



OFFICIAL REPORT
AITHISG OIFIGEIL

Environment, Climate Change and Land Reform Committee

Tuesday 26 September 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 26 September 2017

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ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE
24th Meeting 2017, Session 5

CONVENER

*Graeme Dey (Angus South) (SNP)

DEPUTY CONVENER

John Scott (Ayr) (Con)

COMMITTEE MEMBERS

Claudia Beamish (South Scotland) (Lab)

*Donald Cameron (Highlands and Islands) (Con)

*Finlay Carson (Galloway and West Dumfries) (Con)

*Kate Forbes (Skye, Lochaber and Badenoch) (SNP)

*Emma Harper (South Scotland) (SNP)

*Richard Lyle (Uddingston and Bellshill) (SNP)

*Angus MacDonald (Falkirk East) (SNP)

*Mark Ruskell (Mid Scotland and Fife) (Green)

*David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Amanda Bryan (Crown Estate Scotland)

Maurice Golden (West Scotland) (Con) (Committee Substitute)

Ronnie Quinn (Crown Estate Scotland)

Andrew Wells (Crown Estate Scotland)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Environment, Climate Change and Land Reform Committee

Tuesday 26 September 2017

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Graeme Dey): Good morning. Welcome to the 24th meeting in 2017 of the Environment, Climate Change and Land Reform Committee. We have apologies from Claudia Beamish and John Scott, and Maurice Golden is attending the meeting as the Conservative Party substitute. He does not have to declare any interests as he did that previously, when he was a member of the committee.

I remind everyone to switch off mobile phones and other electronic devices as they might affect the broadcasting system.

The first item on the agenda is consideration of whether to take in private items 4, 5 and 6. Do we agree to do so?

Members *indicated agreement.*

Crown Estate Scotland

10:00

The Convener: The second item of business is an evidence-taking session with representatives of the Crown Estate Scotland. I welcome Amanda Bryan, the chair; Ronnie Quinn, the chief executive; and Andrew Wells, the head of property. We will move straight to questions.

Maurice Golden (West Scotland) (Con): I welcome the witnesses. Can you outline the extent to which there has been a smooth transfer of responsibility?

Amanda Bryan (Crown Estate Scotland): Thanks very much. We are delighted to be here. It is important that we have the opportunity to speak to you. We are a new organisation that is embedded in Scotland, with decisions taken in Scotland and benefits that come from the assets being managed for the benefit of communities, stakeholders, local authorities and others.

As you recognise, we have just been through a period of transition. As someone who has come into the situation, I think that the transition has been relatively smooth. The Crown Estate put a huge amount of effort into ensuring that all the systems were in place to facilitate that. Obviously, it took a little bit of time—it took until the start of May—to get a new board in place, but we have since had three board meetings and we are moving to develop a new corporate plan, which I am sure that we will touch on in today's proceedings. We are now getting all the different tools in place to ensure that we can manage the assets effectively in this interim period, which is what we have been charged with doing.

Maurice Golden: I appreciate that you are a relatively small organisation, but what plans do you have to ensure that you have in place the right controls with respect to your internal and external procedures? Do you have any plans to enhance your internal and external audit function?

Amanda Bryan: The board has been examining governance and the other processes that we need to have in place to ensure that we are managing the assets effectively. We have an audit and risk committee, and we have also established an investment committee, because we think that the key issue for us will be how we manage investment.

Ronnie Quinn can say a few words about internal and external audit.

Ronnie Quinn (Crown Estate Scotland): The situation is quite simple, to be honest. Last year, we staffed up to ensure that we had a finance team, and we are augmenting that next week to

bring the finance team up to a total of three. We took the view that the organisation is too small to justify having a full-time internal audit function. However, we have arrangements in place for an external audit, and the processes were shared with the Scottish Government prior to the transfer.

Maurice Golden: Can you comment on staff morale? What measures do you have in place to measure that? I appreciate what you said about the size of the organisation, but have you considered having 360° feedback or other appraisal processes that might allow you to track staff morale over time?

Ronnie Quinn: The last all-staff survey was in December; we normally do them annually. In December, the percentage of staff saying that it was a great place to work was in the high 80s. There were a couple of areas that we were working on, and we are working through them now. Once a quarter, we take the time to have a full half-day session with everyone, which is a useful way of testing the temperature and seeing how things are. We have not seen a huge departure of staff from the office, which I suppose is as good an indicator as any. We have the normal turnover that you would expect, but no great extras.

Emma Harper (South Scotland) (SNP): What practical measures have you undertaken to engage with communities?

Amanda Bryan: I will ask Andy Wells to say a little bit about the work that has been going on at Glenlivet, but first I will talk more broadly about what we have been doing.

The board and I have been very keen to get out and engage across the piece with communities, wider stakeholder groups and, indeed, local authorities, which are key stakeholders. I have been getting out there and having meetings with a range of organisations, including Community Land Scotland and many of our tenants and tenant representative groups. The board has committed to having board meetings around Scotland; at least 50 per cent of our board meetings will take place outwith Edinburgh. We have already had meetings in Argyll and Shetland, and through those meetings we are looking to engage with a wide range of groups, including community organisations.

