



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 14 November 2012

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CONTENTS

	Col.
SUBORDINATE LEGISLATION.....	1299
Snares (Identification Numbers and Tags) (Scotland) Order 2012 (SSI 2012/282).....	1299
INSPIRE (Scotland) Amendment Regulations 2012 (SSI 2012/284).....	1299
CROWN ESTATE	1300

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
25th Meeting 2012, Session 4

CONVENER

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

DEPUTY CONVENER

*Graeme Dey (Angus South) (SNP)

COMMITTEE MEMBERS

*Claudia Beamish (South Scotland) (Lab)

*Nigel Don (Angus North and Mearns) (SNP)

*Alex Fergusson (Galloway and West Dumfries) (Con)

Jim Hume (South Scotland) (LD)

*Richard Lyle (Central Scotland) (SNP)

*Angus MacDonald (Falkirk East) (SNP)

*Margaret McDougall (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alex Adrian (Crown Estate)

Alan Laidlaw (Crown Estate)

Ronnie Quinn (Crown Estate)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

Committee Room 2

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 14 November 2012

[The Convener opened the meeting at 10:06]

Subordinate Legislation

Snares (Identification Numbers and Tags) (Scotland) Order 2012 (SSI 2012/282)

INSPIRE (Scotland) Amendment Regulations 2012 (SSI 2012/284)

The Convener (Rob Gibson): Good morning, everybody, and welcome to the 25th meeting in 2012 of the Rural Affairs, Climate Change and Environment Committee. Please make sure that your mobile phones and BlackBerrys are switched off because they can affect the sound system.

I have received apologies from Jim Hume.

Item 1 is consideration of two negative instruments, which are listed on the agenda. One is on snaring and the other is on environmental policy making. Members should note that no motions to annul have been lodged in relation to the instruments. I refer members to paper RACCE/S4/12/25/1.

As members have no comments, is the committee agreed that it does not wish to make any recommendation on the instruments?

Members indicated agreement.

Crown Estate

10:07

The Convener: Under item 2, we will hear from the Crown Estate in Scotland. Following the Crown Estate's response to the Scottish Affairs Committee's report, it will engage with our committee annually on its priorities, work and operations in Scotland.

I welcome to the meeting Ronnie Quinn, lead for energy and infrastructure in Scotland; Alex Adrian, aquaculture manager; and Alan Laidlaw, rural and coastal portfolio manager in Scotland. Good morning.

I invite Ronnie Quinn to make any introductory remarks that he wishes to make, bearing in mind that we have a lot of questions to ask.

Ronnie Quinn (Crown Estate): Good morning, convener. Thank you. First, I tender the apologies of Gareth Baird, the Scottish commissioner for the Crown Estate. He would have liked to be here this morning, but unfortunately—or fortunately—he is on annual leave at present so he cannot be here. He sends his best wishes.

For my part, as you said, I lead on energy and infrastructure in Scotland. I have three key areas of priority: the delivery of offshore wind; the Pentland Firth and Orkney waters scheme and offshore marine renewables in general; and, last but not least, the possibility and availability of the deep-water test and demonstration sites that could unlock the deeper water around Scotland's shores.

I hand over to Alex Adrian, who will quickly describe the focus of our work on aquaculture.

Alex Adrian (Crown Estate): Good morning. I lead for the Crown Estate on aquaculture business and I am also joint technical lead, with our chief scientist, on our emerging marine biomass business. I am happy to update you on the following: the role of the Crown Estate in aquaculture following the transfer of planning controls to local authorities; our continuing support for the industry with regard to sponsorship, research and development; and our participation and collaboration with Marine Scotland and other bodies on aquaculture business in Scotland.

Alan Laidlaw (Crown Estate): I look after the rural and coastal business in Scotland. We are concentrating on three areas: partnership orientation and work with our tenants on co-investment; enhancing the economic performance of our assets and opportunities and opening up opportunities for Scotland; and engaging with local communities and communications, and improving our role therein.

The Convener: Thank you. We should go straight to the formalisation of your relationship with us. We are talking about a reserved matter and you are responsible to the United Kingdom Parliament, but you have agreed to come to this committee every year to submit your report for examination by the committee. In light of that, I take it that reports such as the one that you produced in the summer are likely to be done on a continuing timetable. Therefore, would you expect to come to see us in the autumn?

Alan Laidlaw: The late autumn would work well for those reports, especially if that fits in with the committee's business.

The Convener: If we are to be able to think about the way in which the process works, it is important for us to know about your business plan and your long-term strategy, which we hope to explore just now.

"Investing in Tomorrow—Scotland Report 2012", which is one of the documents that you supply, is merely an abstract of certain information from the overall report that is made annually. We would like to explore some of the detail around what that report contains because it seems to us that it is only a partial report: it says that the Crown Estate is doing a lot but it does not give the detail that we might like. Are you aware of such criticisms of the report from other sources?

Ronnie Quinn: I have to confess that I am not. If you have any questions, we will try to answer them today.

The Convener: We would like to make sure that the 2013 report contains a good deal more detail about, for example, income and investments. My colleague Graeme Dey has a question about that.

Graeme Dey (Angus South) (SNP): What I pick up from the report is that the Crown Estate generated £11.9 million in income from Scotland last year. Is that right? How much of that was reinvested in Scotland? Do you envisage the percentage that is reinvested increasing or decreasing in the coming years?

Alan Laidlaw: On capital investment in different projects, obviously we split revenue and capital, with all our revenue surplus going to the Treasury.

We make investments in capital projects when they fit with the requirements of our business plan. My part of the portfolio is rural and coastal. We are looking to grow ports and harbours to enable offshore energy plans to happen. On the rural side, we are looking at making sure that our fixed equipment and holdings are modern and in a fit state, and at creating opportunities for tourism and recreation. We are doing quite a lot with mountain bike trails at Glenlivet and looking at investment in equipment to help marine leisure tourism.

Those issues come up each year as and when projects come up, when we get the opportunity to bid for funds. This year, the capital investment figures that I am aware of show that, up to the year end—and as long as nothing drastic happens such as a huge amount of snow damage at Glenlivet—we will be a net investor because of some quite big on-going projects. That all depends on the timing of those projects but money is available to us, and we look at how and where we invest.

I would say that the investment figure is going up on my side of the business. Ronnie Quinn will comment on the offshore energy situation.

Ronnie Quinn: On renewable energy in particular, the commitment that we have made to investment in the Pentland Firth and Orkney waters alone is £5.7 million.

10:15

Graeme Dey: Is that in one year?

Ronnie Quinn: No, it is over the course of the programme.

Graeme Dey: How long does the programme run for?

Ronnie Quinn: It runs until it starts delivering. That £5.7 million is being used to fund enabling actions, including work on the following: ornithological cumulative impact assessments; aerial surveys; cumulative impact assessment workshops; workshops on the Rochdale envelope; the joint citation protocol; the marine protected areas network; socioeconomic methodologies; near-shore surveys and deployment of first phases; and strategic energy resource measurements. The money will be used to undertake those works, which will help to de-risk and accelerate the projects in the Pentland Firth and Orkney waters programme.

Graeme Dey: This might be a simplistic question, but I am looking for a ballpark figure. Of the £11.9 million that has been spent in the past year, how much would you guess has been reinvested in Scotland? Do you think that perhaps it is 20 or 25 per cent, or is it less? What sort of figure are we talking about?

