in Europe, serving as a crucial wildlife habitat and storing an estimated 400 million tonnes of carbon—more than twice the amount held in all of Britain's woodlands. This makes it an essential asset for biodiversity conservation and climate change mitigation. However, vast areas of these peatlands are degraded, emitting carbon instead of storing it. Restoring them is one of the most effective ways to combat climate change, but delivering large-scale restoration projects remains a significant challenge.

The Flow Country Green Finance Initiative is a locally led effort to mobilise funding for large-scale peatland restoration. By blending public and private finance, the initiative aims to support community development, create high-quality jobs, attract carbon investments, enhance ecosystem services, and promote sustainable business models.

The initiative aligns with Scotland's Net Zero ambitions, helping to both reduce emissions and sequester carbon. A key principle of The Flow Country Partnership is that financial returns from investments, ecosystem services, and carbon credits will be reinvested into local communities, ensuring long-term benefits.

Our Approach

- **Community Approach** – Ensuring that economic activity associated with peatland restoration benefits local communities.
- **Not-for-Profit** – Profits from carbon pricing and ecosystem services are reinvested to support local projects.
- **Ethical Finance** – Investment decisions are guided by principles that align with local environmental and community priorities.
- **Holistic Impact** – Balancing carbon storage, biodiversity enhancement, and social benefits to maximize positive outcomes.
- **Streamlined Access to Finance** – Connecting landowners with public and private funding through Peatland Action and the Peatland Code.
- **Administrative Support** – Managing applications, paperwork, and compliance processes to ease the burden on landowners.
- **Ongoing Monitoring & Verification** – Ensuring restoration efforts are effectively implemented and delivering measurable results.
- **Future-Proofing** – Helping stakeholders navigate the evolving landscape of nature-based finance and climate resilience.

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By fostering sustainable investment and a collaborative approach, the Flow Country Green Finance Initiative is shaping the future of large-scale peatland restoration - supporting Scotland's landscapes, communities, and climate ambitions.

Assessment of Project Aims and Outcomes

The Flow Country Green Finance Initiative was designed to pilot a blended finance model for scaling peatland restoration. The project aimed to combine Peatland ACTION funding, private investment, and carbon credit sales to create Flow Country carbon as a premium product, aiming to deliver ecological, social, and economic benefits. Three pilot sites were identified: Armadale Farm, Achentoul Estate, and Borgie Common Grazings, all while addressing complex issues related to land ownership, agricultural needs, and crofting law.

The initiative has made headway in structuring financing deals and initiating restoration activities at the pilot sites. It has also helped build stronger relationships with local communities and land managers, contributing to job creation and raising awareness of nature restoration as an industry in the North Highlands. However, the project faced challenges including market volatility, legal complexities, and capacity constraints that have made progress in some areas challenging.

The Flow Country Green Finance Initiative has made tangible advancements in testing a blended finance model for peatland restoration. While challenges in market development, legal structures, and resources have slowed progress, the project has established a strong foundation for scaling efforts. Addressing these challenges will be crucial for ensuring the long-term success and replicability of this model for large-scale peatland restoration.

Summary of Project Delivery

The Flow Country Green Finance Initiative is a locally led initiative to raise money to restore peatlands at scale, blending public and private finance. It aims to support community development goals, create high quality jobs, carbon investments, ecosystem services, and support circular business models. With funding and support from the Facility for Investment Ready Nature Grant (FIRNS), the initiative has worked towards achieving ten key areas of project activity (A–J). Each activity is designed to support the development and implementation of the Flow Country Green Finance Initiative, ensuring long-term sustainability and impact. The specific project activities and their expected outputs are:

- **A. Recruitment of Project Manager and Peatland Restoration Officer** – Creating two 0.8 Full-Time Equivalent (FTE) positions from October 2023 to March 2025.
- **B. Administration tasks following the set-up of the SCIO** – Establishing administrative systems for the organisation.

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- **C. Developing a detailed finance model, set up a Special Purpose Vehicle, draft and formalise the legal agreements** – MOU signed with three pilot sites, Special Purpose Vehicle/s established under FCGFI to deliver three pilot restoration projects, development agreement signed between pilots and SPV, Land Court test case on common grazings in relation to carbon finance, template legal agreements to allow scaling and replication by others
- **D. Securing investment** – Obtaining private finance as part of a blended finance model and securing a price premium for Flow Country carbon.
- **E. Planning peatland restoration** – Completing surveys, securing consents, and preparing for restoration at three pilot sites.
- **F. Implementing peatland restoration** – Undertaking restoration work using Peatland ACTION funding, private investment, and the sale of Peatland Code-validated carbon units.
- **G. Establishing a community benefit mechanism** – Developing criteria, securing a host organisation, and identifying a pilot community benefit project.
- **H. Community consultation and stakeholder engagement** – Delivering a communications and engagement programme and hosting multi-stakeholder platform meetings.
- **I. Testing the monitoring and evaluation (M&E) framework** – Establishing a baseline using the 4R Framework for pilot sites.
- **J. Public and sectoral communications** – Conducting a virtual knowledge-sharing event, launching a social media campaign, and publishing a lessons-learned report.

This report focuses on the progress made throughout **Project Activities A–J**, broken down as follows.

A. Recruitment of Project Manager and Peatland Restoration Officer

The recruitment of a Peatland Restoration Officer was successfully completed, with the Officer starting in October 2023. Since then, they have played a critical role in advancing the pilot restoration projects, ensuring their effective coordination and delivery. This position remains filled post-FIRNS, contributing to the long-term sustainability of the project's restoration efforts.

The recruitment of a Project Manager, however, faced challenges. The initial PAYE recruitment process did not result in a successful appointment, leading to the engagement of Peter MacDonald as a contract Project Manager to provide interim leadership. In April 2024, a new Project Officer was successfully recruited, gradually assuming full project management responsibilities. By September 2024, Peter MacDonald had fully transitioned out, marking a successful handover of duties to the Project Officer and the wider FCGFI team.

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To further strengthen capacity, a second Peatland Restoration Officer post was created by RSPB to work primarily on Flow Country projects. Following an internal recruitment process in early 2025, a candidate was successfully selected, ensuring additional expertise and resources for restoration efforts.

While initial challenges were encountered in recruiting a Project Manager, alternative solutions ensured continuity and stability. The successful recruitment of both a Peatland Restoration Officer and a Project Officer, along with the addition of a second restoration-focused role through RSPB, demonstrates that this outcome has ultimately been met, enhancing the project's delivery and long-term sustainability.

B. Administration tasks following the set-up of the SCIO

The Flow Country Partnership SCIO was successfully registered on 1st February 2024, marking a key milestone in formalising governance. The appointment of founding and additional trustees strengthened leadership, and the establishment of Flow Country Restoration Limited in February further reinforced the project's operational framework.

Key administrative systems were implemented, including VAT registration, securing insurances, opening bank accounts, launching a website, and setting up email and membership systems. Charitable recognition from HMRC enabled fundraising efforts through JustGiving.

A joint meeting in June 2024 integrated the GFI and World Heritage Site workstreams, refining governance with quarterly trustee meetings and a management committee overseeing operations. While some administrative refinements continue, the core systems are in place and functioning effectively, achieving this outcome and supporting the initiative's long-term sustainability.

C. Developing a detailed finance model, set up a Special Purpose Vehicle, draft and formalise the legal agreements

Develop the Detailed Finance Model for Three Pilot Sites as Examples of the Common Land Use Categories (Farm, Estate, and Common Grazings)

A single overarching project financial model for has now been established. The principle adopted by the team has been to create a model that is adaptable to many different scenarios. Detailed models for the two pilots undertaken are now completed. A model for the common grazings pilot has been established and this is being refined during the finalising of the project.

Once the common grazings learnings have been incorporated a template will be created to be used for future projects.

A 15-year financial model has been drafted, covering the projected income, costs, and carbon credit returns over the lifetime of the projects. This model continues to be developed as the projects have advanced.

Set up Special Purpose Vehicle/s for the Pilot Restoration Projects, to Include Community Representation

Flow Country Restoration Limited was officially incorporated and registered with Companies House on 28th February 2024. This entity is a wholly owned subsidiary company of The Flow Country Partnership, and it has been established to facilitate the delivery of the pilot restoration projects. Graham Neville and Peter Faccenda were appointed as founding directors for Flow Country Restoration Limited, with Magnus Davidson joining as a director in September 2024. Both Peter and Magnus live and work within the local community.

Draft and Formalise the Legal Agreements – To Include Developing an Approach for Common Grazings and Testing in the Land Court

The development of legal agreements has been a complex and time-consuming process, significantly slower than initially anticipated. While Brodies LLP has made progress in drafting contracts and securing Memorandums of Understanding with key stakeholders, formal agreements remain in negotiation. The Land Court test case for Borgie Common Grazings is moving forward, but the legal review process is inherently lengthy, requiring careful consideration of all parties' interests.

A major challenge has been the competing priorities of the pilot landowners. While the Flow Country Partnership is focused almost exclusively on delivering these agreements, the landowners and common grazings committees must balance this with their ongoing business operations, livestock management, and other commitments. Scheduling meetings and securing necessary approvals has been challenging, as discussions must fit around their already demanding workloads.