We are looking at how we carry on that engagement. We are in the process of commissioning two pieces of research. One will focus on getting feedback from our tenants on how they feel that we have been doing and whether there are any areas for improvement. The other will be on wider stakeholders, and through that work we will engage with a range of sectoral groups and community organisations to get a

sense of how we have been doing, where we can improve and how we should engage with those groups.

Andrew Wells (Crown Estate Scotland): In terms of operational management, a range of engagement activities are taking place across the four rural or non-coastal estates either directly with our staff or with our managing agent teams.

We have a long-established and close working relationship with the community in Glenlivet. We have worked with the Tomintoul and Glenlivet development trust and the Cairngorms National Park Authority on the landscape partnership project, which is funded by the Heritage Lottery Fund and is very much moving towards its delivery phase. Through a liaison group, we have had a sort of formal arrangement with the community there for many years, and we continue to build on that.

We have worked with the Rosewell Development Trust in the Whitehill estate, which is south of Edinburgh. We have our managing agent marine officers, who work in Bidwells and do a huge amount of work, both formally and informally, on the west coast with community groups such as moorings associations.

As Amanda Bryan said, we are keen to build on that engagement and see whether we can do it better, and we are keen to start to build engagement into the new business more formally.

Emma Harper: How do board members support community engagement? Do different members take a lead on engaging certain communities?

Amanda Bryan: Board members have a range of backgrounds, so we have identified aspects of the business in which different board members will take more of a role. The expectation is that board members will engage widely with stakeholders in those sectors and will support staff in that way.

The Convener: Have you identified any shortfall in the range of expertise on the board? Are there any areas of the Crown Estate's operation for which you perhaps do not have the expertise at board level?

Amanda Bryan: It is early days, but I have committed to keep a watching brief on that. We have scope to have up to eight board members plus me, and at the moment, we have six plus me. We therefore have two appointments in hand and, if we identify a gap, we could appoint additional members. However, we have to be cognisant that the board is an interim body, so we would need to know what might follow before we took any steps in that direction.

The Convener: I am thinking specifically of farming because, as you will be aware, the farming part of the Crown Estate has voiced

concern that there must be an understanding of its needs at board level and it wants to have its voice heard there. Are you satisfied that that is happening?

Amanda Bryan: We might not have a farmer on the board, but three of us have considerable land management experience and are relatively well connected with the farming community, so I do not see that as a shortcoming at this point. We certainly look to engage with farming. I have been involved in meetings with the Scottish Tenant Farmers Association and the NFU Scotland, and another meeting with the NFUS tenants working group is coming up. We are also meeting the likes of Henry Graham, who is one of the agriculture champions and who is keen to explore with us how we consider opportunities for introducing new entrants into farming.

The Convener: It sounds like you are on top of it. That is good.

David Stewart (Highlands and Islands) (Lab): I will move us on to a discussion about the Islands (Scotland) Bill. I declare an interest, because as a Highlands and Islands MSP, I have a great interest in the matter. I am keen for the philosophy that we have tried to develop in the our islands, our future campaign to be realised in practice. I ask the witnesses to give us a progress report on the setting up of the pilot scheme for the management of assets in relation to Orkney, Shetland and the Western Isles.

Amanda Bryan: The Scottish Government has asked us to develop a number of pilots not only in relation to the islands and local authorities but in relation to communities. We are considering how to do that because whatever we put in place needs to be done consistently, fairly and equitably.

The first thing that we are doing is considering the proposal that the islands authorities have put on the table. At our Shetland board meeting, we had a productive and helpful session with the three of them. It helped the board as a whole to understand where the islands authorities were coming from and what they hoped to achieve through the pilots. Subsequent to that, some of the officials from the three authorities met the team in the office to understand some of the practicalities involved in managing the assets.

We appreciate that the pilots will not happen overnight, but we want to proceed with a degree of pace. To help the process, we are looking to make two fixed-term appointments to develop a pilot scheme. That is where we are at the moment.

David Stewart: In any organisation, there is a danger of things drifting. I accept that you want the pilot schemes to happen. Is the pace that you have in your corporate head the same as the one

that the Orkney, Shetland and Western Isles authorities have in mind?

Amanda Bryan: I have not specifically asked them that question but the impression that I got when we met was that they were delighted to have that conversation and open discussion with us.

David Stewart: If you come back again in a year's time, will we have a pilot scheme?

Amanda Bryan: I hope that we will have made good progress towards a pilot scheme of some kind.

10:15

David Stewart: I move on to the decentralisation of jobs and functions, which is also relevant to the issue. In the history of the Parliament, there has been some debate about that, and about the philosophy—I do not need to lecture anyone about this today—that all of Scotland pays for public sector jobs, so all of Scotland should benefit from them. There was a major move in the second session of Parliament, with the relocation of Scottish National Heritage from Edinburgh to Inverness, which I have a certain interest in given that I live in that patch. How realistic is it that there will be serious job relocation from Edinburgh to Orkney, Shetland and the Western Isles?

Amanda Bryan: At the moment, we are an interim body. As far as I am aware, there is no intention to move staff, but it is important to note that quite a few staff are based outwith Edinburgh. There are teams at Glenlivet, where a forester is just starting, and at Fochabers, and our managing agents model means that we have staff based around Scotland. There is actually quite a lot of employment in rural areas already.

David Stewart: How many staff do you currently have in Edinburgh, and how many do you expect to have in the next couple of years? Will the number be stable, or will it grow?