Ronnie Quinn: As you should be able to see from the report, the income that was received in respect of renewables in Scotland was in the region of £600,000 to £700,000. It is predicted that the investment for this year will be somewhere in the region of £3.8 million.

Graeme Dey: Of course, within that—according to your report—is the issue of the valuation of wind farms from round 3. That investment will lead to considerable income.

Ronnie Quinn: Round 3 is separate from that. It is worth pointing out that the figures for investment in respect of round 3 are not included in these figures because they are part of the UK programme and are dealt with as such. The money that goes to developers in respect of round 3 and the enabling actions from which the sites benefit is not included.

The Convener: Why is the investment in Scottish waters separated from the Scotland report? Why is it not organised so that information is available in the report?

Ronnie Quinn: Round 3 is simply being viewed as a UK programme. There is a clear line of sight into the overall UK picture. The enabling actions and the workstreams that we are using for round 3, and the investment that we are using for round 3, are not peculiar to the Scottish projects. The entire programme is seen as a whole. That is how it is being delivered, and that is why it is being dealt with in that way.

Graeme Dey: From an accounting point of view, will that continue to be the case? Will we never be able to know what income is coming from offshore renewables in Scottish waters? Will that always be accounted for separately?

Ronnie Quinn: I will be honest and say that I do not know how the income that is derived from the sites will be dealt with or what the position on that is. That is a fair bit away at this point. There is no income at all at this stage. It is all investment at the moment, as you can imagine.

The Convener: The investment period is short, but there will be a long period of likely income when the sites are up and running.

Ronnie Quinn: Quite a large investment is at risk, it has to be said. There is no guarantee that the sites will be viable. The sites still have to go through the consent process, Marine Scotland has to make a decision on them and then the companies have to decide whether to go ahead with the substantial investment that they will need to make to build out the sites. If they do not build them out, there is a possibility that the return on investment will be nil. Obviously, we hope to avoid that, and we are working to minimise the chance of that as much as we can.

The Convener: Do not get me wrong: I think that most people realise that the management of the sea has to take place. However, we need to consider the conditions in Scottish waters, which one would have thought would be covered by the role of the management board in Scotland, and inform the board in London of our concerns. We want to see what the precise functions of the board in Scotland are, who is on it, when it will meet, whether its activities will be made public,

and how it formally links into the overall governance of the Crown Estate.

Ronnie Quinn: As you are aware, there is a management board in Scotland. I believe that the terms of reference for the management board and the governance structure are available on the website, but if they are not, I will ensure that they are sent on to the clerk.

The Convener: Given that we are into issues that already cut across the work of the board in Scotland and the overall UK approach, you can understand why we are trying to probe the matter a bit further.

Claudia Beamish (South Scotland) (Lab): Good morning. I have a straightforward question that might be quite difficult to answer. Can any of you clarify for the committee what income in the round comes from the Scottish estate and how much investment there is specifically in Scotland?

Alan Laidlaw: When you said "in the round", did you mean the overall gross figure for Scotland?

Claudia Beamish: Yes. Rural, marine—

Alan Laidlaw: Do you want a breakdown?

Claudia Beamish: No, I am not asking for a breakdown. You asked me what I meant by "in the round": I meant everything.

Alan Laidlaw: Right. The overall global figure for Scotland is £12.3 million gross revenue per annum, which breaks down into £8.3 million for marine, £3.2 million for rural, and £0.8 million for our urban portfolio, which is pretty small. Those are the gross figures.

On rural and coastal investment, we have a long-term investment programme in the rural estate in fixed equipment and new opportunities. The investment runs at between £1.8 million and £2.7 million a year, and is quite often ahead of the revenue. On the coastal side, I think that we put in around £1.1 million this year. Again, the amount is dependent on projects progressing. I can think of three or four reasonable-scale ports and harbours investment projects that we are currently considering, but things depend on whether they will go forward. At that level, there is rural and coastal investment of around £3 million to £4 million per annum.

Ronnie Quinn can cover the energy side of things.

Ronnie Quinn: On the renewables side, from last year's results, income was £700,000, and investment was substantially more than that. The projection for this year is that investment will be around £3.8 million, and income will be roughly the same as it was.

Claudia Beamish: I would like to push that a little further. I appreciate that you have already highlighted round 3 funding. It might be difficult to break things down into annual figures, but I am trying to ascertain the income that comes from the Scottish estate per se, so that the committee can be reassured about how much is coming in. You have given many breakdown figures but, if possible, what I am looking for from the Crown Estate is what is being invested in Scotland in total. I hope that it is possible to give us that information—if not today, then at another point, please.

Alan Laidlaw: We would be happy to provide an overall breakdown. If you let us know details that you particularly want to see, we will be happy to provide them afterwards.

Claudia Beamish: It would have been reassuring if we could have had those figures today, because the issue is quite important in view of our brief. We are looking at income and investment. Obviously, how things are done and what the money goes into are important, but as a member of the committee—I will not speak for the rest of the committee—I would like to understand the overall figures for Scotland.

Alex Adrian: I should perhaps put in a bid for aquaculture, which, for us, has been an established business for 30 years in Scotland. Our on-going annual research and development and sponsorship budgets, which equate to between 10 and 15 per cent of revenues, add to the pot and the mix.

The Convener: You mentioned your strong portfolio of properties. One issue that has been raised relates to the sale of a Scottish asset in order to invest in a supermarket property in England. What view does your committee, of which the Scottish commissioner is in charge, take on your assets in Scotland with regard to transfers of properties and assets for investment elsewhere?

Alan Laidlaw: The Scottish management board would look at any major or indeed sensitive transaction sales; after all, the issue is not just the sale itself, but understanding the asset. I think that you are referring to one of our urban property sales. The fact is that we look across the UK at opportunities for investment that fit our criteria and, at the moment, there is quite a lot of activity in the urban property market. We look to take value where it exists.

Under the Crown Estate Act 1961 we are not allowed to borrow, so we need to recycle our capital in order to continue to invest. Disposals, property sales and investment opportunities are discussed, and each of our portfolio managers will bring forward proposals that they believe fit with

our investment criteria. For example, over the past few months, we have been trying to progress proposals on the rural and coastal side. I suppose that it is a kind of bid process; we are saying that money is available and are looking for suitable projects that meet our investment criteria. However, in order to take that sort of portfolio investment approach, we have to recycle capital, and decisions are made on that basis.

Nigel Don (Angus North and Mearns) (SNP): I want to pursue this issue because I think that it is fairly close to the heart of quite a lot of folk in the room.

If I have heard you aright, Mr Laidlaw, you are suggesting that capital is being moved around the UK—and conceivably the world, but let us assume for the moment that we are talking about the UK—to fit your investment criteria. I think that I understand what you are saying, but do you not accept that to people in Scotland such an approach might be in conflict with the idea that Scotland's assets should perhaps remain within Scotland? I suspect that the English might feel the same, but they might not have addressed the issue. Do you not recognise the conflict between your notion—as I understand it—of simply moving capital around the UK and the view that perhaps Scottish assets are actually Scottish?

Alan Laidlaw: Mr Don can rest assured that capital is not being moved around the world, because we are not allowed to operate anywhere other than within the shores of the UK. I am a proud Scot who wants to see the best for Scotland. For example, our £0.5 million mountain biking project at Glenlivet, which has been put in place with funding from the Cairngorms National Park Authority, Moray Council and Europe, has definitely benefited from a wider pool of capital than the Glenlivet estate could generate itself. In that respect, the estate has certainly received net benefits from our wider portfolio approach.