One of the key principles of the Flow Country Partnership is to work collaboratively without placing undue burden on landowners. This approach, while essential to maintaining strong relationships, further slows progress, as agreements must be developed at a pace that respects the realities of those involved. Although the legal templates were not finalised within the original timeframe, the work undertaken has established a strong foundation, and the process will continue post-FIRNS to ensure agreements are completed in a way that supports participating landowners.

D. Secure investment for the pilot sites as demonstrators

The Flow Country Partnership successfully engaged with multiple investors, securing private finance through Social Investment Scotland (SIS) and Highland Opportunities Investment Limited (HOIL) to complete the first two restoration projects. Additionally, discussions with a private investor have led to drafted Heads of Terms for a five-year financial investment, further supporting long-term sustainability.

While investment readiness has been demonstrated, demonstrating a price premium for Flow Country carbon remains an ongoing challenge. The lack of a benchmark market price, limited

trading volume and confidentiality around carbon purchases make it particularly difficult to understand what would constitute a premium price.

Despite proactive engagement with ESG-focused nature-based investors and participation in key industry events, the market for natural capital finance is still evolving, with investors cautious about emerging models. Efforts to attract philanthropic and ESG-aligned funding have been slow, limiting rapid scalability. Encouragingly, a carbon buyer has approached the initiative directly, signalling increasing market interest, and these discussions continue although are likely to be complex due to the nature of the carbon buyer.

Ongoing challenges include navigating a developing investment landscape, securing long-term financial commitments, and differentiating Flow Country carbon in a competitive market. Investment outreach remains a priority, with continued engagement in sector events to enhance visibility and attract additional funding.

E. Plan peatland restoration work at three pilot sites – including surveys, consents, contractor procurement, Peatland ACTION funding application, Peatland Code validation submission, registering pilots with UK Land Carbon Registry

Pilot 1 - Armadale Farm, Hill Farm

The restoration plan for Armadale Farm successfully progressed from design to on-site implementation, marking the completion of Phase 1. Key milestones were met, including contractor procurement, completing required surveys and regulatory approvals, and registering the project with the UK Land Carbon Registry. Full funding was secured, with Peatland ACTION covering 100% of eligible restoration costs, FCP will be responsible for future compliance monitoring and maintenance.

This project did present significant challenges. The scale of the project required dividing the restoration into two phases, extending timelines beyond initial expectations. The regulatory and validation processes were complex and time-consuming, requiring multiple consultations and additional submissions.

Despite these hurdles, the successful execution of Phase 1 demonstrates the viability of large-scale peatland restoration in the Flow Country. The experience gained will streamline future projects, although ongoing challenges such as funding cycles, regulatory requirements, and logistical complexities will continue to influence delivery timelines. Phase 2 is scheduled for Autumn/Winter 2025, with lessons from Phase 1 informing improvements in planning and execution.

Pilot 2 – Achentoul Estate, Sporting and Farming Estate

The Achentoul restoration has also successfully progressed from planning to on-the-ground implementation, meeting key milestones including surveys, regulatory approvals, contractor

procurement, Peatland ACTION funding (89% of total costs), and Peatland Code validation. The project moved efficiently through the review and approval stages, with only minor refinements required.

However, the process was also not without challenges. Securing access involved complex negotiations, including approvals from Network Rail and SEPA, which added time to the timeline. The need for a temporary bridge and mitigation measures also required additional coordination. Despite these obstacles, strong collaboration with stakeholders and careful project management ensured a smooth transition to restoration.

The Achentoul pilot further demonstrates the project's ability to navigate logistical and regulatory complexities while securing funding and progressing restoration at scale. Lessons learned will improve efficiency in future restorations.

Pilot 3 – Borgie Common Grazings

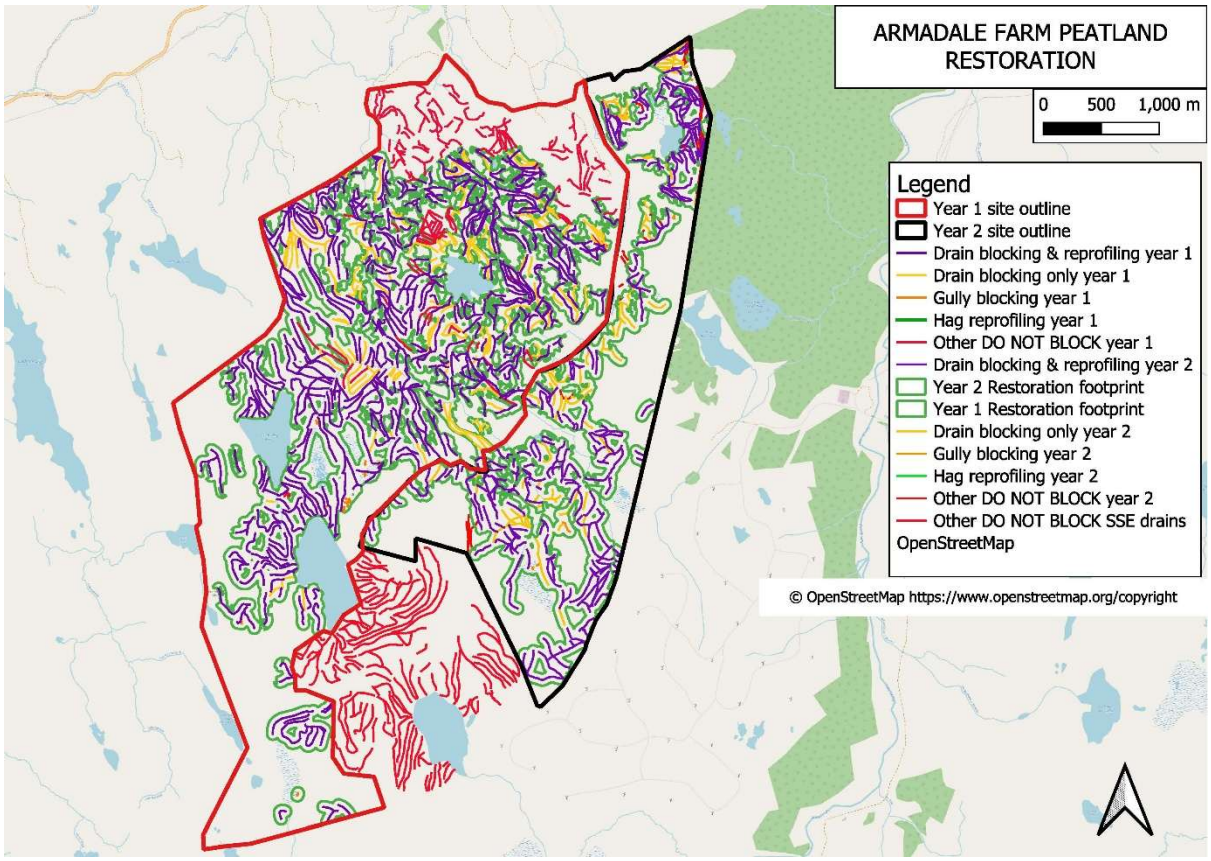
Progress has been made in engaging common grazing communities, with five areas mapped and Borgie Common Grazings confirmed as a pilot project. Multiple meetings were held with stakeholders to explain the Peatland ACTION and Peatland Code processes, and there were numerous questions, as this is the first common grazings project to go through the Peatland Code. Convincing landowners and stakeholders to come on board proved challenging, as the process was new and uncertain, requiring significant time and effort to address concerns and clarify processes.

This has been a significant learning experience for all involved, with many unknowns at the outset. Despite these challenges, the groundwork has been laid for a pilot project, with key feasibility work completed, including mapping, baseline surveys, and consultations with stakeholders. A Letter of Intent was signed in December 2024, and all ground-truthing fieldwork has been completed, and the mapping of restoration features has been updated accordingly.

As the project continues post-FIRNS, the focus is on moving through the Land Court process, which, if successful, will pave the way for restoration to commence in autumn 2025. The learning and engagement from this pilot will be instrumental in scaling future common grazings projects.