Ronnie Quinn: In Edinburgh just now we are in the mid to high 20s, so we are not a large organisation. The size of the organisation will largely depend on what comes our way. That staff complement will take us through business as usual, but if there are further projects—Amanda Bryan has already mentioned the islands and local management—we will need to resource up to staff those.

David Stewart: But you take my point: the philosophy of the Islands (Scotland) Bill—which is, as you know, going through our sister committee, the Rural Economy and Connectivity Committee—and of the our islands, our future campaign is to relocate jobs. Presumably, it is within your competence as a board to decide to relocate jobs

to the islands. I suppose that, technically, there is nothing to stop you relocating jobs if you wish to do so.

Ronnie Quinn: Technically, no, there is not.

David Stewart: Have you had any indication from the Government that that would be a positive move?

Ronnie Quinn: No, we have not. I echo Amanda Bryan's point that this is an interim organisation. We do not yet know the shape of the legislation that will be introduced during this session, and it would perhaps be premature to reform too quickly in advance of that legislation.

David Stewart: If you are setting up pilot schemes in Orkney, Shetland and the Western Isles, it may be an advantage to have staff in those island groups. I take the point that you have staff in other parts of Scotland, but do you currently have decentralised staff in Orkney, Shetland or the Western Isles?

Ronnie Quinn: No, we do not. We need to bear in mind the question whether it will be appropriate to base staff there when we model and look at the potential for a local management arrangement for the islands.

David Stewart: So philosophically, under the Islands (Scotland) Bill, and managerially, it might make sense to have staff in the three island groups that I mentioned.

Ronnie Quinn: Whether that makes sense will depend entirely on the shape of the pilot, and it would not be fair for me to second guess that at this stage.

The Convener: There have been several references already to the fact that the board is an interim board. You have indicated that you perhaps feel constrained in redeploying jobs while the board is in that position. Are there any other areas of operation where you feel constrained? There might be a sense that you are marking time until a permanent arrangement is in place.

Amanda Bryan: I would not say that we feel constrained by that at all. We have a clear remit to manage the assets during this period. We have been able to take a bit of a steer from what we have seen so far from the consultation about the new legislative arrangements. Like the committee, we expect a bill to be introduced this year.

We are looking to evolve over this period to ensure that we are not moving counter to anything that is going to be put in place. However, we have to be mindful that we have been charged with maintaining the good health of the assets so that any future management arrangements are implemented from the best position.

Donald Cameron (Highlands and Islands)

(Con): Very much in line with my fellow Highlands and Islands MSP, David Stewart, I think that it is worth all of us reminding ourselves that the Smith commission and the Scotland Act 2016 explicitly agreed that there would be further devolution of management to local authority areas, including the islands. On the pilot scheme, how quickly do you envisage advising the island authorities of the criteria against which the pilots will be assessed?

Amanda Bryan: We want to ensure that, whatever criteria are put in place to assess any proposals, they are exactly the same for any community or local authority, not just the islands. It is essential to ensure that they are robust and consistent—that is the overarching priority. You have heard from Ronnie Quinn that we have a relatively small team, who are already having to manage the assets on a day-to-day basis. I would like to think that we will advise on criteria as soon as we get a dedicated resource in place, and we are taking steps to put that in place. I am not going to say that it will happen tomorrow, but I am not going to say that it will be next year. I hope that it will be sometime in the next couple of months.

Donald Cameron: That is a very interesting answer, because one view is that different local authorities will have different ideas about how best to use the assets. For example, the Western Isles—where I was last month, in Stornoway—might have the idea of working more collaboratively with community landowners. How do you ensure that the pilot programme is responsive to local needs?

Amanda Bryan: I suspect that there are myriad models out there, so we have to ensure that the criteria are not about the exact detail of the model but about whether it will ensure that the assets continue to be managed in a positive way. It is also about whether we, as Crown Estate Scotland, can meet our obligations to the Scottish ministers in relation to the financial systems and so on. Ronnie Quinn has already done some thinking on that that he might want to share with you.

Ronnie Quinn: I agree that there are some differences in the way in which the islands in particular would like to move forward, but that has become apparent only in the past couple of weeks, if truth be told. I echo what Amanda Bryan said, because I do not think that there is a one-size-fits-all model. However, we need to be at least consistent in how we formulate the way ahead. It is fair to say that those around the table recognised that, although proceeding with a degree of alacrity was important, the priority was to get it right first time and have something that would work across the board. That was a very useful sentiment to take away.

Richard Lyle (Uddingston and Bellshill) (SNP): Good morning. You are quite a new organisation, so basically you have to fit in with other organisations that are already on board. What is your relationship with the Scottish Land Commission, HM Treasury and Marine Scotland? I have other questions after you respond to that.

Amanda Bryan: I will take the first and the third organisations, then I will pass over to Ronnie Quinn to respond on the second organisation.

I have had very positive meetings with Andrew Thin, the chair of the Scottish Land Commission, and with Bob McIntosh, the Scottish tenant farming commissioner, which have looked at how we can engage with the commission's agenda, particularly on tenant farming. We expect that relationship to be on-going. For example, we are looking to engage the commission on its work to review the role of agents.

We have a very positive working relationship with Marine Scotland. The framework document sets out our role and that of Marine Scotland as our sponsor department, the Scottish ministers and our cabinet secretary. We have been working to the framework, and on the basis of there being no surprises.