My area of expertise is more rural property, and the fact is that, given the property cycle, you cannot have capital coming from the same places at the same time. Seven or eight years ago, development in Scotland, house sales and so on were significant sources of capital for us but over the past couple of years they have completely fallen off the radar because the market is simply not there. Our portfolio approach gives us the strength to be able to invest at times when income or capital from Scotland might not be available. I entirely understand your point about retaining Scotland's assets in Scotland, but the fact is that people north of the border benefit from the ability to secure capital from other avenues—and a significant avenue in that respect has been, at times, our urban portfolio.

Nigel Don: I accept that there will always be a benefit with a bigger pool, in principle. How does the Scottish board—I am sorry, I do not know whether that is your correct title—or the Scottish management of the Crown Estate use that?

I suggest that you have two options. One is to say that you are part of the bigger thing, and that you do whatever the bigger thing tells you. At the other extreme, you could say that you are going to look after Scotland's assets and you are going to see what you can drag here. I am putting words into your mouths—feel free to disagree with me. How do you manage that dilemma?

10:30

Alan Laidlaw: Anyone who comes across me knows that I am charged with looking after the portfolio and growing it. I have a growth target, so as an individual I fight for everything that I can get that benefits my portfolio, and my portfolio stops at the border. I have keen targets and I am keen to deliver against them. However, I appreciate that we benefit in those areas. We have a portfolio approach that I think works. I do not want to say anything on behalf of Ronnie Quinn, but the fact that the capital that is invested into renewables is significantly more than the income that comes from it is a perfect case study of that.

We operate on a Scottish basis to bring forward opportunities where we can. At times, I am frustrated that more opportunities do not come forward from the wider market. That is in my objectives for this year. I am quite new to the coastal side of my role. One of my main objectives is to look for new opportunities with my team and colleagues to try to ensure that we can invest more in Scotland.

Alex Adrian: I endorse that position. I and my colleagues in Scotland see it as part of our role to draw on that central pool for Scotland. A good marine cultivation example is our marine biomass activity. That is being looked at from the Crown Estate position as a whole, but we are pushing for—I think that our proposal has been successful—the various demonstration projects that we hope to undertake, and investment in that sector, to be undertaken in Scotland.

Ronnie Quinn: As you would expect, I have both options with regard to the specific position of Scotland. In the wider position, with regard to round 3, the energy and infrastructure section is the recipient of a much wider fund and that certainly works to the advantage.

Graeme Dey: Presumably, once that investment has been made, there is considerable income—as the convener said—over a long period, which will more than pay back that investment.

Ronnie Quinn: That is certainly the hope, and that was the business case that was put to the board. If we had not made that business case we would not have been given the money. That is where we are and those funds at this point are out there at risk. We are trying to make that work, not just for the Crown Estate, it must be said, but for the coastal communities around the UK, the job opportunities and the investment supply chain. We are trying hard to maximise all the opportunities.

Graeme Dey: I return to the point that Claudia Beamish pursued earlier. As I understand from what you have said, you cannot tell us exactly what Scotland brings in. We know what Scotland brings in, but there does not seem to be access to figures that say that we bring in a certain amount and get a certain amount back from the Crown Estate. Is it the case that you could not tell us the figures for, say, a five-year period?

Alan Laidlaw: We can be very clear with the overall figures on capital investment, with the exception of the round 3 figures, because of their UK-wide nature. We do not allocate all our costs. To be honest, it would be an arbitrary process to start cutting up such things as our human resource, infrastructure and office costs. However, we can be pretty clear on capital investment and disinvestment, which is normally shown in our report. If the committee would like more details on that, we would be happy to provide them.

Graeme Dey: I would welcome that. Over the period from 2009 until this year, the Crown Estate and its Scottish operations have been the subject of criticism by a number of reports. From your perspective, which if any of those criticisms would you accept as justified? What are you doing to address those criticisms?

Alan Laidlaw: One of the main criticisms that always comes up is about communication, although we are not the only organisation for which that is a challenge.

If I may go back a step, I should say that we have restructured our business in that, whereas our marine estate used to include offshore energy, coastal and aquaculture, we have now brought together our rural and coastal estates. That works particularly well for Scotland, because the types of tenants, customers and stakeholders that we are dealing with—remote rural communities, villages, community groups and sole-trader businesses, as opposed to multinational energy companies—are now more aligned with each other. A significant part of my role is to sit down and work with the teams to see how we can re-engage and get out there and do business, although that is challenging because we have interests in 50 per cent of Scotland's foreshore, which is a huge geographic area.

Regarding our managing agents model, many of you will be aware that the on-the-ground day-to-day management of many of our properties is done by firms of chartered surveyors. One of the challenges that I have is to look at how they do that on our behalf, because we need to understand and be aligned to the communities in which we operate. We are working on that at the moment.

We are already engaging more than we have done in the past. We seek the views of the members of our Scottish liaison group—the group was set up as a result of our appearance in front of your predecessor committee in 2007—and ask them, “How would you like to engage with us on your business streams?” One of the action points from a liaison group meeting a couple of weeks ago is to set up small-group meetings with industry specialists and sectors in their backyard. The idea is that we will take the senior teams from Edinburgh to a round-table discussion with a specific sector in an area to ensure that what we are doing is aligned to people’s needs. I do not think that any organisation would ever say that its communication is perfect, but we have a commitment to do that and to sit down with those outsourced people who represent us and take a view.

For example—I know that the committee has looked a lot at agricultural holdings and rents and rent reviews—we have appeared in front of the tenant farming forum rent review working group to consider how good relationships can be fostered on the ground. From my point of view, that is all about ensuring that we have the right people representing us who understand those businesses. I want to take that forward in further development with the rest of the team to ensure that we are responsive. We cannot get everything right all the time—nobody can—but we need to be in a position where we can understand what the local needs are and respond to them as best we can, and we cannot do that from sitting in an Edinburgh office. That is why the team is challenged to get out there as best we can.

The Convener: I want to follow up a point that you touched on. In the autumn 2012 issue of the Crown Estate’s “Scotland Bulletin”, under a heading about the re-letting programme, Alan Laidlaw says:

“In recent years we have let on long-term agreements, usually to younger members of our tenant’s families ... on a ten-year limited duration tenancy.”

How can you equate the idea of long-term agreements with 10-year limited duration tenancies?

Alan Laidlaw: The most recent agreements have been for 10 years, but I can point to a number of examples of other agreements that we

have entered into. Under the Agricultural Holdings (Scotland) Act 2003, we were one of the first large-scale landowners—if not the first—to go out to the open market with an LDT and to let that successfully. What we did thereafter comes back to Mr Don’s comment about how we represent Scotland.

I took a view regarding limited partnership tenancies, many of which were coming to the end of their initial duration. The legislation was difficult and I do not think that anyone was ever happy with the relationship between a limited and a general partner. We undertook a review to get rid of most of those across the estate and to use limited duration tenancies. At that time, we looked at the next generation or the person who was actually in business control. We all talk about the average age of a farmer being 58 to 60, but when we look behind them at who is doing the work, those people are often in their 30s or 40s.

We brought the limited partnerships to an end and created new LDTs for the next generation. We took the tenancy terms to 65, which means that someone who is 40 has a 25-year term and someone who is 30 has a 35-year term. That was done to encourage proper discussion and planning by the businesses and us about long-term succession. An example in the Fochabers estate has worked well; I think that I am right in saying that it was a 32-year agreement with the son of an existing tenant. That agreement has now been extended with some additional land of 150 to 200 acres, which has set up that guy with a great opportunity for the long term.