F. Undertake restoration work at the three pilot sites – with use of Peatland ACTION funding alongside sale of Peatland Code validated carbon Pending Issuance Units and private investment

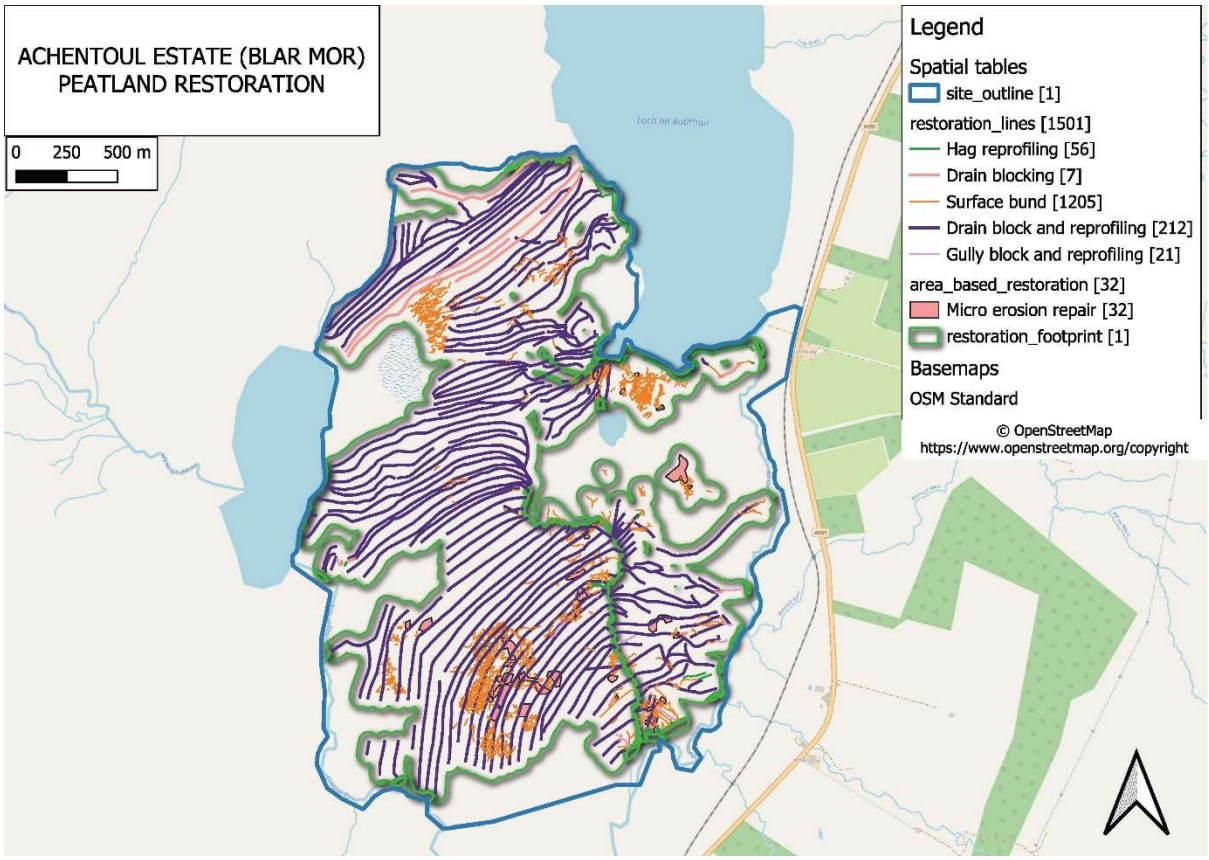
Pilot 1 – Armadale Farm, Hill Farm



Phase 1 of the restoration work at Armadale began on 26th August 2024 and was completed on 16th November 2024. Site inspections, conducted by both the Peatland Restoration Officer and the Peatland Action Project Officer, confirmed that the overall quality of the restoration was rated as very good. Only minor feedback was provided, primarily concerning the spacing of dams on slopes, which will be addressed during Phase 2 of the project in Autumn 2025.

Armadale's restoration has been fully funded by Peatland ACTION, with cashflow provided through a bridging loan from Social Investment Scotland.

Pilot 2 - Achentoul Estate, Sporting and Farming Estate

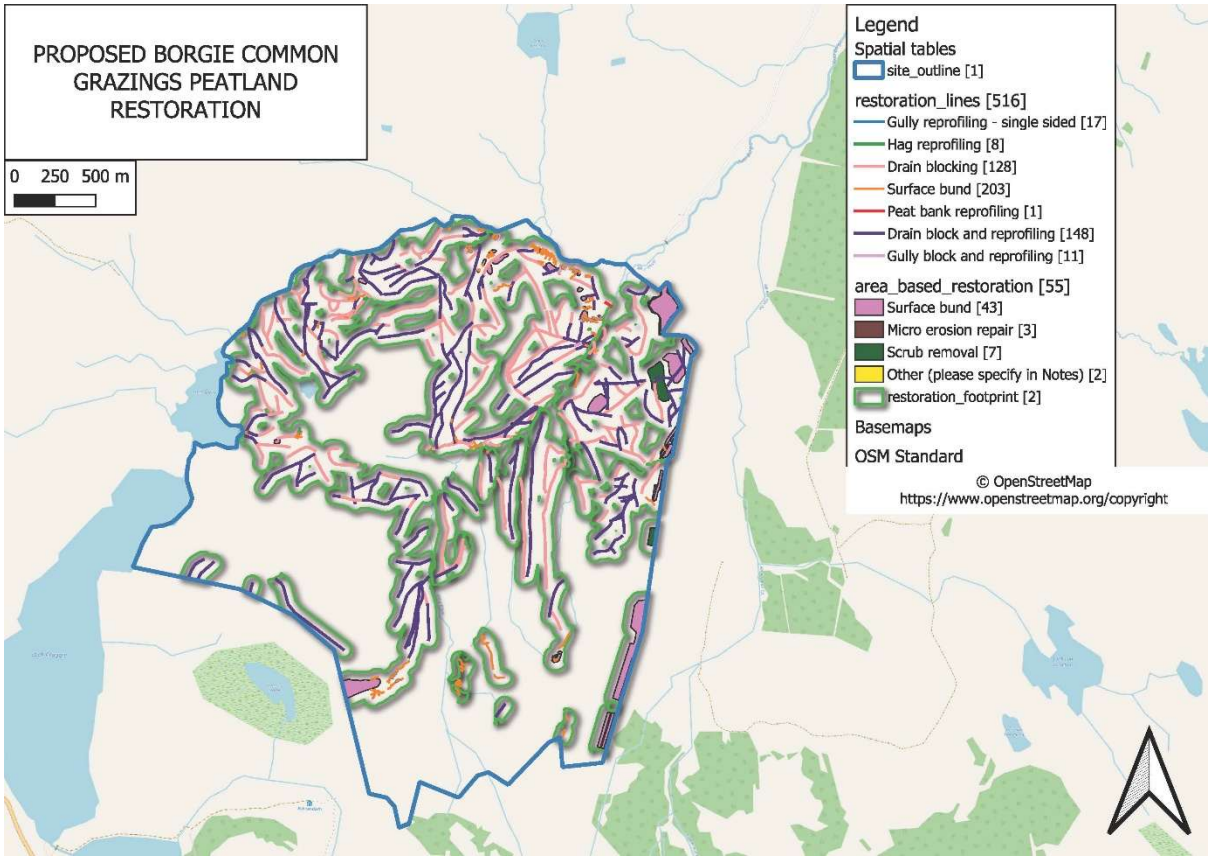


Restoration work at Achentoul commenced in September 2024, with final asset protection arrangements completed for access. Despite some challenges, including the resignation of an operator and snow delays, the project largely met expectations. Adjustments to the restoration method were made in response to site conditions, with hand-installed timber dams used in areas difficult to access with machinery. These adjustments were made without additional costs to the project, thanks to available underspend.

Funding was successfully secured, with 89% of restoration costs covered by Peatland ACTION. The remaining 11% will be funded through private finance. While Peatland ACTION agreed to cashflow 100% of the restoration costs, the non-Peatland ACTION portion requires further private investment to allow full loan repayment.

Overall, the restoration at Achentoul was completed, although not without challenges, and the work completed met quality expectations despite the setbacks.

Pilot 3 – Borgie Common Grazings



Restoration planning for the common grazing sites is ongoing, with regular consultation continuing with landowners and shareholders. Specific restoration techniques and timelines are being discussed. To date, ground-truthing field surveys have been completed, and restoration plans are being finalised based on the findings. Restoration is expected to commence in Autumn 2025, pending the outcome of the Land Court test case. We are working towards the Peatland ACTION deadline of 30th April 2025, contractor tendering was published on Public Contracts Scotland on 21st March 2025.

G. Develop and establish the community benefit mechanism, guidelines and application process

Community consultations were conducted to establish high-level community benefit principles, which were approved by FCP Trustees. These principles formed the foundation for a draft community benefit approach, acknowledging that funds for community benefits will not be available until later in the project or unless specific investment is received for this purpose.

An online workshop with community stakeholders and a subsequent planning meeting helped align the principles with community needs and established a strategic direction. North Highland Initiative (NHI) have agreed to act as the host organisation for any future community benefit

grants, contingent on the receipt of specific donations earmarked for this purpose. The timing of carbon sales, which will fund the community benefits, remains uncertain and depends on the development of the carbon pipeline.

Although community benefit grants are not yet operational, other community benefits have been delivered through e.g. initiatives like the 'For Peat's Sake' training project, which successfully built local capacity in peatland restoration. A second round of training was delivered in December 2024, further supporting community involvement. Additionally, carrying out the work in a manner that supports the local economy and community was a weighted consideration in the tendering process for the peatland restoration

A Guidance note on Community Benefit has been drafted for Trustee sign off and this, alongside a statement on community benefit approach will soon be placed on the FCP website.

A presentation on our approach to community benefit was given at the annual IUCN UK Peatland Programme Conference.