Andrew Wells: Next week, I am going to meet Hamish Trench, chief executive of the Scottish Land Commission, to look at how we can assist with its work. An initiative of ours was to contact all our farming tenants to advise them of the farm improvements amnesty. We are very keen to work proactively with the Scottish Land Commission to see how we can assist it with its work.

Richard Lyle: What about HM Treasury?

Ronnie Quinn: Before I get to that, I confirm and endorse what Amanda Bryan said about Marine Scotland. Even before transition, we had a close working relationship with Marine Scotland, particularly in the areas of aquaculture and offshore energy. That close working continues—we meet at least weekly.

There is no special relationship with HM Treasury. We went through the process of VAT registration, including for various properties. As far as HM Treasury is concerned, we are the same as any other business.

Richard Lyle: We have Crown Estate Scotland and we have the Crown Estate, which covers the rest of the United Kingdom. What relationship do you have with the Crown Estate? Are you autonomous or does it have any hold over you? Can it issue you with directions?

Ronnie Quinn: A great deal of money, time and effort was spent in making us autonomous. At the transfer, the cables were physically pulled out of the connections into the London organisation. It

has no direct oversight of Crown Estate Scotland's activities.

We have entered into a memorandum of understanding with each other. We will have two annual meetings to co-ordinate on things such as joint projects. I evidence the offshore renewables joint industry project as an example. This year, the joint working has focused on the numbers from last year that had to go into the Crown Estate's annual report, but the work is fairly high level, and there is no interference or line of control between London and Crown Estate Scotland.

Richard Lyle: Some people might not like my next question, but I am going to ask it anyway. In its opening statement, Crown Estate Scotland missed out an important fact: it manages the estates on behalf of the monarch, who remains the legal owner. Before anyone questions why I am raising this matter, I state that I am a royalist.

The responsibility for financing the sovereign grant will need to reflect the revised settlement for the Crown Estate. What part do you play in the settlement of the sovereign grant?

Ronnie Quinn: Absolutely none. We remit our revenues to the consolidated fund at Holyrood. It is a matter for the Parliament and the Government as to what they do with the revenues.

Richard Lyle: Thank you.

Finlay Carson (Galloway and West Dumfries) (Con): Good morning. My question is about definition, too, so it may be appropriate to ask it at this time. The Scotland Act 2016 indicates that assets should be held

"as an estate in land"

in perpetuity. What does that mean?

Ronnie Quinn: I will take that one.

Amanda Bryan: You can have that one.

Ronnie Quinn: There are a number of challenges in managing the assets. For example, we do not own shares in companies, and we cannot make the classic investments that other entities may make—we have to invest capital in property. We cannot trade property; it must be maintained

"as an estate in land".

10:30

Finlay Carson: Right—I get that.

The Convener: You referred to your autonomy from Crown Estate UK, but it still holds on to one of the assets in Scotland: Fort Kinnaird. Are you aware of any progress in resolving the matter or is it, as far as you know, a dead issue?

Ronnie Quinn: It was not on the front line in our negotiations, and we are not aware of any on-going discussions about it.

The Convener: It seems to be such an anomaly.

We move on to the sale of assets. We are told that there are plans to sell some of the Crown Estate assets. Can you outline why those are being sold? Would that be normal business?

Amanda Bryan: I am not sure how familiar everybody is with the situation. We started on day 1 with no funds in the bank. In managing the assets, we have to handle revenue and capital separately. If we wish to continue to invest in our estate—investment in agricultural buildings, for example—we need to raise capital.

The Convener: Sorry—I will stop you there. You have the ability to borrow from the Scottish Government.

Amanda Bryan: Yes we do, but a decision has been taken that we will raise our own capital. That is traditionally how the estate has been managed, and that is how we intend to go forward.

The Convener: Can you outline which assets you plan to sell?

Amanda Bryan: Ronnie Quinn or Andrew Wells may want to take that question.

Andrew Wells: As Amanda Bryan said, in the business model for the Crown Estate historically, we needed to raise capital from the assets that we managed in order to reinvest that capital in property and land to grow the asset value and generate the revenue that is ultimately surrendered to the Government. That has not changed following the transfer to Crown Estate Scotland.

We worked hard in advance of the transfer to put in place a pipeline of sales that would help us, first, to meet our expenditure obligations in the first year of operation and, secondly, to start to build up a small capital fund that could be carried forward for on-going management.

Historically, again, we have disposed of assets in Scotland on a similar scale, although we have had to increase sales in our first year of operation to start to build the capital fund. We are talking about raising approximately £10 million from asset sales in Crown Estate Scotland's first year of operation. That covers a range of sales of residential properties and a number of farms. We currently have an active open-market sale for the Applegirth estate.

In addition, we have some capital income from dealings that we did last year, including servitude payments for electricity pylons. We also have quite a substantial capital income this year from

strategic land sales that we negotiated some years ago.

The income from capital comes from a wide range of transactions. On the coastal side, that can include dredging activities around the coastline, and on the rural estates it covers a range of assets.

On the other side, we have an on-going investment programme in buildings. We are putting up new farm sheds, replacing roofs and carrying out electrical and asbestos works on residential and other properties, and we need to manage a range of other liabilities. We have put together a budget for this year that allows us to manage those liabilities and investment requirements while we start to build a small capital fund that we can roll over for next year.