Open-market tenders are difficult, because once a tenant is in place there is little that can be done to change that. It is quite difficult to go to the open market for a term of longer than 10 years, because the agreement might not work out and there could be a difficult situation so that, for example, if the let was for a 30-year term, we are stuck with that for 30 years. A balance must be struck. If we looked at our figures against the average, if it was available, I think we would see that we were significantly further ahead because of the long-term tenancies.

The Convener: When was the 25-year agreement made?

Alan Laidlaw: There have been a number over the past three or four years.

The Convener: It is not mentioned in the autumn 2012 bulletin.

Alan Laidlaw: No. The agreements were made a couple of years ago. I think that the autumn bulletin talked about the recent re-lettings on the open market at Glenlivet, Fochabers and down in Applegirth and Lockerbie.

I think that it is good management to ensure that we do not put in a business for 30 years that might struggle. Equally, on a livestock holding in particular, a five-year agreement on a shorter limited duration tenancy will not be anywhere near enough. We have struck a balance in taking the pragmatic management position of giving somebody a long-enough opportunity to get into the holding, make their investment and make a return. It is important that we realise that, particularly on stock holdings, longer-term agreements are needed. Equally, however, some of the people to whom we are letting, or proposing to let, have limited track records and experience, and 10-year lets are a fair reflection of that. I will give no guarantees, but if everything goes well and they pay us a good rent and look after the holding, it would be unlikely that we would seek to change that. However, it is a matter of striking a balance.

The Convener: It was useful to hear your views on that, given that it is something that we are dealing with in another place. Does Claudia Beamish have a question on the agricultural part?

Claudia Beamish: I want to continue with the issue of local engagement in managing agent contracts, but I can leave that until later if you want.

The Convener: Can you hold on a second? Dick Lyle has a final question on the present issue.

Richard Lyle (Central Scotland) (SNP): Thank you, convener. I want to return to Mr Laidlaw's earlier comments on engagement with local communities and individuals. The Crown Estate has massive holdings in Scotland. It is a public body, but as you quite rightly said, some public bodies just do not listen to local people. Can you expand on what listening you do? What steps are you taking to engage with local communities and individuals to ensure that you are listening?

Alan Laidlaw: The geography makes it a challenge. I suppose we have two avenues: the managing agents to act on our behalf, and the internal team. We try to get that as closely as we can so that we know what is going on in each area. Communities are often better served by somebody who is far closer, rather than by having to come all the way to us for an opportunity to speak or to answer.

10:45

All our team are out at industry events. The Scottish liaison group brings in our key stakeholders, most of which are membership organisations. That has really helped to improve the relationships from when I sat at the first liaison group meeting, which, as I said, followed our

appearance before the Rural Affairs and Environment Committee in 2007. We now have far better dialogue with those membership organisations, so if there is a problem they can flag it up informally or formally—whichever suits. That means that we are in a far better position to know the ins and outs of the transaction.

On engagement in the community, we have forestry and ranger staff on our rural estates who meet the local communities on, for example, community engagement projects or schools projects. On the coastal estate, we have a couple of moorings officers, whose sole remit is to look across the west coast moorings—of which we have 5,500—to ensure that they understand the dynamics of each different community. I am relatively new to the coastal side of things, but it is clear that each bay or loch has a different set of challenges. Alex Adrian is based in Argyll and looks after our aquaculture interests.

We try to ensure that we have coverage across the portfolio and that, when there are industry events, we attend them and have a profile there. One thing that I have learned from the rural estate is that, if people know who we are, how to get in contact with us and that the door is open should there be a problem, they do not necessarily need to see us every month. If they know how the communication channels work, they will follow them up as long as we have enough of a dialogue to be able to continue that.

Following the liaison group meeting a couple of weeks ago, we intend to take our engagement out more on to the ground. Gareth Baird—the Scottish commissioner—and I were on Lewis, North and South Uist and Harris in the summer. We have a number of different ways to get out. I will be honest about the fact that it is work in progress. We must continue to do more of that. If any members have constituency interests or other suggestions about how we can engage, I would be happy to ensure that we had a seat at that table.

Richard Lyle: That is the point I was coming to. You have told us what you want to do and how you will try to do it, but we hear that often from a number of companies and organisations. Are you now a listening organisation? In particular, do you listen to politicians, councillors, community councils and all the other forums with which I am sure you interact the length and breadth of the country?

Alan Laidlaw: Yes, absolutely. I will give you examples of the meetings that Ronnie Quinn and I have in the diary. We were up meeting Highland Council a couple of weeks ago and we will see the Convention of Scottish Local Authorities tomorrow. We have dates in the diary for meetings with Argyll and Bute Council early into the new year and we have met Community Land Scotland and others.

We are actively listening, and I hope that those who engage with us would see that we were a listening body. We try to be as active as we possibly can in the Parliament, too. We try to meet members, particularly when their constituency interests have a significant overlap with our portfolio. We are absolutely committed to doing that.

Claudia Beamish: I seek further clarification on local engagement, accountability and transparency. I understand that you have launched the retendering and restructuring process for your managing agent contracts in Scotland. The Crown Estate has said:

“our agents are a key interface with local communities and customers. A new structure and approach will embed these agents firmly in the local communities in which they operate”.

Mr Laidlaw has given us an idea of how that is developing, but I would like to know, in relation to that and to other matters that Mr Lyle raised, whether minutes of liaison meetings are accessible on websites and how moorings officers report on their engagement with local communities. It is important to us to be able to access those details between now and next year and to be familiar with how the new model of listening is developing.

Alan Laidlaw: I am happy to provide that. We are working on the process of tendering the MAs. We are leading on that in Scotland. I am absolutely certain that we need to specify that properly because, as with anything, the best service provision comes from the best instructions. Over the past few months, since that comment was written, we have engaged with many of our stakeholder groups to ask for suggestions on how the process can be done better. In terms of—

Claudia Beamish: Can I just stop you there? How can we find out how work on specific aspects that are a concern to the committee is progressing? Are reports produced on how the interface between your agents and communities is developing? We do not want to have to wait until next year to find out how it is developing.

Alan Laidlaw: At present, we are developing the model to go out to tender. If you want an update before next year, once the scope of services is available, we would be happy to share that with the clerk. I suppose that that is the next logical step.

Claudia Beamish: I am sorry that I interrupted you.

Alan Laidlaw: It is fine.

Minutes will be available from things such as formal liaison group meetings. However, much of what moorings officers, which you mentioned, and

our rangers do involves speaking to people while they go about their business. I would be slightly reticent about starting to record things such as, “I met Mr Smith at the bottom of Tomintoul village, and he said so and so.” There would be issues about data protection and all those sorts of things. If you would like to know about the spread and width of the engagement, that is possible, because we could set out the type of meetings that the agents attend. The figures on the number of community groups and meetings that each of our agents attends are substantial. We could work on providing transparency on that, but I would be nervous about taking that other approach.

Claudia Beamish: That is not what I was asking for, and I do not think that it would be productive. That is certainly not what I was implying.

Alex Adrian: We encourage the coastal officers to improve accessibility. As Alan Laidlaw said, not every conversation is monitored or reported, but we are keen to ensure that our officers, when going about their business, encourage people who have concerns or who wish to contact us, or who have simple queries about developments, to get in touch with us directly. We prefer to talk to people directly on the phone and, obviously, we cannot report on that. We use a lot of cross-sectoral communication, through the coastal officers and through representatives of particular interests, such as the West Highlands Anchorages and Moorings Association. As Alan Laidlaw said, we cannot get out and talk to everyone, but we are keen to ensure that people can talk to us if they want to and feel comfortable about doing that.