In summary, considerable advancement has been made in establishing a community benefit mechanism, with a clear framework in place. However, the release of community grants is still contingent on future funding from carbon sales or investment.

H. Continue community consultation, communications and multi-stakeholder platform (continuing from IRNS work)

The Flow Country Partnership Green Finance Initiative has made significant headway in community consultation and stakeholder engagement. The initiative continued its consultation efforts, ensuring that stakeholders were kept informed and involved. Following an October 2023 workshop, feedback was gathered through an online session where the updated Vision and Community Benefit Principles were introduced and refined. Additionally, outreach efforts included participation in a Scottish Land and Estates & Peatland ACTION event at Suisgill Estate, which helped engage a broader audience of landowners, agents, and project developers.

Several multi-stakeholder events were hosted throughout the period, such as the SCIO Membership Launch Event, the World Heritage Site Inscription Celebration, the Flow Country Partnership Annual General Meeting. The team also participated in various other events raising awareness and building connections. One of the standout events was the Armadale Stakeholder Event, which brought together landowners, crofters, and farmers to discuss peatland restoration and the role of the Green Finance Initiative.

It is challenging coordinating multiple stakeholders and addressing varied interests and it can slow some processes, particularly in relation to gaining full commitment for pilot projects and community benefits. However, overall, the outcome of fostering community involvement and awareness was met, with future pipeline projects being actively discussed with landowners and community members.

I. Test the monitoring and evaluation framework (developed in IRNS project)

The Flow Country Partnership initiated the development of a monitoring and evaluation (M&E) framework using the 4R Framework for pilot sites, prepared with IRNS funding. However, following Trustee feedback, it was decided that the 4R Framework was too complex for a small newly established SCIO, and would complicate the M&E process.

This led to several discussions and ongoing progress on M&E. Various options were considered for the M&E framework and the management of M&E within FCP, including determining leadership roles, identifying tasks that could be managed internally, and recognising areas where external support would be necessary.

The Trustees ultimately agreed to develop a comprehensive framework that aligns with FCP's overarching goals, referencing key documents - FCP Constitution, The Peatlands of Caithness and Sutherland Management Strategy 2021-2030 and the World Heritage Site Management Plan and also covering legal and financial commitments from funding and codes. This framework outlines key indicators, critical success factors, and responsibilities, ensuring that the M&E process is in line with FCP's charitable aims and UNESCO, legal and financial requirements.

While the development of a full M&E framework is ongoing, the outcome of establishing a structured, tailored approach to M&E is on track. This framework will continue to evolve as the FCP grows and funding becomes available to support project development. Given that FCP was only constituted in 2024 and has limited staffing resources, any M&E framework must be proportionate to the work being undertaken, while still providing sufficient depth and quality of information to successfully track our commitments and requirements.

J. Undertake public and sectoral communication of the project's activities and learnings

The Flow Country Green Finance Initiative has effectively communicated its activities and lessons learned through multiple channels, including media, sector-specific events, and knowledge-sharing initiatives. The Economic Impact and Business Potential of Peatland Restoration report press release garnered significant media attention, with coverage in outlets like Scotland on Sunday, solidifying FCGFI's role in regional economic development. Presentations at the Focus North Conference and The Flow Country Conference further engaged a broad range of stakeholders.

The Green Finance Initiative team contributed to various online knowledge-sharing sessions, including a case study film on Armadale Farm restoration, which premiered in January 2025. The team also participated in Peatland Restoration training and outreach events, including FIRNS CoP webinars on governance.

Peatland ACTION commissioned a case study film at Armadale Farm, showcasing the restoration work completed as a pilot project for the Flow Country Green Finance Initiative. The

filming took place during an engagement event hosted by FCP at Armadale Farm. Both the Peatland Restoration Officer and Project Officer were interviewed for the film.

A communications strategy was developed, with a weekly working group focusing on social media, the Flow Country website, and media relations. Working to successfully promote the establishment of a new SCIO, the GFI project as well as the huge amount of work around the inscription of the WHS and the King's visit meant that the staff team covering communications were very stretched Despite this, the project has successfully met its communication targets, building a strong presence across public and sectoral channels and continuing to share its work with diverse audiences.

Barriers to Project Growth and Investment

Across all project activities and outcomes, one of the main challenges we have faced has been staff capacity and the lack of funding. These two factors are closely linked and have been a constant struggle throughout the project. With a very small team - currently, the Peatland Restoration Officer working full-time and the Project Officer working 28 hours per week - we have had to rely heavily on support from partner organisations and the management committee. However, this support is often on the "edge of desk," as those involved also have their own full-time roles.

The inability to employ additional staff due to funding constraints has been a significant barrier. Generating investment and securing funding has proven to be far more difficult than initially anticipated. Many funders and investors are looking for completed projects and an established pipeline of work before committing, which brings us back to the challenge of staff capacity. Without the resources to expand the team and build a stronger project pipeline, growth is likely to be constrained.

In an ideal situation, we would have a stepping-stone investor who would commit to helping us develop our pipeline and bridge the gap until the portfolio is robust enough to attract additional investment. However, this has yet to be achieved, leaving us in a challenging position to move forward with the scale and pace of the project we had originally planned.

Evaluation of FIRNS Outcomes and Milestones

Alongside the project activities and outputs detailed in the previous sections, the Flow Country Green Finance Initiative was established with a series of overarching aims and intended outcomes. These outcomes were designed to ensure that the project not only delivered tangible progress in peatland restoration and green finance development but also contributed to a broader, long-term impact on community engagement, organisational stability, and market confidence. To support the achievement of these outcomes, a set of milestones were identified, providing measurable indicators of progress along the way.

The project sought to achieve eleven key outcomes:

1. Support the restoration of nature and growth of natural capital backed by robust science-based methodologies.

Milestones:

- Number of hectares identified for potential restoration through private investment,
- Evidence of methodologies used by projects to measure or define success.

Pilot 1 – Armadale Farm, Hill Farm

The area identified as eligible for Peatland Code certification (for generating Peatland Carbon Units/ Pending Issuance Units) totals 639.67 hectares, broken down as follows:

- **628.95 ha** classified as Drained: Artificial.
- **10.69 ha** classified as Drained: Hag/Gully.
- **0.03 ha** classified as Actively Eroding: Hag/Gully.

Phase 1 of the Armadale restoration was completed on 16th November 2024, with minor snagging points identified to be addressed in Phase 2.

Pilot 2 – Achentoul Estate, Sporting and Farming Estate

The area identified as eligible for Peatland Code certification (for generating Peatland Carbon Units/ Pending Issuance Units) totals 276.68 hectares, broken down as follows:

- **188.12 ha** classified as Drained: Artificial.
- **87.89 ha** classified as Drained: Hag/Gully.
- **0.67 ha** classified as Actively Eroding: Hag/Gully.

Restoration at Achentoul was completed on 12th March 2025, minor snagging points were identified and resolved, with excavators demobilising on 24th March 2025.

Pilot 3 – Borgie Common Grazings

The areas eligible for Peatland Code certification for the generation of peatland carbon units, as well as the pending issuance of units, have yet to be determined. Work on this is scheduled to begin in April 2025. Restoration is expected to start in Autumn 2025, dependent on Peatland ACTION funding and the outcome of the Land Court test case.

Evidence of methodologies used by projects to measure or define success

All our restoration methodologies are based on the Peatland ACTION Technical Compendium and industry best practices, such as the Moors for the Future technical specifications. These methodologies have been developed with significant input from the local Peatland ACTION Project Officer to ensure they are tailored to site-specific conditions.

More broadly, the involvement of UHI has provided access to water level loggers as part of our Peatland Code monitoring, enhancing our ability to track hydrological changes.

Additional research at Armadale, led by Prof. Andersen, is under development around the use of geophysics technology for peat mapping and around condition Armadale is also a designated Peatland ACTION monitoring project, where extra vegetation monitoring is being conducted to assess restoration impacts.

Beyond these approaches, our Peatland Code monitoring plans outline further methodologies for measuring and defining project success, ensuring robust long-term evaluation of restoration outcomes.

2. Enable or generate revenue and /or cost savings from ecosystem services in order to attract and repay private sector investment.

Milestones:

- Number of buyers or investors engaged with,
- Estimated revenue or cost savings generated from new ecosystem services (£).

The project has engaged with nine investors including securing support from Highland Opportunities Investment Limited (HOIL) and Social Investment Scotland (SIS). Looking at a variety of models from pre-purchase of carbon to equity style investment. An Environmental, Social, and Governance (ESG) Briefing and Invitation for Support was circulated to corporate entities and High Net Worth Individuals to generate further interest.

The market for Carbon Credits is still nascent, and as a result there is a significant 'wait and see' attitude being adopted by large scale institutional financial investors. There is significant interest in the sector but as yet a reluctance to invest. Work is ongoing to secure better investment terms and develop a more sustainable funding model.

The development of wider ecosystem services within the Flow Country is ongoing and aligns with FCP's community-focused ethos.

Exploratory discussions have taken place with some estate factors and factoring companies that have the capacity to undertake project design and implementation independently. However, these stakeholders would require additional support for ongoing monitoring and maintenance. The Flow Country Green Finance Initiative could play a role in providing this support. While these discussions have not yet resulted in concrete outcomes, they remain an area of interest.