The Convener: You said that there was an open-market sale for Applegirth. Were those farms vacant, or did they have tenants in? Are you selling to the tenants?

Andrew Wells: The particular farm that I mentioned is one that became vacant because the tenant surrendered the tenancy of his own will. We negotiated a surrender last year. The decision was then taken that the farm would be put on the open market, subject to a criteria or protocol that we developed early on in the new business around farm sales.

Open-market sales do not happen frequently in the Scottish business. We are looking at sales to tenants as well, as part of the disposals programme. Whether we decide to sell or re-let is based on an assessment of the particular unit, and we work through that assessment. We do not necessarily choose to sell every unit; we might re-let, depending on the circumstances. The decision is very much about the circumstances at the time.

The Convener: It is good to get that on the record.

Mark Ruskell (Mid Scotland and Fife) (Green): I will ask about a specific area of business: aquaculture. We know that the Scottish Environment Protection Agency is introducing a new regulatory framework—a depositional zone regulation. That creates opportunities for the aquaculture sector but also some constraints. What is your view on the regulation that has been put forward, and how might it impact on the way you approach aquaculture?

Ronnie Quinn: First, it is important to recognise that we are not the regulator but we work closely with Marine Scotland, in particular, on aquaculture. We are working on a number of initiatives, for example on closed containment, to see how we can take aquaculture further forward. We will approach it more from the side of helping the fish

farmers to create best practice and work within the new structures.

Mark Ruskell: Are you saying that you are there, in effect, to support the industry rather than to steward the resource?

Ronnie Quinn: It is a bit of both, but we are not the marine planner.

Mark Ruskell: Right. It appears that, with the new regulatory model, we could have the expansion of fish farms in more exposed areas, but there will be no requirement to regulate fish farms in more sheltered areas. What is your view on that? Is it the right balance?

Ronnie Quinn: To be honest, I do not think that it is for us to comment on that. We will work with the regulator to implement and make the best of what is there at any given time.

Mark Ruskell: So you have not made an input to the consultation at all.

Ronnie Quinn: We have assisted with the consultation.

Mark Ruskell: I will move on to fishing rights. I am picking up quite a lot of frustration among a number of organisations, including fishing trusts, about non-native invasive species and some of the challenges around catchment management. Does that issue go alongside other catchment issues, such as flood management, that impact on your business in terms of fishing rights?

Ronnie Quinn: In respect of fishing, we recognise that interactions with farm fish are an issue. We are working with the Scottish aquaculture research forum and others on closed containment, particularly for trout. There is a current project to see whether that approach will help with that issue.

Mark Ruskell: I was referring to non-native invasive species. For example, giant hogweed is prevalent in many catchments in Scotland, and there is concern about a lack of joined-up action on it. Does that have an impact on your business in terms of your income from fishing rights? Can people not come and fish because the area is choked up with giant hogweed?

Ronnie Quinn: To be blunt, what is having more of an impact is the no-take restrictions. We are noticing that, from some of the local fishing clubs, we have had half the rent last year and this year because they are noticing a reduced take-up in local fishing.

Mark Ruskell: That is a different issue entirely.

What role does Crown Estate Scotland play in catchment management? If there is a catchment management plan for giant hogweed or mink or whatever, what is your role?

Andrew Wells: We currently work with the relevant authorities. Where we have agricultural land or land adjoining a fishery area, we have an interest in the management of that catchment. An example is the River Spey, up on the Fochabers estate. This year, we are putting money into non-native species control in that catchment area. We have identified funding to go into control work. We will work with SNH and SEPA where there are specific issues and will assist where we can do so.

Mark Ruskell: What about areas in which you have salmon fishing rights on rivers?

Andrew Wells: Again, that is very much a question of working with the relevant fisheries boards and trusts. We try to co-ordinate on aspects of management. In riparian areas where we do not have ownership, it is more challenging for us to get involved, but we will certainly work and co-operate with fisheries boards on the management of such areas.

Mark Ruskell: I am just trying to get a sense of what you actually do.

Andrew Wells: As I have said, where we can put money into control mechanisms, and where it is appropriate, we do so. Where we lease fishery areas to local community groups and angling associations, it is a question of working with them, other relevant authorities and adjoining landowners through fisheries trusts and boards. It may be a question of putting funding into works to benefit a catchment area. Whether those be, for example, flood works or other control measures, if they are appropriate, we will look at them.

Finlay Carson: On the back of that question, has Crown Estate Scotland applied for funding from, for example, ECAF—the environmental co-operation action fund—for the control of invasive species? That was a grant scheme that allowed organisations to invest in removing species such as giant hogweed.

Ronnie Quinn: Not historically.

The Convener: I ask panel members to talk us through the issue of offshore renewables. If we look at the example of the Firth of Forth and Firth of Tay arrays, where we have four consented wind farms, do you have any income stream from those at the moment? How would that develop, depending on whether the wind farms do or do not proceed?

Ronnie Quinn: We do not have any income stream from those projects at present. The way in which our leases and agreements for lease work for offshore wind farms is that we start to take revenue rent from such projects once they start generating. Given that nothing has been built yet, nothing is generating, so absolutely nothing is coming out of those projects. Once the court

process—I will leave it at that—has concluded, they will endeavour to reach financial close. There is one project, which is Neart na Gaoithe, that you will be aware has a contract for difference already—

The Convener: I am glad that you can pronounce that.