The Convener: If there was a question about a particular mooring, would we come to you directly to ask about that? You employ the moorings officers.

Alan Laidlaw: That is correct. Nine times out of 10, our moorings officers will know the individuals in an area. If there is an escalation, by all means contact us by email initially or by phone and have a chat. Many communities know that process well and engage with our coastal team.

The Convener: It is in your interests to have an income from moorings. In the past year, have you extended the area of moorings from which you get an income?

Alan Laidlaw: There might be more moorings, because people have looked to put moorings in the water as a result of the increase in recreational use, but I am not sure that we have extended the area.

Alex Adrian: We are encouraging people who have or want to have moorings to form moorings associations, which achieves two things. First, it allows localised management of the moorings,

which is usually more conducive to getting everyone into the organisation. Secondly, the costs per mooring halve. I am not sure what our latest moorings charges are, but I think that it is about £70 per annum for a mooring, whereas someone who is a member of a moorings association would pay £30 per annum. We are moving towards having more local control through moorings associations.

Margaret McDougall (West Scotland) (Lab): On the point about local management agreements, I note that you have announced two pilots: one in Portree on Skye and the other in Lochmaddy on North Uist. You say that the bodies will have more powers over the management of the foreshore and the seabed. Can you give some more detail on how those models will work and on the progress that has been made in establishing them?

Alan Laidlaw: Our LMA process is a pilot. The main reason for that is that we cannot come up with all the structures that would be necessary for each individual set of circumstances.

The two pilot projects that you mention are progressing—although they are not quite there as far as I am aware—and we are looking for more opportunities to sit down with communities and see what would work for them.

It would be slightly arrogant for us to be too prescriptive by saying, “This is the only structure that can work.” The call for LMAs—which we reiterated at the liaison group last week—was partly about saying that if people are aware of local situations in which they think that there could be benefit, they should come and see us.

A number of communities have progressed their proposals further and are considering direct investment projects and discussing lease agreements. The LMA process is a pilot because we want to ensure that it fits with what is on the ground rather than it coming remotely from an office. We hope to get those two pilots moving sooner rather than later and get them completed.

Margaret McDougall: Is there any timescale for when we would expect to see them up and running?

Alan Laidlaw: I hope that it will be as soon as possible, bearing in mind that a lot of the groups involved are community groups and that area is not necessarily their core focus.

We have provided some of the groups with resources for business planning to help them with the constitutional side of things and to ensure that they are set up properly. However, that is not necessarily their only focus—they might be running a business or doing something else, so

much of that work lies with them. However, we are working closely with them.

Margaret McDougall: I will continue on that theme. On the financial set-up of those organisations, would they be self-sustaining?

Alan Laidlaw: That is our aspiration for the LMAs. We want communities not only to look after their areas but to finance themselves if at all possible. A lot of the proposals that we have looked at in the past few years that have helped us to develop the LMA concept have involved people seeking to build interest in the area before they go off for other sources of funding.

The coastal communities fund has created a great deal of interest around Scotland’s coast, and people will be looking for opportunities to take forward proposals to gain access to grant funding. We hope that the LMAs will help with that.

Margaret McDougall: So the community would keep any income and it would be reinvested there.

Alan Laidlaw: Yes. If communities are doing projects themselves that are of a community nature those will seek to be self-sustaining. If we are investing direct capital, we might seek a return, but that would involve moving to more of a commercial lease situation, while LMAs tend to be on a slightly smaller scale.

Margaret McDougall: Are you saying that there would be a commercial lease?

Alan Laidlaw: It depends on whether communities are looking for larger areas or looking for us to invest capital. Quite a lot of the schemes will involve a menu approach, so they would start off small but perhaps look to grow in the future.

Margaret McDougall: So where you are investing, you expect a return on your money.

11:00

Alan Laidlaw: If we put in direct commercial investment, yes. I do not know whether the committee has a copy of our marine stewardship programme review from last year, but that shows many of the projects that we grant fund. We put money into those smaller-scale projects with no expectation of a return because we believe that they are aligned with good management, the improvement of facilities and so on. For example, we have put £15,000 to £20,000 into pontoons and piers from Shieldaig to Shetland and from Vatersay to Applecross. Those are straight grants, and funding is given to the projects with no expectation of a commercial return.

Claudia Beamish: To what extent do communities have decision-making powers under the agreements? Can the agreements be made available to the committee so that we can

understand what sort of agreements are being made following discussion with communities? Are there any plans to have larger agreements, possibly involving harbours and other such places?

Alan Laidlaw: We are busy launching a pack that will support our document “Local Management Agreements”, which you might well have seen, and it includes draft documentation. It is in draft because of the pilot nature of the projects, but it is available and you could look at it. Because of the individuality of each project, agreements will always be tailored to their individual needs. At present, the easiest thing would be to give you the draft documentation that is available. If you want further detail on completed projects, we could probably provide that. Some of the information might be sensitive to individual communities, but most of it should be out there.

Claudia Beamish: What I am really interested in is how much decision making and power will be in the hands of the communities.

Alan Laidlaw: That is down to each individual agreement. Some of the projects have a tight mandate and are specifically about a small area, but some cover larger areas. We have to agree what is appropriate. It is quite difficult to say, before we get into a discussion, where the boundaries will be. The more tightly the area is drawn and the clearer the use is, the less opportunity there will be for competing uses to come into the area and the more control there will be.

Claudia Beamish: I do not want to put words into your mouth, but will the Crown Estate be looking for community empowerment through the agreements?

Alan Laidlaw: All the agreements are designed to let communities have more of an interest. Community empowerment is a wide phrase, and to enable communities to have a management interest in things that interest them locally would align with community empowerment. That is why we have looked to go down this route.

Claudia Beamish: I do not want to quibble, but an interest is different from community empowerment. I am trying to understand where the Crown Estate is coming from in becoming more of a listening organisation and, beyond that, the extent to which you are looking to empower the communities that you are involved with.

Alan Laidlaw: Empowered communities create opportunities. We all know that. We can all point to examples where that level of engagement and empowerment makes great opportunities. That will always be in the interests of the owner of a property or area, be it Glenlivet or any other, and that is why we look to encourage it. Successful,

vibrant communities create more opportunities, and that will benefit the Crown Estate because there will be fewer costs, potentially, and more return if direct investment is available.

We are absolutely aligned with successful remote and rural communities. Away from LMAs, if we look at Tomintoul as an example, which is an area that I know well, it has been economically challenged for a long time. We have worked closely with others in relation to the newly formed development trust, because it is in our interests to ensure that the centre of the village is vibrant and healthy.

Whatever we can do within our mandate to support that is clearly aligned with what we have been doing, and we have provided space and managing agent resource to help with mapping and scoping, engaging with the community to see what happens. If that works, it benefits everyone including Scotland plc, the local community and the Crown Estate. It is a win-win.

Claudia Beamish: Do you have any plans that you can share with us about the possibility of agreements for larger harbours?

Alan Laidlaw: We are not in any discussions at the moment. Larger harbours tend to have more than one interest. We are happy to discuss any of those areas that you think are appropriate.

