ORKNEY ISLANDS COUNCIL RESPONSE TO
Finance and Constitution Committee Questionnaire on the Scottish Crown Estate Bill – Financial Memorandum (FM)

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

Orkney Islands council responded to the LONG TERM MANAGEMENT OF THE CROWN ESTATE (CONSULTATION).

Orkney Islands Council has long recognised the inequity of The Crown Estate’s operation in Scotland and has lobbied for change.

Orkney Islands Council has been consistently clear that 100% of Crown Estate revenues should be returned to the communities who host the revenue raising deployments and that the management function for administration of deployments and revenues should reside with the Local Authority as the elected representative of the local community.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

It is disappointing that there is no reference to revenues coming to local communities made in the FM. This commitment should be reinforced within the FM.

The Prospectus states:

The Scottish Government acknowledges each Council’s Community Planning and leadership role for their islands. Net income from activities within 12 nautical miles would be passed to individual Councils and each will be responsible for administering their own fund, including determining how funds are spent, who will benefit and the level of benefit.

The islands councils believe that, as indicated, the income from marine activity in our own waters should to accrue to our respective areas. We believe that this basis of apportionment is:

- Fair and Equitable
- Provides an incentive to encourage and promote marine activity in our respective waters
- Commensurate with the principles of community benefit outlined in Empowering Scotland’s Island Communities
- Consistent with the principles of subsidiarity

The SNP Manifesto for the Islands 2016 states:
“We will ensure island communities receive revenues from Crown Estate assets around their shores and have a greater say in how the assets of the Crown Estate are managed.”

The government’s policy does not detail how the distribution of income is accomplished. The Prospectus does. We would like to see the Prospectus commitment implemented and see no reason why it should not be

3. Did you have sufficient time to contribute to the consultation exercise?

No.

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

COSTS ON LOCAL AUTHORITIES (Paras 42-48) – Para. 48 refers to powers in the Bill for Minister to provide grants to prepare for changes in management. It would be useful to have further clarity in the FM on the potential for grants to contribute towards the cost of local management in Orkney.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

Paras 28-30 - New organisational arrangements in Scotland – It states that ‘The Bill provisions include powers to transfer or delegate the management of an asset but the Bill will not itself effect such a change’. ‘It is not possible to be definitive about the costs of change at this time’. Paragraph. 30 refers to the requirement for a BRIA to support secondary legislation and that estimated financial costs will influence Minsters decision for the devolution of management.

It seems that the BRIA will provide specific costs estimates associated with local management. As it’s not possible to be definitive about these costs at this time, this would appear to be reasonable.

6. If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

There remains much uncertainty as the FM makes clear regarding costs. It is impossible to answer this question through lack of detail in the FM.

As indicated, Orkney Islands Council has been consistently clear that 100% of Crown Estate revenues should be returned to the communities who host the revenue raising deployments and that the management function for administration of deployments and revenues should reside with the Local Authority as the elected representative of the local community.
To date, there is still uncertainty as to how the distribution of net revenue will be applied. There would not appear to be any clear idea of what the net income will be or how it will be applied. This has to be addressed before the council can answer this question.

7. Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?

It is impossible to answer this question given the uncertainties already alluded to.

**Wider Issues**

8. Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?

As indicated, it is disappointing that there is no reference to revenues coming to local communities made in the FM. This commitment should be reinforced within the FM.

9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

Yes. Until there is clarity regarding the distribution of net income from the Crown Estate assets, it will be impossible to quantify any costs for future local management and how these will be met.