Ronnie Quinn: When and if they have reached financial close, they would approach us for a lease. At that point, we would negotiate and enter into a lease, which would require them to build out the project within a certain time. Normally, that would be consistent with the CFD as well. Once they start building and generating such projects, we will start to get revenue in from them. The same would apply to the other projects—Firth of Forth and Firth of Tay—as well. They are consented, but they would need to apply for the CFD.

The Convener: Let us take Neart na Gaoithe as an example. Could you quantify for us what you anticipate the income from that to be?

Ronnie Quinn: In the past, for Scottish territorial waters projects, I have given a figure of £4.6 million per gigawatt installed, and that would still be the same.

The Convener: Is that over the life of the project?

Ronnie Quinn: No, it is per annum.

The Convener: Presumably you project and anticipate such income. What impact would it have on the Crown Estate revenues if you were not to have that income?

10:45

Ronnie Quinn: You are right to say that we could project that further forward, but we do not count on it until it is there and the company has reached financial close. There is a lot of wind to pass before that happens. [*Laughter.*]

Once we have reached financial closure, it becomes a real project from our point of view. Therefore, things such as the capital valuations will increase and that has an impact. For example, as you will see from the figures from 2016-17, the offshore renewables capital valuation dropped for the first time. That is a direct consequence of where we were in the court process at that point in time. That valuation was correct at 31 March, because at that point we had not had the inner house's decision.

The Convener: Going beyond that one situation, is the anticipated income stream from offshore renewables considerable for the Crown Estate?

Ronnie Quinn: It is. It has huge potential and the team has worked really hard, along with developers, to bring the projects forward. It was great to see Moray Firth Offshore Renewables get its CFD earlier this month. That, along with the Beatrice, Aberdeen bay and Hywind Scotland projects mean that Scotland is doing very well in offshore wind. That is a testament to the work that we and the developers have put in to make it happen. We now have to look at what will happen in the future, because it takes eight to 10 years for such projects to come to fruition.

The Convener: I want to move the discussion on. Can you outline the impact of the Forestry and Land Management (Scotland) Bill and Brexit on the operation of the Crown Estate?

Amanda Bryan: I should declare an interest at this point. I have a role in the Forestry Commission, so it is probably best if I do not comment on the Forestry and Land Management (Scotland) Bill.

Andrew Wells: We manage some 5,000 hectares of commercial forestry, spread across the four rural estates, with the bulk of that at Glenlivet. It is made up of fairly fragmented estate woodlands, rather than large-scale commercial plantations. We manage those woodlands using sound silvicultural practice. We are Forestry Stewardship Council certified according to the UK woodland assurance standard and we continue to manage the woodlands in a sustainable way to generate revenue from timber, but also to drive local benefits in tourism, recreation, the environment and so on. I see that work continuing.

That work is integrated with other aspects of our estate management. We may consider disposing of some of the forestry assets to raise capital. We will continue to work with other partners to maximise the benefits from our forest management. We do not see things changing significantly as a result of the Forestry and Land Management (Scotland) Bill. We already work very closely with Forestry Commission Scotland. As that body evolves and changes we will continue to work with it on our forest management.

We all know that there is a huge amount of uncertainty around Brexit. We have some 200 farm tenancies across the estate. That is a significant proportion of the let land in Scotland. That ranges from upland agricultural units in Glenlivet to some fertile lowland farms in Fochabers and Applegirth. Different sectors of the agricultural sector will be hit differently by Brexit. We will keep a close eye on how that impacts on our farmers. We hope to run a number of events with our farm tenants to help them to prepare for Brexit, working with our managing agents and the expertise that they bring. How our tenants will be

impacted and what impact that will have on our revenues is hard to say at this stage.

The Convener: Would you say that you are on the case?

Andrew Wells: Yes.

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): You have a duty to maintain and enhance the value of assets and to return any value obtained from them. In what sense do those restrictions have a practical impact on how the assets are managed?

Amanda Bryan: Are you asking about the need to maximise revenue?

Kate Forbes: Yes, to maintain and enhance the value of the assets.

Amanda Bryan: I guess that that is what anybody who manages assets will be looking to do. We never want to see a deterioration in the assets or to see income drop, and that is how we would do business.

With Crown Estate Scotland now taking on management of the assets, we are looking to maximise other benefits where possible. There have been very good examples in which wider public benefits have already been delivered—for example, the work at Glenlivet and Fochabers, some of which we have already talked about. One of the first things that I did was to go to Spey Bay and look at how the organisation is working there with Whale and Dolphin Conservation, whose Scottish Dolphin Centre is the largest visitor attraction in Moray in terms of footfall. Obviously, that is delivering quite a lot of different public benefits.

However, we are looking at how we can maximise and balance the delivery of increased revenue with delivery of other public benefits going forward. We are not the only public organisation to be doing that and I am keen to learn from others about how we go about it. For example, I have been speaking to Scottish Canals, which is going through a similar process. I am very keen to work with other organisations and learn from them.

Kate Forbes: Your answer goes to the heart of the issue, because I was going to follow up by asking how you balance maximising revenue with other aims such as sustainable development and environmental stewardship. There will be a lot of different views about what your aims are when it comes to balancing the duty to maintain and enhance the value of the assets while achieving other aims around the environment and communities.