In the short term, priority has been given to project development, utilizing all available capacity. As a result, wider ecosystem services have not been a primary focus at this stage but will be revisited as resources allow.

3. Explore and demonstrate engagement with community interests in project design, and activities, supporting a just transition.

Milestones:

- Number of businesses engaged with,
- Number of community organisations engaged with,
- Types of mechanisms used to engage with local communities,
- Number of communities engaged in project design and implementation.

Engagement efforts included direct outreach to contractors, contact community organisations, and multiple workshops and events. Community councils and neighbouring landowners were informed of restoration plans. Key activities included workshops in October, November, and March, a WHS-GFI knowledge-sharing event in April, and stakeholder events in December and January. Peatland restoration training and WHS film screenings further supported engagement.

Stakeholder Type	Number of Stakeholders Engaged
Contractors – including legal support, ecologists, surveyors, etc.	74
Local (within Caithness & Sutherland) Businesses – caterers, IT support	7
Community Councils	3
Community Groups	7
Village Halls	3
Landowners & Common Grazings	15
Schools	4 – number will be higher for attendees at Caithness International Science Festival Family Fun Day – attended by 2911 people, from across Caithness and Sutherland.

Significant progress has been made, with strong community and business engagement has been achieved through various channels. While ongoing, efforts have built a solid foundation for inclusive participation in the project.

4. Develop effective mechanisms to share benefits with communities, supporting a just transition.

Milestones:

- Estimated value of benefits shared with community interests (£),
- Types of benefits shared with community interests,
- Number of promotion or demonstration events organised.

The project successfully engaged local businesses, contractors, and community halls, fostering skills development and economic opportunities.

Community benefits were demonstrated through various engagement activities. The SCIO launch, peatland restoration training, and stakeholder events provided direct opportunities for community involvement.

Engagement with young people was a priority, with site visits for Golspie High School pupils, participation in the Caithness International Science Festival Family Fun Day - which attracted 2,911 attendees - and attendance at careers fairs in Thurso and Kinlochbervie. The first Flow Country Partnership AGM in March, attended by 27 community representatives, marked a key step in formalizing community involvement.

As referenced under Project Activity G, community inclusion has been a key priority, exploring ways to share benefits beyond direct financial contributions. This has included skills development, training opportunities, and wider community engagement. While a dedicated community benefit fund is not yet in place, a strategy has been developed to guide benefit distribution once funding becomes available.

5. Develop a project/business and investment model which can be scaled and replicated.

Milestones:

- Development of a viable business plan,
- New funding model(s) developed,
- Financial modelling undertaken

The Flow Country Partnership initially worked with the Landscape Finance Lab to create a business plan for the Flow Country Partnership, including the Green Finance Initiative in March 2024. This business plan was developed to provide an initial framework to guide the financial strategy and development of the initiative. Since the development of this initial business plan operational factors have been at the forefront, and the narrative and overarching structure of the longer-term plan needs to be updated. Given that there have been further developments in the financial modelling the initial business plan, whilst in broad brush terms is still being enacted, it no longer fully reflects the current status of the projects. FCP plans to review and update this business plan within the next 12 months in part to support investor discussions and to ensure that it aligns with the most recent advancements.

In addition to the business plan, a replicable financial model was created and tested for the pilot restoration projects. This model has been proven effective in the pilot phase and serves as a framework for scaling future restoration efforts. The model provides a structured approach to assessing the financial viability of restoration activities, and its

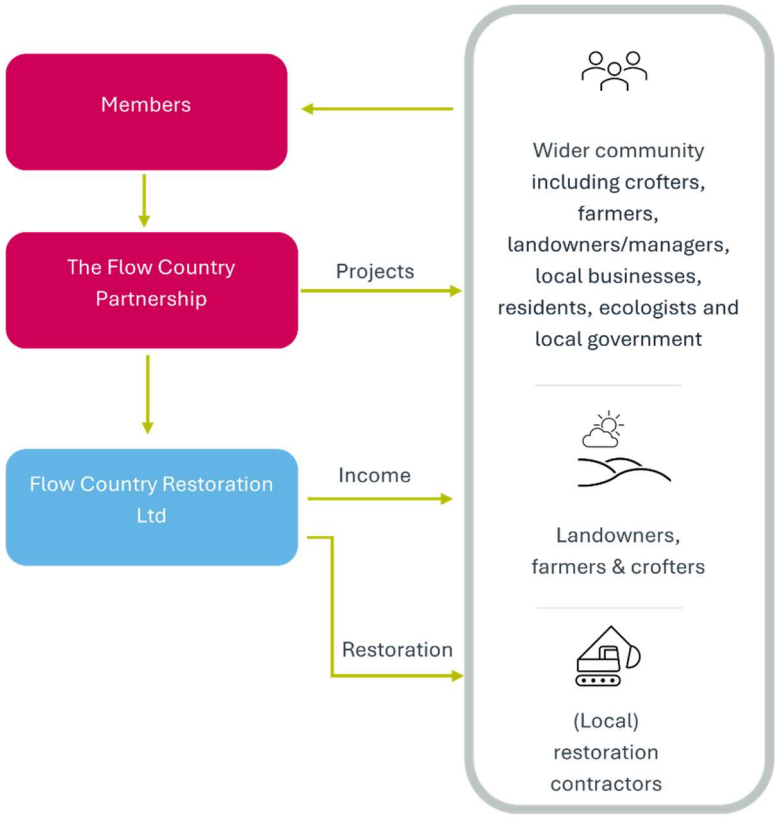
successful application in the pilot phase has provided valuable insights for future projects.

Furthermore, a 15-year financial model has been drafted to cover the projected income, costs, and carbon credit returns over the lifetime of the restoration projects. This long-term financial model is designed to offer a comprehensive view of the financial performance of the projects, including a forecast of revenue generation through carbon credits. While the model has been established, it continues to evolve as the projects progress and new data becomes available. The ongoing development of this model ensures that it remains responsive to the changing dynamics of the restoration efforts.

6. Create a transparent and inclusive governance structure

Milestones:

- Evidence that a governance structure for the project has been developed

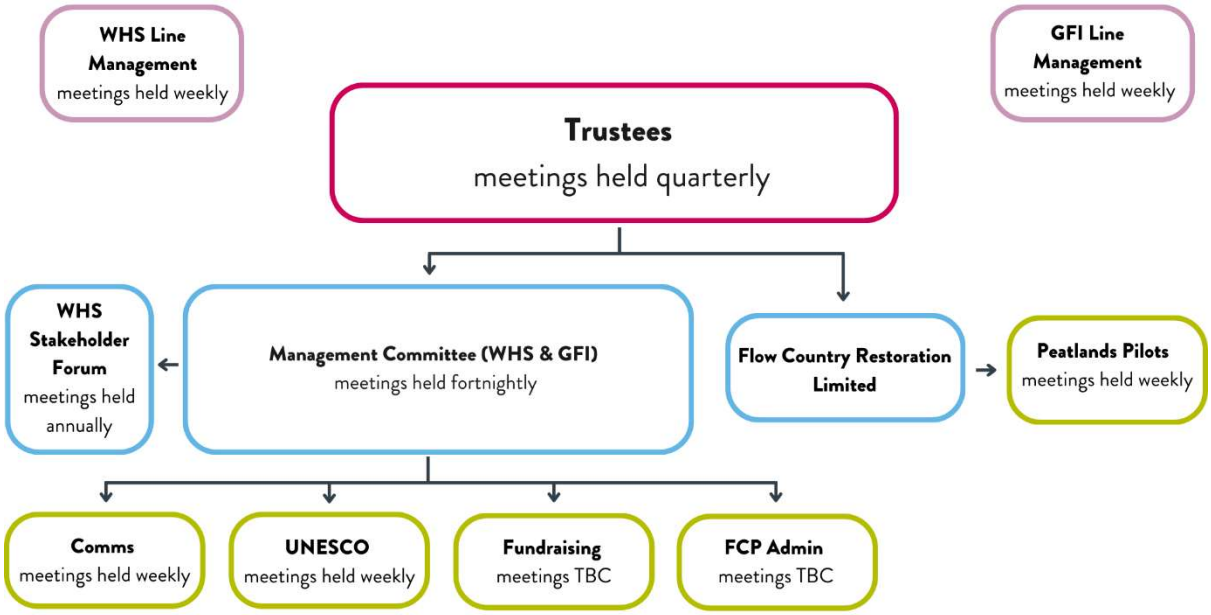


The Flow Country Partnership (FCP), as a two-tier SCIO, has made substantial progress in developing its governance framework, while also addressing challenges. Our trustees are made up of core organisations that founded the partnership and community representatives, ensuring a balance of expertise and community input. This two-tier structure is ideal for fostering a larger membership base, giving the community a voice in electing leadership. Membership is open to both individuals and organisations, and we

have begun to see our membership grow, with 34 members to date. We will continue to encourage broader community input into governance as we expand this base.