The Convener: The part of the autumn bulletin that deals with community management and the coastline refers to the debates that took place in the Scotland Bill Committee and the Scottish Affairs Committee. It states that, following the publication of the Scottish Affairs Committee's inquiry report, there is a

“need to give communities more control over coastal assets.”

Is that not a gross understatement of what the report said? Indeed, it is misleading.

Alan Laidlaw: We acknowledge that communities have a growing interest in those areas. Within the confines of what we are able to do at the moment, we believe that LMAs and other agreements with communities are helping to move that issue forward.

The Convener: But it is not progress on a grand scale. You admitted that just now. Do your critics not understand your position or do you not understand why there are so many critics of how coasts are managed?

Alan Laidlaw: The pilots are progressing and we would like more agreements to be proposed. Progress will come from there. We cannot dictate that certain things should happen at certain times.

I understand that people do not necessarily think that our management interests are aligned

with theirs but—as you said yourself, convener—the area needs to be managed and we have to be able to work with communities on how best to achieve that.

Progress has been made. LMAs have been launched throughout the past six months. We have restructured our business. We are looking to retender our managing agents. All those activities are going in the right direction of travel, but it will take time to make progress.

The Convener: Just to firm up, then, how many LMAs are in the pipeline?

Alan Laidlaw: We have two pilots at the moment, and we are in discussion with a handful of others. If you believe that there are other areas out there that could benefit from LMA status, we would be happy to have the discussion. We reiterated that to the leader of Highland Council the other day, we will say it to COSLA tomorrow, and we will say it to the other authorities in the coming months. There is a genuine appetite for engagement, but engagement has to come from the grass roots to start with otherwise we would be imposing it, which would be even more badly received.

The Convener: So LMAs are at a very early stage. Nigel Don wants to ask a question about Orkney.

Nigel Don: I want to get nearer to the rough water, which I can visualise because I have been there and am aware of the European Marine Energy Centre.

I recall seeing something somewhere about a memorandum of understanding with Orkney Islands Council. Could you give me a bit more about why that should be necessary?

Alan Laidlaw: For some time, we have been looking to engage with a number of different councils; we have been discussing memorandums of understanding for the past three or four years. We believe that such memorandums are necessary because, on the one hand, there are different but very clearly aligned areas of interest where business can be done very simply and, on the other, there are other areas of interest that we might not understand or where the local authorities are not as aligned. The memorandums provide an opportunity for us to sit down and agree areas of work in which there might be mutual interest or benefit. Although recently we have not made a lot of progress in that respect, I note that when we met Highland Council we found that, like us, it was very keen to make progress on the MOU, which at one time was being discussed with six local authorities from Argyll and Bute right round to Highland, the Western Isles, Orkney and Shetland. We believe that it improves understanding on both

sides to mutual benefit and ultimately to the benefit of communities and the local economy.

Nigel Don: On the structure behind all of this, am I right in thinking that in respect of Orkney the Crown Estate would own all the foreshore and all the water within working distance?

Alan Laidlaw: Perhaps Alex Adrian might be able to help out with that question.

Alex Adrian: It would own the seabed but not the foreshore. I think that I am correct in saying that that part of Orkney is subject to udal title but, irrespective of that, the fact is that the Crown Estate only owns about 50 per cent of the foreshore around Scotland.

Nigel Don: It is always interesting when people talk about udal law, given that people in this place are on record as saying that it no longer stands in Scotland. Nevertheless, we should ignore that for the moment, because it is not going to help us here.

I guess that I am trying to get a handle on the kind of co-operation that you need. What would the memorandum of understanding have to cover?

Ronnie Quinn: You have hit the nail on the head, Mr Don. It is all about co-operation, speaking to each other and formalising liaison arrangements. Indeed, that was the nature of the discussions that Alan Laidlaw and I had with Highland Council last week.

We should also recognise that, at a working level, Orkney Islands Council and Highland Council are part of the Pentland Firth and Orkney waters leadership forum and work with us to manage that programme. However, the memorandum of understanding represents a formalisation and recognition of on-going co-operation and liaison.

Nigel Don: Why do you need it?

Ronnie Quinn: People seem to think that it would be a good idea to have formal liaison with the Crown Estate and we are more than happy to go down that route.

Alex Adrian: For example, we have been in touch with Orkney Islands Council with regard to a potential zoning pilot in the area. The council has just published its supplementary guidance on fish farm location and planning, and we have offered to participate in looking at zoning as a means of accommodating aquaculture in Orkney for the best interests of the biosecurity and natural heritage of Orkney and the fish-farming industry.

Nigel Don: That is very helpful, but the question that arises is: if you have formalised that to some extent with Orkney, do you not want to do the same with every other council?

Alan Laidlaw: One of my core roles is looking at how we can progress that. A lot of the formalisation element brings us back to Richard Lyle's point about people knowing that they can communicate with us. We think that by taking a light touch to this—after all, this is not “War and Peace”—and simply noting where mutual interest lies, where we should have mutual co-operation and how often we engage at senior and operational level, we can strengthen those relationships.

That said, you are absolutely right: we are looking to do more of this activity. Some people might say that that is not necessary because they already have a very good relationship with us. I do not think that the approach is necessarily about making everything formal, but it encourages both sides to maintain the effort and keep up dialogue.

The Convener: Before we move on to the rough waters of aquaculture, Claudia Beamish has a brief question.

Claudia Beamish: On local management agreements, I completely respect your view that you do not want to dictate to communities. However, there is surely a balance to be struck. I hope that the Crown Estate is proactive in informing communities about the availability of local management agreements and other opportunities for community engagement. How do you do that? Is there a publicly available list of communities with which you engage formally in that regard?

11:15

Alan Laidlaw: We drafted the information pack very much with a view to making it digestible for anyone who might have an interest, to sow the seed and start them thinking, “Would this work for me in my area?” We formally launched the pack with the board at the end of September, next door at Our Dynamic Earth, and we are about to send it out to many community groups. Our managing agents are using the pack as they engage with the established communities that they know—it is highly likely that agents have a relationship with communities already, and the pack might help communities to formalise things or take them to the next level.

I think that the list that I gave when I talked about the engagement between our eight managing agents and other staff and the community groups with which they have relationships would mirror the list of communities to which we are promoting the opportunities that you are talking about.

If there are groups and organisations that need to know more, we are happy to engage with them. I spoke recently to colleagues in the Scottish

coastal forum and asked them about the best avenue to go down to ensure that we reach the widest audience. We met Marine Scotland, with which we have a good relationship, a couple of weeks ago, and asked colleagues there to tell us if they know of areas where the issue might be appropriate or of interest. It is early days, but we remain committed to getting information out there. If the committee can point us in the right direction, we will be grateful for information that helps us to supplement the work that we are doing.

Claudia Beamish: I am not terribly reassured by your answer, because I think that the Crown Estate should know where the communities are. It can be difficult to define “community”, because there are different stakeholders, but there are fragile rural communities, not just in the Highlands but throughout Scotland, about which the committee is concerned, and I hoped that now that your pilots are running you would be able to furnish the committee with a list of the communities with which you expect to engage proactively to inform them about local management agreements. That would be helpful.

Alan Laidlaw: What I am saying is that our managing agents are doing that—

Claudia Beamish: My point is that we do not know about that, and I would appreciate it if you could inform the committee about the work. Thank you.

The Convener: We will move on to aquaculture and fisheries.

Angus MacDonald (Falkirk East) (SNP): The witnesses will be aware of the call for evidence on the Aquaculture and Fisheries (Scotland) Bill, which is still open. Has the Crown Estate made a submission to the consultation? What are your views on the bill?

