

Update from The Crown Estate to the Scottish Affairs Committee

October 2013

Introduction

We welcome the opportunity to update the Committee on the progress made in response to the conclusions and recommendations of your inquiry into The Crown Estate, the report of which was published on 19 March 2012.

Some of the recommendations are matters for Government rather than The Crown Estate, including the recommendation on devolution of The Crown Estate. The UK Government responded to the Scottish Affairs Committee's (SAC) Report in July 2012.

This response outlines how we have worked to address the general conclusions in the Report and the specific recommendations that were accepted by the UK Government as actions for The Crown Estate.

The Crown Estate in Scotland

The Crown Estate is committed to Scotland. Our annual reports illustrate how we are building and strengthening relations with stakeholders, and how we leverage expertise and investment from our UK-wide business to support key sectors in Scotland.¹

Our remit is to maintain and enhance the value of our assets over the long-term while delivering a return to government, and to do so with due regard to good management. This means that, in managing assets commercially, we consider how our investments and developments may deliver real benefits to communities, to Scotland and to the UK generally.

In fulfilling this role, our team in Scotland and London work to enable and facilitate sustainable economic development.

In mature sectors, such as tourism and aquaculture, we invest in, and secure investment in, specific projects (e.g. marine leisure developments). We also work with industry, local authorities and agencies such as Highlands & Islands Enterprise (HIE), to ensure a coordinated and collaborative approach at local, regional and national level.

In emerging sectors such as offshore renewables and carbon capture & storage (CCS), we coordinate a range of strategic activity designed to accelerate development and de-risk investment. We work closely with organisations such as Marine Scotland, Scottish Enterprise and local authorities, in addition to developers and energy companies, to help establish this sector within the UK's energy mix.

¹ The 2012/13 Scotland Report can be found here

<http://www.thecrownestate.co.uk/media/422027/scotland-report-2013.pdf>

Activity since the SAC Report

We have identified below the general categories within the conclusions and recommendations section of the SAC's Report on The Crown Estate. In each case we have identified the actions undertaken by The Crown Estate in response. We have also indicated where a recommendation is outside of our remit, as defined in The Crown Estate Act 1961.

1. Accountability

The current arrangements in respect of formal accountability to the Treasury and the Scotland Office are defined within the 1961 Crown Estate Act. It would require primary legislation to change this.

In its response to the Committee's report, the Government acknowledged the measures being undertaken by The Crown Estate to improve accountability. These include offering to give oral evidence annually to the Scottish Parliament's Rural Affairs, Climate Change & Environment Committee and the Economy, Energy & Tourism Committee to provide MSPs the opportunity to scrutinise the work of The Crown Estate in Scotland. The Crown Estate attended the Rural Affairs, Climate Change and Environment Committee on 14 November 2012 and 11 September 2013 and the Economy, Energy and Tourism Committee on 27 March 2013.²

The Government also set up an Inter-Ministerial Strategic Group (IMSG), chaired by a Treasury Minister, with membership from The Crown Estate, the Scotland Office and the Scottish Government, as well as a local authority representative. The Group will consider the activities of The Crown Estate and review its strategy for the year ahead. The first meeting of the Group is scheduled to take place on 6 November.

The officials' group set up to support the IMSG met in February 2013 and agreed terms of reference and a standing agenda.

2. Finance

The Crown Estate is a UK-wide organisation with an award-winning approach to integrated reporting.³ In line with standard practice, we do not provide net accounts for Scotland. However, we have provided some information about gross expenditure in our Scotland Report derived from our NAO audited accounts.

This information has included disaggregating the Scottish component of our investment in the Round 3 offshore wind programme (two of the nine Round 3 projects are in Scottish waters), in response to a request from the Rural Affairs, Climate Change & Environment Committee. This investment has primarily been in our Enabling Actions, a programme of strategic activity designed to de-risk investment and accelerate development.

² We have also taken part in two Rural Affairs Committee roundtables in recent months, one focussed on aquaculture and one on marine planning.

³ In October 2013 we won the public sector category award in PWC's Building Public Trust Awards for our progress towards integrated reporting.

3. Communications and engagement

The Crown Estate now has an extensive and structured programme of regular stakeholder engagement which includes Government, parliamentarians, local authorities, government agencies, NDPBs, commercial and community partners, along with industry representative bodies. For example, there is now a schedule of meetings with Scottish Ministers in addition to the regular Scottish Parliament Committee sessions.

The Crown Estate set up the Scottish Liaison Group in 2007 comprising key stakeholders, this Group has been supplemented with separate meetings for particular sectors such as offshore renewable energy and aquaculture. By developing the format in this way, we aim to improve co-ordination, sharing of information and ensure the Group is working to best effect.

In addition, we hold annual receptions in Edinburgh and a range of workshops with stakeholders (such as the one held with senior team of HIE and our Chief Executive in September 2013). We have established a Memorandum of Understanding with the University of Highlands & Islands, to help communities benefit from the generation of low carbon energy, focusing on creating the right training infrastructure and in promoting innovation and research.