Flow Country Restoration Limited (FCRL), our wholly owned subsidiary, has played a crucial role in accelerating pilot projects. It enabled us to establish key operational aspects such as opening a bank account, securing insurance, developing contracts with restoration contractors, and managing grant and cash flow. FCRL's ability to act as an agent in the Peatland ACTION funding process has also been invaluable.

Although the SCIO structure was chosen to minimise administrative burdens, maintaining both the SCIO and FCRL has added complexity, requiring significant administrative work from our small team.



Internally, our governance structure is outlined in the organogram above. The trustees, who are accountable to the members, have overall oversight of the organisation. As the Flow Country Partnership does not have a dedicated manager, the management committee - comprised of some of the core partners - currently oversees management responsibilities. Beneath the management committee are a series of operational teams that report back to the committee. A strong governance structure has been established, and working groups are continuously adapted to ensure maximum productivity.

7. Capture and disseminate lessons learned and best practices.

Milestones:

- Best practice disseminated,

- Best practice captured in a shareable format

Monthly updates have been provided to the FIRNS Community of Practice, facilitating ongoing knowledge exchange. Continuous collaboration with Peatland Action and the Peatland Code has ensured the integration of best practices in peatland restoration. Additionally, knowledge has been shared at various FIRNS events, with follow-up correspondence maintaining engagement with other projects.

8. Secure legal contracts, selling high integrity ecosystem services and biodiversity uplifts, creating precedents and models for the market.

Milestones:

- Number of contracts signed, if any,
- Key project findings and lessons learned are shared with the Community of Practice.

To date, no contracts have been signed; however, Memoranda of Understanding (MoUs) are in place with all pilot sites. These agreements include:

- **Armadale Farm** – MoU signed with the landowner.
- **Achentoul Estate** – MoU signed with the landowner/manager.
- **Borgie Common Grazings** – MoU signed with the shareholders.
- **Borgie Common Grazings Landowner** – Letter of Intent signed.

Progress is particularly focused on the Borgie contract, which is essential for the upcoming Land Court test case. This case is significant as it represents the first instance of common grazings undertaking peatland restoration under the Peatland Code.

Contract agreements have been delayed due to the complexities of defining terms and remuneration. However, with a developed financial model and project-specific modelling now in place, negotiations on terms and remuneration can progress more effectively.

9. Increase confidence and capability to create market-ready/ investable projects and/or improve market development.

Milestones:

- Marketing and sales promotion strategy developed,
- Number of staff trained in natural capital markets and investor needs.

The completion of the first two projects and the creation of financial models demonstrate that these initiatives are investable. Our engagement with multiple investors and carbon buyers has raised awareness of the opportunities across various sectors. The Flow Country Partnership and Flow Country Restoration Limited, structured

with trustees and staff in place, is increasingly recognised as reputable. The track record of successful restoration projects further enhances our credibility, and as the projects develop, these factors continue to strengthen investor confidence. We have recruited a Peatland Restoration Officer and a Project Officer, and now a second Peatland Restoration Officer through RSPB. The two FIRNS posts have secured funding for a further year, through Peatland Action. Plans for further recruitment include two positions for general management and WHS coordination. This growing pool of knowledge strengthens our capacity.

The peatland restoration training courses led by FCP Trustee, Prof. Roxane Andersen, have been instrumental in building capacity and enhancing sector knowledge. To date, 16 individuals have successfully completed the restoration training - 7 in the first course and 9 in the second. Additional courses have also been delivered, including a QGIS training with 20 participants and a protected species course with 17 attendees.

Our partners now possess a deeper understanding of natural capital markets, and FCP is actively working to spread this knowledge further across partner organisations. The Highland Council's commitment to host two new staff members (funded by four Partners) further demonstrates their recognition of the importance of natural capital and the opportunities it presents.

10. Create long term opportunities for development of local delivery capacity and reinforcement of supply chains.

Milestones:

- Number of supply chains/contracts created.

Progress has been made in developing local delivery capacity and reinforcing supply chains. An Environmental Impact and Business Potential Study (EIBPS) was completed, with key recommendations implemented, such as improving the clarity of the tendering process based on contractor feedback.

The Statement of Requirements for tendering, shaped by this feedback, has been well-received, particularly for its enhanced clarity. For Armadale, five tender submissions were received, and for Achentoul, seven tender submissions were received. The contractor selected for Achentoul, despite lacking experience in open restoration projects, had significant expertise in forest-to-bog restoration. This aligned well with our ethos, providing an opportunity for them to develop new skills and open future opportunities. Both contractor companies selected are based locally.

Additionally, strong engagement with local contractors has fostered broader participation in peatland restoration, contributing to the growth of local capacity. The Borgie invitation to tender has been published on Public Contracts Scotland and will be reviewed after 21st April 2025. Both peatland restoration training courses, ran by FCP

Trustee Prof. Roxane Andersen, were oversubscribed, with demand far exceeding available places. This high level of interest reflects the growing recognition of the need for specialised skills in peatland restoration and the increasing engagement from local communities and contractors eager to be involved in this crucial work.

11. Enable the aggregation of projects at a scale generating synergies in terms of financing and/or environmental/social outcomes.

Milestones:

- Aggregation and/or stacking capability.

Progress has been made in setting up the groundwork to aggregate projects and create synergies for better financing and environmental/social outcomes. While we haven't fully achieved aggregation or stacking yet, we've been focusing on laying the foundation.

With the Flow Country Partnership and Flow Country Restoration Limited established, we're in a good position to bring projects together across the region, which should open up more funding opportunities and deliver better environmental and social results. The main challenge is still securing the right funding and investor confidence, but we're on track to keep pushing forward as projects develop

Overview

As with the specific project activities, there are areas where these outcomes and milestones have been fully achieved and others where progress is ongoing. In some cases, milestones have not yet been reached within the anticipated timescales, not due to a lack of effort but because of the complexities inherent in developing a pioneering initiative of this nature. However, as the project extends beyond FIRNS funding, work on these outcomes continues, with progress being made toward achieving the long-term vision of the initiative.

Throughout the report, further details are provided on the challenges and constraints faced along the way, as well as the key successes and learnings that will inform the project's future direction. The Flow Country Green Finance Initiative remains committed to its goals, ensuring that the work undertaken to date lays a strong foundation for the ongoing development of green finance mechanisms and nature restoration in the region.

Challenges and Mitigation Actions

Challenge	Action Undertaken and Lessons Learned
FCP and Overall Project	
Time to process governance and setting up finance, e.g. bank account, VAT registration	FCP became a registered charity in February 2024. Policy development is ongoing, with the

Unable to employ staff due to FCP not being a constituted organisation	expectation that existing staff will move into FCP in future. In the meantime, Partner organisations manage financial risk and host staff. Lessons learned: Alert others considering setting up a SCIO for a green finance initiative that this is a significant and time consuming piece of work.
Complications of legal structures between FCP and FCRL.	
Project management resource – couldn't recruit PM, used contractor – wasn't enough time available. Underestimated need and cost.	Staff from Partner organisations picked up what they could, recruitment of the Project Officer eased pressures on Partner organisations. Lessons learned: For future grant applications, be more realistic about resource required to deliver.
From a standing start, finding the right people to give advice – difference between LFL and governance consultant, accountants – not advisory, want specific questions and advice is unclear.	As the project progressed the Trustees and staff became clearer in the questions they required advice on and what products or services were required from others. Lessons learned: Recommend that FIRNS produce guide to what a new group setting up a GFI need to do.
Level of detail of reporting, especially as this is a novel approach so many details couldn't be tied down simply or in a quick timeframe	Project Officer spent a considerable proportion of their time on reporting. Lessons learned: Feedback to FIRNS that level of reporting could be simplified.
Being overambitious in what we thought we could achieve	Partners have had to invest substantial time to deliver outputs, as evidenced by the VIK timesheets. Lessons learned: For future projects be more realistic about what is achievable within the budget and timeframe.
Pilot Projects	
Cashflow challenges – Peatland ACTION grant is paid in arrears	Took out a loan from Social Investment Scotland and Highland Opportunities Investment Limited. Lessoned learned: Carbon unit sales or investment or a further loan will be used to cashflow the future projects, ideally the one with least interest.

Changes in PA assessment rules – e.g. match and competitive nature	Extra information required for PA was gathered by staff. We had to take out a loan to cover the developer contribution. Lessons learned: Factor reduction in grant % into the financial modelling.
Carbon markets haven't matured – uncertainty of future price, made financial forecasting difficult	Accepted the risk as this is outwith our control and had to make a best-informed guess.
Agreeing contracts with landowners – difficult when we can't currently guarantee carbon price	Accepted the risk as this is outwith our control. Currently still in negotiations with landowners over financial detail .
PC validation takes much longer than anticipated	Took the risk of starting the PA work on pilot sites prior to validation being gained (had advice from IUCN that this is common practice). Lessons learned: start the PC work as soon in the process as possible.
Peatland Restoration Officer time available to deliver the projects.	Peatland Restoration Officer went from 4 to 5 days a week and also accrued significant amount of TOIL. Support from Partner staff and Peatland ACTION. Lessons learned: Don't underestimate resource required to deliver projects and manage TOIL better for staff welfare.
Timing of PA applications and physical challenges on site e.g. snow, contractor staffing make delivery within financial year challenging.	Accept the risk as this is the timeframe PA work on. Lessons learned: Line up contractors to start as early in the season as possible once PA grant offer accepted.
Community Benefit	
Overambitious about what we thought we could achieve in the timeframe, especially as pre-revenue currently.	Clear about difference between community inclusion, community benefit in terms of social impact of work as opposed to giving out a cash/grant to communities. Lessons learned: Accept that a new SCIO aggregating projects in the current market is going to be some time off generating 'profit'. Be clear with stakeholders on how FCP will deliver a wide range of community benefits.