Alex Adrian: We responded to the original proposals for the bill and we will respond to the committee's call for evidence—I cannot say that we are there yet, but work is in progress and you will receive our submission.

We think that, on balance, the bill will be more of a help than a hindrance, by providing a safety net. Many of the proposals in the bill concern measures that much of the industry already undertakes, but it is probably useful, certainly on matters such as farm management agreements, containment and wellboat practices, that there is a legislative safety net, to ensure that everyone adheres to a standard. Given the nature of the shared space and the overlapping nature of a lot of aquaculture interests, it is no good if only 95 per cent of the industry is doing a good job; we need 100 per cent to be doing a good job, so that there is security for the whole industry. On balance, the bill is reasonable and will help.

Angus MacDonald: In general, you are fairly comfortable. Clearly, the Crown Estate has some input into research in aquaculture and fisheries related to its specific interests. How do you contribute to research in those fields? Also, in your preamble, you mentioned the marine biomass sector. I was hoping that you could expand on that and, in particular, on the demonstration projects that you mentioned and the progress that there has been to date.

Alex Adrian: We spread funding with a view to accommodating as much research and development as we can, so we contribute a minimum core amount—about £30,000 a year—to the Scottish aquaculture research forum. The bulk of the funding goes into projects in which the aim is to have a short turnaround time that will deliver something of practical value that can be used relatively quickly.

For example, we are involved in or are providing funding for a number of projects this year. We are putting money into Otter Ferry Seafish, an Argyll company, to develop protocols for hatching wrasse—you may be aware that wrasse are being looked at increasingly as a cleaner fish to help with biological control of sea lice, which is one of the industry's major bugbears.

We are putting money into the Scottish Association for Marine Science in Oban to look at whether there is a possibility of early detection of jellyfish blooms. We have a successful project that is looking at algal blooms, and we are seeing whether that will transfer across. We are also looking at the carbon budgeting of various sectors, including shellfish and fin fish.

On the marine biomass side, one of the spends is to look at the environmental impacts of large-scale seaweed farms. Marine biomass is our ninth business sector. It is a bit of a strange one simply because it sits midway between aquaculture and energy. Our interest is in large-scale offshore cultivation that will form a raw material for energy and, possibly, for chemicals, too. There will inevitably be smaller inshore developments that will probably be regulated under an aquaculture banner, and those will probably feed into the food and pharmaceutical sectors. Our initial work was to undertake studies to examine the processes to which seaweeds of interest—mainly the kelps—can be subjected, the products that you can get from those processes and the markets for those products. For example, we consider that the anaerobic digestion—or co-digestion—of seaweed together with organic waste, offers real potential. There is interest in that from particular local rural communities and island energy economies. I think that there are already some AD plants on the Outer Hebrides and using seaweed for that purpose is useful in a more localised context.

There is a wider concept that, ultimately, biofuel raw material should be moved out to sea, if we can do that. Everyone is aware of the issues around terrestrial biomass such as drought and flooding and the implications for the grain harvest. As the European Union commissioner said, there is a blue-growth initiative to move biomass offshore.

All our studies are looking at enabling, and at filling gaps. We have done the environmental study, and we are looking at the carbon budgets again. The greenhouse gas emission record looks good for anaerobic digestion, as opposed to bioethanol.

We have put a paper together for our board to look at the demonstration project in Argyll. We are hoping to address the logistics. Everybody knows that seaweed grows pretty much wherever you want it to; the trick is putting it out there in the form that you want—particularly in relation to the species—and, more important, bringing it back. Getting the logistics of that sorted will allow seaweed to be developed at a scale that is considered to be reasonable for raw material for biofuels. That is ultimately our ambition because, although we have wind, wave and tidal power, we also need fuels in the form of gas or liquid, and those are more likely to come from a marine biomass sector. There is a lot of interest in the North Sea from Denmark, Norway and Holland, and we are collaborating and in contact with a lot of organisations from those countries.

My last comment on the biomass project is that we have a macroalgae—or seaweed—forum in which we bring together all the parties, because there are a lot of parallel streams of interest in Scotland and around Europe. We hope to gather them together so that we not only develop our work but share it with others and ensure that we do not reinvent the wheel.

Angus MacDonald: The development is exciting and I am sure that the committee will watch any progress closely. When is the report on the environmental impacts expected? When it is completed, will you share it with the committee?

Alex Adrian: We are happy to share the report. It should be available now on our website, as is the report on carbon budgeting in relation to various products from seaweed. I am happy to pass on those reports to the committee, which are in the public domain on our website.

Claudia Beamish: The Crown Estate has a responsibility to protect the marine environment more widely and to restore and enhance it—or possibly not enhance it; that is for you to say. In what ways is the Crown Estate reinvesting income to protect the marine environment?

Alex Adrian: That is part of our wider stewardship fund and our R and D fund, which Alan Laidlaw mentioned. A lot of that involves addressing the sustainability of the developments in which we get involved and does not necessarily relate to particular conservation projects, although I know that colleagues around the UK have had an interest in such projects. The wider thrust—certainly from the aquaculture point of view—concerns looking at how we can make economic developments more sustainable, which means protecting biodiversity and the long-term interests of natural heritage.

Conservation is not the only element. Everybody uses the word “sustainability”, and the key is rendering aquaculture more sustainable. An example is the work that we are putting into wrasse. We are also looking at bringing together wild fishery and farmed-fish interests to develop management practices that could be used, rather than relying on therapeutic compounds, for example.

Ronnie Quinn: We have undertaken the largest aerial bird survey in the world, round the UK's coast. Cetacean protocols and various such projects under round 3 and under the wave and tidal enabling actions are all aimed at working with the environment.

Alan Laidlaw: Another small example is the fishing for litter Scotland project, which we have funded with £30,000 a year for three years. That project involves working with other bodies to identify litter and get it out of the system.

Graeme Dey: What has emerged from the seabird survey to which Ronnie Quinn referred that would inform how we proceed with offshore renewables? Does it tell us that we might have to restrict locations, for example?

Ronnie Quinn: The survey provides a background. It informs developers and helps them to pinpoint where to carry out the detailed analysis that is required for them to proceed to obtain consent.

We also established the COWRIE website. It is getting a bit long in the tooth, but it is still producing data going forward.

The aerial bird survey produced a baseline—a background—against which things can be measured and assessed. It identifies species that are of interest in particular areas, for example.

The Convener: You have an interest in carbon capture and storage, on which Angus MacDonald will kick off.

Angus MacDonald: I declare an interest, given my early involvement in the Summit Power application for a 500MW electricity plant and CCS project in Grangemouth.

As we know, the UK Government announced two weeks ago that carbon capture projects in Peterhead and Grangemouth have made it on to a shortlist of four projects that will be considered for financial assistance in the new year. We also know that Scotland has the largest CO₂ storage capacity in Europe and that the Crown Estate announced in July the UK's first agreement for a lease for permanent geological storage of CO₂. Can you give us more detail on that development and say what the next steps in the process are?

11:30

Ronnie Quinn: To be honest, you have probably just outlined it very well yourself.

We have co-operated with the Department of Energy and Climate Change and have identified sites that would be suitable for the storage. As the committee is well aware, this is the second bite at the cherry, as it were.