We also contribute to wider debates, providing our insight and expertise to help inform policy debate and decision-making. We responded to the Scottish Government-commissioned Land Reform Review Group's consultation in January 2013. In addition, our Chief Executive, Scottish Commissioner and Rural and Coastal Portfolio Manager for Scotland met with members of the Group including the Chair, Dr Alison Eliot, in September 2013. We intend to respond to the Scottish Affairs Committee's consultation on land reform.

We are partners in a range of joint-working initiatives, reflecting our commitment to working collaboratively with stakeholders at the local, regional and national level.

The managing agents' contract for the coastal estate has been retendered to ensure that they are more firmly embedded within the communities that they serve and we are rolling out engagement training for all managing agents.

4. Community benefits and wider public interests

We work closely with communities to meet shared objectives. While The Crown Estate Act 1961 does constrain the organisation's capacity to invest in projects that do not meet its commercial remit, in practice the overall programme of investment is aligned with supporting sustainable economic growth in Scotland. On this basis, communities do benefit from reinvestment of revenues raised.

In response to concerns raised by coastal communities, we introduced Local Management Agreements (LMAs) in 2012. LMAs provide access to seabed and foreshore and help local communities to secure funds to develop projects designed to take advantage of the economic opportunities offered by, for example, the growth of marine leisure.

Three such agreements now exist for proposed projects in Lochmaddy, Portree and Gigha. Our team provides on-going support and advice to the project partners, and we recently announced a £380,000 investment in Comann na Mara's development at Lochmaddy, North Uist.

We are also investing £375,000 in new mountain bike facilities on the Glenlivet Estate, including new bike trails and a visitor centre. This builds on our work in recent decades to develop the area as a tourist destination, supporting business diversification and community regeneration.

In relation to offshore renewable energy, we are piloting an education programme for secondary pupils (working with Keir Bloomer's team at the Sustainable Learning Partnership) to ensure that they are aware of and able to take advantage of opportunities in offshore renewables. The programme is project-based, cross-curricular and is aligned with Curriculum for Excellence, using active learning to cover wider themes of sustainability.

Last year The Crown Estate invested £9.6 million in Scotland of which £5.9 million was in the Energy & Infrastructure portfolio covering offshore renewables and carbon capture & storage (CCS). In addition, around £100,000 is invested each year in coastal projects through the Marine Stewardship Fund and £200,000 is invested in aquaculture research (this will rise to £250,000 per year from 2013/14).⁴

Much of our work is designed to unlock potential. A recent example is our work with Scottish Government and HIE to facilitate BT's installation of 400km of subsea cables over 19 crossings to islands to deliver fibre broadband to over 80% homes and businesses in Highlands & Islands. Recognising the significant social and economic benefits that broadband will bring communities, The Crown Estate made a variation to standard terms for submarine telecoms cables. This helped make the project viable and gave BT certainty at an early stage.

A further example is our work on data-sharing designed to help further sector development by addressing knowledge gaps and avoiding duplication of surveys or other forms of research. Our bespoke spatial planning tool MaRS has been used by Marine Scotland to help inform marine planning, and the Marine Data Exchange (found at <http://www.marinedataexchange.co.uk/>) provides access to survey data and reports collated during the planning, building and operating of offshore renewable energy projects.

5. Two phase decentralisation, transition, foreshore and seabed rights

These changes would require primary legislation

However, at an operational level The Crown Estate has agreed in principle appropriate protocols with Marine Scotland to ensure that our energy activities, roles and responsibilities, are aligned with the objectives of Scottish Government. Equally, we work closely with local authorities, particularly those in the Highlands & Islands, to ensure effective collaboration and cooperation.

⁴ This is separate from and in addition to the Coastal Communities Fund (CCF). The CCF was set up by HM Treasury and is administered by the Big Lottery Fund. It consists of 50 per cent of the annual gross revenues from The Crown Estate's marine activities. From 2012/13 to 2015/16, this will total £10.85 million. CCF is aimed at projects that promote sustainable economic development.

6. Historic sites

The SAC's objectives have been met in full. The Crown Estate transferred the land in West Princes Street Gardens to the City of Edinburgh Council in October 2012. In August 2013, King's Park was transferred to Scottish Ministers, while ensuring local control and management of the land through a ground lease to Stirling Council.

7. Ancient rights

The transfer of naturally occurring oysters and mussels to Marine Scotland on behalf of Scottish Ministers has been agreed in principle and is expected to be completed in the next few months.

The commercial value of salmon, gold and silver prevent the transfer of these at nil value due to the requirements of The Crown Estate Act.

There are close to 140 river salmon fishing tenancies, including more than a third with angling clubs or associations. We seek to encourage other such groups to take up leases and have recently supported new local angling associations by granting leases on the River Leven in Fife and the West Lothian Almond, enabling the communities to enjoy access to salmon angling at an affordable cost (reflecting the recovering salmon stocks and water quality).

8. Modern acquisitions

The Crown Estate continues to buy and sell land and property on this basis.

We welcome the continued interest and engagement of the Scottish Affairs Committee members in our work and, for our part, would be keen to continue this dialogue and to arrange site visits to areas where we are active.

Alison Nimmo
Chief Executive