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Changing external environment – developing guidance from SLC, NCFA CIS standard development etc	Adapted our community benefit guidance accordingly. Lessons learned: Will revise community guidance as external standards and guidance develop.
Monitoring and Evaluation	
Clarity of scope of outputs of 18-month project vs whole FCP work programme	Took some time to develop Trustee thinking on M&E and develop a framework. Lessons learned: For future grant applications be clear on FCP M&E and whether the current version will pick up any commitment requirements and if not, amend accordingly.

While significant progress has been made, these challenges underscore the complexities of such an ambitious project. Moving forward, ensuring more realistic planning and resource allocation will be key to overcoming these challenges and maintaining momentum.

Additional & Unintended Benefits

The Flow Country Green Finance Initiative is delivering a wide range of benefits across ecological, community, and economic dimensions.

In addition to the core benefits, the Flow Country Green Finance Initiative has led to a range of unintended positive outcomes. The raised awareness has led to more engagement from land managers, deepening their understanding and support for peatland restoration. Relationships between FCP, partners, and land managers have become more robust and collaborative, and key land managers are now actively promoting the benefits of peatland restoration.

Furthermore, the project is helping to position nature restoration as a recognised industry within socio-economic discussions in the North Highlands. Additionally, the pilot sites have provided valuable opportunities for research and knowledge-sharing, which will further enhance the project's impact and inform future restoration efforts.

In summary, the Flow Country Green Finance Initiative is making meaningful strides in ecological restoration, community engagement, and economic development, while also building new relationships and strengthening the recognition of peatland restoration within broader socio-economic contexts. These benefits not only support the project's immediate goals but also lay the groundwork for its long-term sustainability and wider impact.

Maintenance Plans

The Flow Country Partnership has developed a comprehensive framework to support the long-term success of the Green Finance Initiative, ensuring alignment with FCP's overarching goals. A key component of this framework is the structured monitoring and maintenance plan, which includes both project-specific and broader environmental assessments.

As part of FIRNS, post-project monitoring is scheduled at 1, 3, 5, 7, and 10 years. These assessments will evaluate management successes and challenges, providing valuable insights for future projects. Additionally, specific monitoring and maintenance plans are in place for Peatland ACTION and the Peatland Code.

The contract period for Peatland ACTION is 10 years, requiring that the restored land be maintained in the same condition as at project completion. Peatland Code obligations involve more intensive monitoring activities within the first decade, ensuring that restoration outcomes are properly measured and maintained. Further details on these monitoring requirements can be found in Appendix 1 – Peatland Code Monitoring Activities.

Looking beyond FIRNS, plans for longer term core funding are still being developed – a challenge for any small SCIO. Work on project development and funding is underway, with a tender about to go out for a consultant to work this up with Trustees, staff and key stakeholders.

Short-term funding has been gained for five posts:

- Peatland Restoration Officer and Green Finance Initiative Co-Ordinator (0.8 FTE) – funded by NatureScot Peatland ACTION, to February 2026 – hosted by NHI.
- Flow Country Partnership Manager and WHS Co-Ordinator – funded by FCP Partners, to March 2028 – hosted by Highland Council.
- Peatland Restoration Officer (0.8 FTE) – funded and hosted by RSPB Scotland, to March 2030.

The ambition is to transfer all of these posts to FCP over the coming years.

Future Work, Projects and Pipeline Development

The Flow Country Green Finance Initiative (FCGFI) has secured two projects for Autumn 2025 - Borgie Common Grazings and Armadale Farm Phase 2 - both made possible with the support of FIRNS. Looking ahead, financial modelling has been developed to support the upscaling of five projects per year. Alongside a pipeline of projects, FCP remains committed to community inclusion and broader community benefit principles, emphasizing the importance of ecosystem services within the Flow Country area and the wider Caithness and Sutherland region, with a focus on continued progress.

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Initial engagement has taken place with nine land holdings, including four common grazings. Peatland restoration, particularly through the Peatland Code, remains a new concept for many landowners, requiring extensive discussions to build trust, understanding and clarify responsibilities and we anticipate it taking some time to build confidence in this emerging way of working. The stakeholder event at Armadale Farm was well attended and positively received, highlighting the importance of continued engagement to strengthen the project pipeline.

With an additional Peatland Restoration Officer now in post through RSPB, and the Project Officer's workload expected to ease after FIRNS - particularly once a manager is in place - there will be a stronger focus on securing future projects. Additionally, a scoping exercise has identified all land holdings within the FCGFI area, providing a foundation for targeted engagement and further pipeline development.

Investment

While progress has been made in developing investment discussions, no funding has yet been secured – whether through direct carbon sales or investors seeking a financial return. Given the number of ongoing conversations and the advanced discussions with one particular investor, we anticipate concluding a deal within the next 12 months. As mentioned above, the carbon credits market remains in its early stages, leading many large-scale institutional investors to adopt a "wait and see" approach. Despite strong interest in the sector, there is still a reluctance to commit to investment.

Many landowners in the Flow Country are internationally based and have been receiving public funds for peatland restoration. While this investment delivers clear environmental benefits, its direct economic impact on local communities is often marginal. Government funding mechanisms have traditionally provided little incentive to develop local delivery capacity, with restoration work frequently carried out by contractors from outside the region. By shifting this dynamic and investing in local skills and expertise, there is a significant opportunity to create direct community benefits.

Smaller-scale restoration projects are more expensive to implement, as scheme development and mobilisation costs are relatively fixed. Crofting communities, which face complex land ownership structures and legal constraints, often struggle to access restoration funding. As a result, they are less likely to participate in peatland restoration, reducing the overall area that can be restored while also excluding these communities from potential land stewardship payments.

These challenges highlight a market failure and the inefficient allocation of limited public resources. The Flow Country Partnership aims to address these issues by developing an investment model that works for all landowners while simultaneously building a local supply chain. This approach would generate economic opportunities within remote and rural communities.

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Potential income streams include:

- Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) Investment - Providing early-stage funding opportunities through a dual-strand approach:
    - Hedging against future carbon offset needs or meeting current commitments.
    - Directing CSR/ESG investment toward environmental and community benefit initiatives.
- Ethical Carbon Purchasers - Targeting UK-based buyers with established carbon reduction plans.
- Environmental and Landowner Support Services - Offering advisory and implementation services through the FCP team.
- Project-Based Funding - Attracting funding from mission-aligned organisations to support communities, environmental initiatives, and the UNESCO World Heritage Site.
- Public Sector and Research Funding - Securing grants from government bodies, UK Research and Innovation (UKRI), and other relevant sources.

Generating income across these strands will require targeted marketing and business development efforts, with a strong focus on direct engagement with potential investors. The immediate priority is to secure short-term funding, which will necessitate dedicated business development resources. In the absence of external funding, FCP trustees are currently providing much of this hands-on support to advance these efforts.

Acknowledgment of FIRNS Funding

https://theflowcountry.org.uk/green-finance/

The Flow Country Green Finance Initiative would like to acknowledge and thank FIRNS for the funding and support provided. This support has been crucial to the project's progress, and we have ensured proper recognition across all project materials and communications.

An initial post on the Flow Country Partnership and North Highland Initiative websites, as well as on social media, acknowledged the approval of the FIRNS grant. Funding recognition has also been included in recruitment advertisements for the Peatland Restoration Officer and Project Officer, as well as on pop-up banners, leaflets, and in all social media and blog posts related to the project. Additionally, the support has been acknowledged in face-to-face meetings and on our website.

Appendices

Appendix 1 – Peatland Code Monitoring Activities

2.1 Statement of the monitoring activities to be implemented over the project duration

Statement of the monitoring activities to be implemented over the project duration including identification of necessary resources and inputs. The statement shall specify how and why the monitoring will take place, using best practise methodologies.

This monitoring plan has been designed to identify factors impacting the success of the project, so that appropriate mitigation measures can be implemented. This has been based on the Risk Assessment. An overview of the key factors to be monitored with their associated mitigation measures is described in the next section. The monitoring activities may detect additional factors impacting the success of the project – if so, the monitoring plan will be reviewed and updated to incorporate appropriate monitoring and mitigation measures for these additional factors.

Monitoring data collected in the field will be recorded using GPS and QGIS Field (or similar software). As soon as possible after field work, data will be backed up on the FCR internal system. Resulting analysis and mitigation measures will be documented and saved on the FCR internal system. These will also be documented in relevant verification documentation.

The frequency of the following monitoring measures is described in the chronological plan.

