

Agenda Item	19
Report No	HC/44/19

## HIGHLAND COUNCIL

**Committee:** The Highland Council  
**Date:** 5 September 2019  
**Report Title:** Crown Estate Scotland  
**Report by:** Chief Executive

### 1. Purpose/Executive Summary

- 1.1 The purpose of this report is to provide an update on developments in relation to the Scottish Government's commitment that the net revenues from Crown Estate Scotland marine assets out to 12 nautical miles will provide benefit to coastal communities.

### 2. Recommendations

- 2.1 Members are asked to note the report.

### 3. Implications

- 3.1 There are no resource, legal, community (equality, poverty and rural), climate change/Carbon Clever, risk or Gaelic implications arising from this report.

### 4. Background

- 4.1 On 1 April 2017, powers over the revenue and management of the Scottish Crown Estate were devolved as part of the Scotland Act 2016 and formally transferred to Crown Estate Scotland (Interim Management).
- 4.2 On 15 January 2019, the Scottish Crown Estate Act came into force which provides a new legislative framework for the Scottish Crown Estate.

The policy objectives of this legislation are to:

1. reform the duties of the managers of Scottish Crown Estate assets;
2. provide legal powers for the transfer and delegation of

management of Scottish Crown Estate assets other managers;  
and

3. create a national framework which ensures local communities, local authorities and industries can benefit.

4.5 Commencement of the Scottish Crown Estate Act 2019 is being taken forward in a phased approach and the Scottish Government will continue to work with Crown Estate Scotland (Interim Management), the stakeholder advisory group and other key stakeholders throughout the process.

4.6 Regulations to commence phase one of the Act were laid before the Scottish Parliament on 17 May 2019. This first phase brought sections relating to the Strategic Management Plan and other Scottish Ministers' powers and duties into force on 1 June 2019.

4.7 Crown Estate Scotland manages land and property owned by the Monarch in right of the Crown and are responsible for managing: -

- 37,000 hectares of rural land with agricultural tenancies, residential and commercial properties and forestry on four rural estates (Glenlivet, Fochabers, Applegirth and Whitehill)
- Rights to fish wild salmon and sea trout in river and coastal areas
- Rights to naturally-occurring gold and silver across most of Scotland
- Just under half the foreshore around Scotland including 5,800 moorings and some ports and harbours
- Leasing of virtually all seabed out to 12 nautical miles covering some 750 fish farming sites and agreements with cables & pipeline operators
- The rights to offshore renewable energy and gas and carbon dioxide storage out to 200 nautical miles
- Retail and office units at 39-41 George Street Edinburgh

The total property value of the Scottish Crown Estate assets was £386 million as at 31 March 2018.

## **5. Crown Estate Revenues**

5.1 Crown Estate Scotland's first Annual Report and Accounts to 31 March 2018 was published on 22 August 2018. The Report confirmed that they had exceeded their 2017-18 revenue profit target, making contributions totalling £9m to the Scottish Government. (over £3m more than target) to benefit public finances.

5.2 The net profit of £9m for 2017/2018 has been transferred from the Crown Estate to the Scottish Government

5.3 The Scottish Government have made a commitment that the net revenues from Crown Estate Scotland marine assets out to 12 nautical miles will provide benefit to coastal communities.

## **6. Distribution Formula**

6.1 At the COSLA Leader's meeting on 25 May 2018, the following recommendations from the Settlement and Distribution Group were approved: -

- That for one-year net revenue will be distributed on the basis of marine area out to 12 nautical miles;
- That the aspiration was, subject to Settlement and Distribution Group review of the methodology, that after one-year funding is distributed on the basis of net revenue raised in the local authority area; and
- A longer-term review will take place around 2021 which will include consideration of how to take into account changes brought in by the Scottish Crown Estate Act, 2019.

## **7. Latest Developments**

7.1 There is currently no clarity over the amount that will be allocated, the criteria that may be applied or the mechanism for distribution of these resources.

7.2 The Council Leader wrote to the Cabinet Secretary for Environment, Climate Change and Land Reform on 15 February 2019 to seek clarity over when the money would be distributed, how it would be distributed and whether there would be any criteria for its use.

7.3 The Cabinet Secretary replied on 7 March 2019 confirming that the Scottish Government had agreed an interim formula-based approach to distribute a share of total net revenue from the Scottish Crown Estate marine assets out to 12 nautical miles to island and coastal local authorities. Local authorities would be advised in due course how much they would receive for 2017/2018 and the basis on which that funding would be provided.

7.4 The Cabinet Secretary also advised that the interim arrangements will be reviewed, and discussions would continue between the Scottish Government and COSLA on the detail of that process, including the policy intent of delivering benefit to coastal communities.

7.5 COSLA have also been in touch with the Scottish Government seeking information on when the funding allocations would be notified to local authorities.

7.6 On 19 August 2019, the Council Leader wrote a further letter to the Cabinet Secretary enquiring when the Scottish Government would be in a position to announce how much funding local authorities would receive

for 2017/2018 and the basis on which that funding would be provided. A reply is currently awaited.

Designation: Chief Executive

Date: 21 August 2019

Author: Gordon Morrison, Parliamentary Officer

Background Papers: None