Amanda Bryan: We are working within the framework of the Crown Estate Act 1961, so there is very much an emphasis on the financial aspect,

albeit taking cognisance of good management. We are looking to explore that as much as we can until any new legislation is in place. However, that is where the opportunities lie as far as the future of the assets is concerned. It will depend on what comes out of the legislation, but at the moment we can have a good debate and discussion about where the balance lies in terms of delivering benefits across Scotland. I am really keen to hear about some of that. We are looking at how to measure some of the other benefits that we are delivering.

Andrew Wells will say a few words about some work that we are doing around what is called total contribution.

Andrew Wells: Historically, the Crown Estate has been a business leader in trying to understand the broader impacts of running a business—not just the financial benefits, which we generated historically for the Treasury and generate now for Scotland, but the broader environmental and social benefits. We developed a programme around total contribution and set up a range of metrics to measure that. Now that we have transferred to Crown Estate Scotland, we are looking at how we can take forward that whole piece of work. We have set up an internal steering group to start to look at that and we hope to develop a set of criteria that we can use as a business driver to inform the investment committee where investments might be made in time.

We are also looking at how we can incorporate much more focus on the natural capital agenda. We are working with Scottish Natural Heritage, SEPA, the Scottish Wildlife Trust, and Scottish Land & Estates. We are about to start a project to look at piloting the natural capital protocol at farm and estate level. The information that we get from that will help to inform our probable move—we have not quite decided about this—from describing total contributions to describing total impact. We hope to develop a process that identifies the non-financial benefits of us operating as a business that we can use as a business driver and to inform other decision making.

Richard Lyle: We have asked in the past about the performance of the Crown Estate, and we now have Crown Estate Scotland. What requirements were placed on you to be similar to other public bodies? What performance management measures will be put in place, and how will those be recorded to ensure transparency?

Amanda Bryan: The key documents are our corporate plan and our annual business plans. Those will set out our objectives in any one year and what key performance indicators we will work towards. It is important that we get feedback on the corporate plan, which is currently out for

consultation, and each annual business plan will draw on what is set out in the corporate plan.

I will hand over to Ronnie Quinn to talk about the development of the business plan and how targets are agreed with our sponsor team.

Ronnie Quinn: We have an on-going discussion with our sponsor unit in Marine Scotland. Our framework document, which is on our website, references another 50 documents and policies that we comply with, and we are taking that further forward. As Amanda Bryan said, our business plan also reflects how we are working towards the Scottish Government's objectives. There are several ways of tackling this and moving forward with it.

Richard Lyle: I was impressed by your comment a few minutes ago about your common sense approach to fishermen. I am glad to hear that you have actually cut their costs because of a certain problem. I know that you will recoup that somewhere else, but I am impressed that your organisation seems to be listening. Thank you.

Angus MacDonald (Falkirk East) (SNP): Following on from that comment by Richard Lyle, I note that the committee has previously said that it hopes that the experience, expertise and views of Crown Estate staff will be actively sought and taken account of in relation to longer-term arrangements. Ronnie Quinn may have touched on this at the beginning of the session, but are you and your colleagues sufficiently involved in planning? Can you give an example of how you engage with staff to ensure that that is the case?

Amanda Bryan: In terms of the legislation or the running of the business?

Angus MacDonald: In terms of the legislation and the implementation of the new set-up.

Amanda Bryan: I will hand over to Ronnie Quinn to supplement what I say, but it is not appropriate for us as an organisation to have formal input to the legislation, and we did not. The union that represents a number of staff had input to it. We are being consulted by Marine Scotland on technical issues around the new legislation. Obviously, when one piece of legislation is being transposed into another, we need to make sure that everything is covered. I see lots of emails to Ronnie Quinn on very technical details, which I am glad that I do not have to deal with.

11:00

Running the business is very much a team effort between the board and the staff, in particular the senior team. We had a session on shaping the corporate plan that involved the senior team and the board collectively in order to ensure that we were not only capturing the team's deep

knowledge but bringing a fresh perspective to what the assets could be delivering for Scotland.

I would like to think that we have a very good balance and a very good working relationship between the board and the staff, with each of us playing our respective roles.

Ronnie Quinn: To be honest, I do not have much to add. We have been giving advice on some fairly arcane points of interpretation of the 1961 act, and not much else beyond that. We are invited as an observer to the Scottish Government stakeholder advisory group on the Crown Estate, but that is about it.

Angus MacDonald: Basically, staff at all levels can feed in suggestions or ideas that they might have at any point.

Ronnie Quinn: As I said, we are not being formally engaged on the legislation. I am in no better position than anyone else in the organisation to comment on what the legislation will say.

Finlay Carson: You will be aware that, as well as looking after organisations such as yours, the committee has climate change in its remit. How will you deliver on your duty as a public body to contribute to meeting Scotland's climate change targets?

Amanda Bryan: It is probably best if Andy Wells takes that question.

Andrew Wells: We have been liaising with our Scottish Government sponsor department. Crown Estate Scotland is not formally obliged under the Climate Change (Scotland) Act 2009 to meet that requirement, but we are keen to work within the spirit of the 2009 act and look at how we can manage our emissions and how we can mitigate and adapt. There are a number of on-going projects, such as the natural capital work and the total contribution work that will ultimately look at how we measure and monitor our carbon emissions.