Reassessment of condition category assessment points: Inspection will include recording of condition change according to Peatland Code Field Protocol. If predicted condition category changes are not met when expected, further field surveys will determine why and inform remedial action. These will include inspecting the integrity of relevant peat dams and whether they are sufficiently intact and sealed, considering if extra dams are needed for drains on slopes, assessing whether reprofiling has remained well consolidated or if water is now able to run between/underneath the turves, checking for signs of peat pipes, considering whether changes in hydrology are putting extra strain on restoration features e.g., checking pools have not formed too large, putting pressure on surface bunds (if bund created too high or substantial), considering deer impact and whether this has been maintained at an appropriate level.

Resources/inputs – FCR staff time, consultation with experienced resources within FCP (e.g., RSPB, Nature Scot, Environmental Research Institute), GPS, and tablet with QGIS Field.

Restoration feature checks: A mixed sample of drains (dams and reprofiling), gully surface bunds, and reprofiled hags will be inspected visually according to the Peatland ACTION technical compendium. Any issues will be recorded and mapped, along with any newly discovered erosion features.

Resources/inputs – FCR staff time, consultation with experienced resources within FCP (e.g., RSPB, Nature Scot, Environmental Research Institute), GPS, and tablet with QGIS Field.

Fixed-point photography: Fixed-point photography will be carried out at a selection of geo-referenced points across the site, including a range of restoration features.

Water table level monitoring: Data will be downloaded from the logger and its batteries checked and changed if required. Data will be analysed using the associated software, and water table results compared with expected changes based on wider work of the Environmental Research Institute. The water logger will be deployed either prior to restoration or as soon as possible during restoration in a location where the excavators have moved on from (to avoid disturbance) and data downloaded and collated, and batteries checked every few months. Full data analysis and reporting for the purposes of monitoring will be carried out as described in Section 2.3.

Resources/inputs – FCR staff time, consultation with experienced resources within FCP (e.g., RSPB, Nature Scot, Environmental Research Institute), water logger donated from ERI, FCR Toughbook and software.

Recording of livestock management, and deer count and cull figures: Armadale Farm will provide the below data on livestock and deer management to identify any risk of increased impact on the peatland site:

- Annual deer count and density figures
- Annual deer cull figures
- Annual average sheep stocking density on the two land parcels within the restoration area
- Any changes in sheep grazing regime

Habitat Impact Assessment to monitor deer impact: This will be carried out using 30-36 random sample points across the restoration site. Frequency will depend on future deer management and numbers but is expected to initially be once every 2-3 years. Future monitoring frequency will depend on the management, results, and the deer counts - if the results are showing low impacts, deer management is not changing and annual deer counts are low, then frequency of Habitat Impact Assessment may be reduced to once every 5 years, for example.

2.2 Link to the risk assessment and relate to the ongoing land management

The monitoring plan shall link to the risk assessment and relate to the ongoing land management. Where relevant, the monitoring plan shall include data on livestock stocking densities, deer numbers and data for any other risks identified.

Impact detected	Monitoring method	Mitigation measure
Failure of any restoration measures e.g., peat dams,	Restoration feature checks.	Repair of restoration measures, either during the next scheduled maintenance

peat surface bunds, reprofiling of drains and eroding haggs.	Reassessment of condition category points. Fixed-point photography.	phase or in the more immediate term if level of failure is high.
Additional erosion or drainage features discovered/developed.	Restoration feature checks. Reassessment of condition category points. Fixed-point photography.	Restoration of additional erosion or features during next scheduled maintenance phase.
Increased deer impact.	Recording of deer count and cull figures. Habitat Impact Assessments	Review of deer management and factors that have contributed to increase – discuss potential changes with landowner and neighbouring land managers.
Increased livestock impact.	Recording of livestock management.	Review of livestock management and factors that have contributed to increase – discuss potential changes with landowner.
Water table not responding as expected to restoration.	Water table level monitoring.	Refer to wider monitoring data to identify potential causes and implement associated mitigation measures.
Monitoring is not sufficient to record impacts on the success of the project.	Monitoring of actual condition category change compared to predicted – if condition category not improving but monitoring plan is not detecting any impact responsible.	Review monitoring plan. Consider how to increase likelihood of recording the existing impacts in the plan e.g., increase frequency of certain monitoring activities, cover wider areas. Consider any potential additional impacts that are not currently being targeted with the monitoring plan and modify plan to also target those.
Monitoring identifies additional impacts that are not currently targeted for monitoring or mitigation.	Any of the monitoring activities may bring additional impacts to light.	Review and update monitoring plan to ensure additional impact is well monitored. Design appropriate mitigation measure.
Maintenance is not sufficient to prevent impacts on the success of the project.	Maintenance measure failure detected by:	Review of method used with Contractor – identify improvements to prevent

	Restoration feature checks. Reassessment of condition category points. Fixed-point photography.	future failure. Implement further maintenance during next scheduled maintenance phase.
Wildfire, extreme drought, or other extreme climatic conditions.	In the context of an extreme climatic event, the below monitoring measures will detect level of impact: Restoration feature checks. Reassessment of condition category points. Fixed-point photography. Water table level monitoring.	Ensure that the most affected areas are prioritised during the next maintenance phase. It may be necessary to schedule an additional immediate maintenance phase to facilitate ecosystem recovery.

2.3 Chronological plan of monitoring activities

Outline the chronological plan of monitoring activities in as much detail as possible. Please use specific dates to show the long-term planning that has been done.

Spring/Summer 2025 (prior to phase 2 of restoration)

- First Habitat Impact Assessment

Project Year 1 (Dec 2025 – Nov 2026)

- Restoration feature checks
- Water logger data analysis
- Recording of livestock management, and deer count and cull figures

Project Year 2 (Dec 2026 – Nov 2027)

- Restoration feature checks
- Water logger data analysis
- Recording of livestock management, and deer count and cull figures
- Habitat Impact Assessment

Project Year 3 (Dec 2027 – Nov 2028)

- Restoration feature checks
- Water logger data analysis

- Recording of livestock management, and deer count and cull figures

Project Year 4 (Dec 2028 – Nov 2029)

- Restoration feature checks
- Water logger data analysis
- Recording of livestock management, and deer count and cull figures

Project Year 5 (Dec 2029 – Nov 2030)

- Restoration feature checks
- Fixed-point photography
- Water logger data analysis
- Reassessment of condition category assessment points
- Recording of livestock management, and deer count and cull figures
- Habitat Impact Assessment

Each subsequent year of project duration (Dec 2030 – Nov 2110)

- Recording of livestock management, and deer count and cull figures

Year 10, then every 5 years (although frequency will be dependent on HIA results, and deer count and cull figures)

- Habitat Impact Assessment

Year 15, Year 25, Year 35, Year 45, Year 55, Year 65, Year 75, Year 85

- Restoration feature checks
- Fixed-point photography
- Water logger data analysis
- Reassessment of condition category assessment points
- Recording of deer count and cull figures
- Habitat Impact Assessment (see above)

2.5 Site Condition

Site condition will be monitored, with a general overview of the site condition identifying any areas of concern and including all assessment unit categories. At a minimum, the following information shall be captured: GPS point, photos, name of surveyor, condition summary and any further work requirements listed.

To monitor site condition category changes, a reassessment of all condition category GPS grid reference points will be carried out as described in section 2.1, following the Field Protocol:

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1. Locate survey points. Using GPS/Grid References recorded at each survey point when establishing eligibility and determining baseline condition category locate the same survey points.

2. Peatland Condition Assessment. At each survey point determine and record the condition category present using the post-restoration condition category definitions. A minimum of 75% of the condition categories recorded within each Assessment Unit must correspond for the Assessment Unit to achieve said condition category. Assessment Units can be redrawn to capture areas of higher or lower expected performance.

3. Photographs. Fixed point photos should be repeated at the same location as the pre-validation field survey.

4. Condition Category Change. Compare condition category present to condition category predicted at validation. If predicted condition category has not been achieved further field survey is required to establish the cause and identify remedial action required.

If expected condition changes are not met, the reason why not will be investigated, as described in section 2.1, to inform remedial action.

Information recorded will include:

- GPS grid reference point
- Photos
- Name of surveyor
- Condition summary
- If expected changes are not met - details of investigatory survey work undertaken and results, and the recommended maintenance work/other actions required to enable condition category change.

This reassessment of condition category change will be carried out in Year 5, Year 15, Year 25, Year 35, Year 45, Year 55, Year 65, Year 75, and Year 85. Related maintenance work will be carried out in these years also, prior to verification.

In addition to the reassessment of condition category change, checking of a proportion of restoration features will occur annually up to Year 5, and then every 10 years. GPS grid reference points, name of surveyor, and observations on condition will be recorded. Any failings or issues with restoration features such as dams, surface bunds, and reprofiling will also be recorded, along with recommended remedial measures. This maintenance will then either be scheduled into the next maintenance phase, or if the issues are severe, immediate maintenance may be scheduled.

Water table level monitoring will also contribute to the monitoring of site condition change, with water table level expected to rise as the assessment units progress through the anticipated post-restoration condition categories.

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