SUPPLEMENTARY SUBMISSION FROM HIGHLANDS AND ISLANDS ENTERPRISE

Following HIE’s evidence to the Scotland Bill Committee on the Crown Estate on 20 September at which we undertook to provide the committee with additional information, and your subsequent e-mail of 29 September, I am now pleased to provide the following supplementary information to the Committee.

**Information in relation to leakage of income from the Highlands and Islands of Scotland**

The current financial situation with the Crown Estate Commission results in a net ‘leakage’ of funds from its Scottish properties (marine, rural, urban) in terms of both capital and revenues. The net capital outflow from the Crown Estate in Scotland over the last 5 years is reported at £50 million, though it can vary significantly from year to year. In addition, there is an outflow of gross surplus revenue from the Crown Estate Commission’s income in Scotland of approximately £10 million per year. From statistics publicly available, we are unable to break this down regionally, though the bulk of the annual surplus revenue comes from the marine estate, much of which is in the Highlands and Islands.

**The Crown Estate discussion with HIE regarding proposed Memo of Understanding (MOU)**

During the summer of 2009, HIE was involved in a range of discussions with The Crown Estate (TCE) and Highland Council as to possible opportunities for closer joint working with The Crown Estate. It was clear to HIE that The Crown Estate was keen to capitalise on its asset base in the Highlands and Islands, particularly in the Marine sector, and to be fully involved in wider economic development, and to be an active partner in strategic developments across the Highlands and Islands.

To that end, The Crown Estate proposed that they, the six local authorities in the region, and HIE, jointly sign a memorandum of understanding, which would:

1) Allow HIE, The Crown Estate and Local Authorities to undertake a strategic review of opportunities and assets in the Highlands and Islands, identify major work themes and develop an action plan.

2) This action plan could comprise a series of work streams (e.g. aquaculture, offshore wind, ports and harbours, community energy etc), with identified participants, stakeholders and development actions.

A draft Memo of Understanding (MOU) was prepared and was discussed at the joint meeting of The Crown Estate, Local Authority Convenors and the HIE Chair in Edinburgh on the 19th November 2009. At that time TCE then explained that they were also looking to develop a strategic level MOU between themselves and the Scottish Government. HIE then took the decision to wait on the outcome of this new MOU before formally signing any MOU, as did a number of the Highlands and Islands Local Authorities.
As this development of a MOU between the Scottish Government and The Crown Estate seems to have been overtaken by events, there has been no meaningful progress with the formal MOU between The Crown Estate, HIE and the Highlands and Islands Local Authorities since late 2009.

However, it is fair to highlight that significant progress has been delivered in the area of Marine Renewables, through close and effective joint working between TCE, HIE, Scottish Government, and Highland and Orkney councils as part of the Pentland Firth and Orkney Waters Co-ordination Committee. It was this type of work that the MOU was intended to facilitate, but in this case it has been progressed through other channels.

I trust this information will address the committee's requests and I would be happy to provide further details if required.

Highlands and Islands Enterprise
18 October 2011