As we are quite a small business, the operation of our offices, over which we have direct control, has a relatively minor impact. The broader impact is made by the activities of our partner businesses: our farming tenants, aquaculture tenants and other businesses, over which we do not have direct control. It is a question of looking at how we can influence their management activities through facilitation, knowledge exchange and other forms of engagement.

We work closely with a number of other partners and agencies. An example is the work that we continue to do with the Moredun research institute on farm biosecurity and animal health. We fund work that it has been doing on rolling out knowledge exchange to farmers. That has an

impact on farm business activity and it can have an influence with regard to emissions and livestock management.

We have worked with the Cairngorms National Park Authority on peatland restoration work at Glenlivet and we have helped to facilitate a number of biomass installations in farm buildings. It is very much a question of us looking at how we can work with our partner businesses, other agencies and our sponsor department on how we can mitigate. Working towards Scotland's low-carbon economy is very much a key objective in the corporate plan, and it is something that we are keen to do.

Finlay Carson: As you move forward, your remit is changing somewhat from a simple duty to maintain and enhance the value of the estate and the return that is obtained through it to cover less commercial aspects such as widening your roles in social enterprise and in meeting the Government's objectives. Do you see yourselves reporting under the climate change reporting framework in future?

Amanda Bryan: There are discussions with the Scottish Government about exactly what we will be doing as we move forward. A meeting is set up for next month. After that, we will be in a better position to know what we should be doing.

Mark Ruskell: My question is similar to the one that Finlay Carson asked, but I will take it to the next step. There is also a biodiversity duty on public bodies. Do you intend to report on that?

Andrew Wells: Yes, indeed. We reported on that in our previous Scotland reports. Having completed the transfer and moved to the new body, we are currently reviewing all our biodiversity action plans for the rural estates and starting to look at how we incorporate them into our future business planning.

We have a range of on-going projects across various properties to enhance biodiversity—again, we are working in partnership with other key agencies. A substantial example is Glenlivet, where we have been working with the Scottish wildcat project in the national park, albeit that that has now been taken out of the project due to a lack of Scottish wildcats. We have done work on water voles, and we have a community group up there that is doing a lot of local wildlife recording. We will continue to report on our biodiversity duty.

Mark Ruskell: Those examples relate to assets where you have direct control. Earlier, we raised a point about assets where you are, in effect, the landlord and you are working with industry and with a regulator—for example, in aquaculture. Does your interpretation of your biodiversity duty extend to those areas?

Ronnie Quinn: No. At present, under the 1961 act, we have to invest in our land, and that is where the duty applies.

Mark Ruskell: Going back to my example of non-native invasive species, I note that there is an interaction with fishing rights that you lease to the trusts. However, you believe that your role stops there because you simply issue the fishing rights. You are not concerned with wider catchment issues where you do not directly control the asset.

Ronnie Quinn: That is the way it is under the 1961 act. We will invest in property and land, and that is where our vires end. We can invest to enable investment on our property and in our land, but we have to be careful about how we do that.

Mark Ruskell: Is it a constraint that you do not feel able to get into wider areas of leadership and co-operation?

Ronnie Quinn: We have to recognise the scale and size of Crown Estate Scotland and its remit as set out in the 1961 act, under which we still work, to grow and enhance the estate. There are restrictions on our use of capital, so we have to be careful in how we do that. The work must be related to our estate.

The Convener: You referred to the restrictions that you are working to, yet you said earlier that you have no role in seeking to influence legislation that will provide a framework for your operation in future. Surely it would be appropriate for you, as an organisation, to have some degree of conversation and point out to Government where you think you could take on other duties and operate slightly differently in the greater interest.

Amanda Bryan: We have been responding to questions as they have been asked of us. We have not been proactively lobbying for what we think should be in the new legislation, because that would not be appropriate, but when we have been asked specific questions, we have responded to them.

The Convener: Thank you—it is useful to have that clarified.

I see that members have no further questions. We have covered a wide range of questions this morning and it has been a very useful session. Thank you all for your attendance, and I look forward to working with you in the future.

Amanda Bryan: Thank you very much.

Petition

Single-use Drinks Cups (PE1636)

11:09

The Convener: Agenda item 3 is initial consideration of PE1636, by Michael Traill, which calls on the Scottish Parliament to require that all single-use cups are 100 per cent biodegradable. The committee has a range of options available for its consideration. I refer members to the clerk's paper and I invite comments.

Emma Harper: The item is quite timely given that a question was asked in the chamber last week about what Parliament is doing to have us reduce our disposable cup usage.

The Convener: Are there any specific thoughts on the best way forward at this stage?

David Stewart: I suggest that we keep the petition open and write to the Scottish Government to find out what it will be looking at as part of its wider work on waste.

The Convener: Okay. We can invite some indication of the timeframe to which the Government is working. Do members agree with that approach?

Members indicated agreement.

The Convener: At our next meeting, on 3 October, the committee will take evidence from the Scottish Land Commission; review its consideration of PE1615, on a state-regulated licensing system for game-bird hunting; and consider subordinate legislation on water supplies.

As agreed earlier, we will now move into private session.

11:11

Meeting continued in private until 12:31.

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