We entered into the agreement for lease for the Goldeneye project. If that goes ahead and is one of the winners in the competition, we will grant a lease for that in due course. However, as you know, things are in their embryonic stages at the moment. We are working hard to make the process work, along with DECC and potential bidders in the competition. A week or so ago, the Scottish liaison group heard a presentation from Scottish academics who explained how the process works in practice and the mechanics of how the carbon is physically stored in the chambers.

As I said, you gave a good summary of where we are at present.

Angus MacDonald: We all hope that there are no further delays because of the UK Government and look forward to progress.

The Convener: As there are no more questions on carbon capture, we will return to dry land, in case anyone is becoming queasy.

We have not yet talked about assets and property transfers, so I will focus on the King's Park in Stirling.

Recently, a group of historians, led by Professor Smout, the historiographer royal, suggested that the park is a significant part of Scotland's heritage. Given that, in 1999, the royal palace in Edinburgh was passed to the Scottish ministers, with Holyrood Park, why do you think that you should sell the King's Park in Stirling rather than just hand it over to the Scottish ministers?

Alan Laidlaw: I will give you a brief update to let you know where we have got to. Last week we met Historic Scotland, which was representing the Scottish Government, and Stirling Council and had

a wide-ranging discussion. The transfers that you refer to, which took place in 1998 and 1999, involved areas that had never been under the management of the Crown Estate and were not subject to any management prescription or value therefrom. They were, therefore, able to be transferred at nil consideration. With regard to West Princes Street Gardens, which the Scottish Affairs Committee also identified as being of interest, we are making considerable progress with the City of Edinburgh Council, which has been the leaseholder of that area since around 1870.

There are areas in Stirling that are subject to commercial leases to private individuals, the golf course and Stirling Council. They have a value, and will continue to have a value. The Crown Estate Act 1961 is clear about transferring assets at value. We are working with the council and Historic Scotland on issues that have arisen in light of the new information that has been provided by Professor Smout, which was not available when we started down the route of discussing the transfers five or six years ago. The proposal that had gone through Stirling Council was that the land be settled into some kind of guardian trust, which offered the best guarantee of the long-term protection of that asset. We still want to discuss with the council and Historic Scotland on behalf of the Scottish Government, the best way to do that. The challenge is that value exists in these assets because commercial rents are being paid. However, perhaps not all of the area is under that sort of management, and that is where we are looking to see what we can do, along with Historic Scotland and Stirling Council.

The Convener: Is commercialism the first principle of your organisation, given that the present income from Stirling seems to be paramount? Is it not possible to accept that a mistake has been made and that the King's Park should be treated much like Holyrood Park?

Alan Laidlaw: We are trying to find a workable solution. The information has only just become available, and that is why we are sitting down with all the different bodies involved.

The Convener: Will we get further information from you as that debate develops?

Alan Laidlaw: Absolutely. The situation is pretty fast developing. The council aspires to make progress before the December council meeting. I will liaise with the committee clerk to ensure that the committee is kept abreast of progress in whichever way it wishes to be kept updated.

The Convener: We would very much like to be kept updated. Indeed, after reviewing today's session, we may well want to follow it up with written questions, including on that issue.

We have a further question about reducing emissions from the activities of the Crown Estate, which Claudia Beamish will follow up on.

Claudia Beamish: Mr Adrian, you have already highlighted carbon accounting. Can you or your colleagues give more detail on how the Crown Estate more generally as a public body is dealing with its responsibilities under the Climate Change (Scotland) Act 2009? Is it possible for the committee to see the carbon accounting figures for the different sectors that you work in?

Alex Adrian: I will have to check with colleagues on just what figures are available, but I know that, for example, our chief scientist is engaged in carrying out what is in effect a sustainability review of all our business sectors. I think that there are about 36 metrics—carbon accounting being one of those—against which all our business sectors have been assessed. I can certainly check whether those figures are available and will be happy to supply them to the committee. We have made an assessment across the board that informs our policies on how we deal on a day-to-day basis with the business sectors that we are involved in.

Alan Laidlaw: The sustainability agenda is at the heart of the Crown Estate's business. We often do not control the direct activity on a property or farm or area of seabed, but we can join the wider debate—as Alex Adrian has done, quite significantly—and influence industry by providing best practice data. It is easier where we have direct managed properties, or where we are making developments. For example, I know that our urban team has been doing work on the proportion of recycled aggregates within our new buildings, ensuring that those really are BREEAM excellent—under the Building Research Establishment environmental assessment method—and ensuring that they have high levels of energy efficiency. We can report to you on a number of different strands there, as well as on our carbon figures.

In many areas, we are in a similar position to others, in that we can only try to inform and progress the debate. For example, the energy performance certificate standards for lettings will come in in 2018 and our rural properties are often stone built, without any foundations and with combed ceilings, so a lot of the opportunities for quick wins by providing insulation are very challenging. However, we are working with partner bodies to identify where we can pilot projects to try to influence that wider debate. That is very important because there are a lot of unanswered questions out there, but that is another opportunity where we can perhaps exert an influence beyond our assets, in the wider industry.

Claudia Beamish: Will the new tenancy agreements, agreements with communities and agreements with the aquaculture industry all involve an expectation that there will be carbon accounting? Will they all involve reporting in an ordered way on sustainability issues?

Alan Laidlaw: I will give an example. Let us consider an agricultural tenancy. If we put a requirement on a tenant to do that sort of activity or enhanced environmental activity, that would put us in a very difficult position in respect of EU funding for that business, as the activity would be done as a requirement of the landlord's lease rather than for the wider business. It is quite difficult to prescribe what people should do; encouragement is much simpler. We must be careful not to be anti-competitive and impose additional expectations on people's businesses. That said, we absolutely want to ensure that all the businesses that operate across the estate and which we work with are at the forefront of sustainability. That is why the project work that Alex Adrian talks about is on-going.

Alex Adrian: To come at the matter from a different direction, I have recently been involved in a couple of conversations in which wave energy device developers have shown interest in working with aquaculture. As aquaculture developments get larger and move into more exposed locations, there is definite potential for harnessing some of the natural energy that is out there. We would take a role in trying to make it as easy and simple as possible for the two sectors to start to work together and combine the benefits that they can gain from co-location and using natural energy.

Ronnie Quinn: In general, there is an increasing focus on sustainability and sustainability being taken into general business decisions. The questions whether the business is sustainable and whether there is anything that can be done to it to make it more sustainable are being incorporated into the day-to-day business decision-making process. Eventually, the time will come when certain decisions will be taken because the business is not sustainable.

Claudia Beamish: It is helpful to hear anecdotal evidence, but what I am really asking is whether, as a public body, you have a carbon assessment tool that relates to the Climate Change (Scotland) Act 2009. If there is one for the estate in Scotland, could we see it, please? If there is not—well, I would expect there to be one for the public body.

The Convener: We might expect to see the answer to that in writing. It is obvious that a response is not possible at the moment.

Finally, I want to look at the role of the Scottish commissioner. Five years ago, the Crown Estate appeared before the committee because of the

level of criticism of its operations in Scotland. There have been some changes, including the creation of a Scottish commissioner to take a lead role across all activities in Scotland. How can that be evidenced for us? How can we check how that lead role is being carried out, especially as it means reporting to the main committee in London? What is the format by which we can find out how representation is taking place? We need to know that before the next question is asked.

Ronnie Quinn: As you know, Mr Baird is the Scottish commissioner. I reiterate his apologies that he cannot be at the meeting.

Mr Baird is incredibly active; indeed, he is probably one of the most active commissioners in the Crown Estate. He attends various stakeholder meetings with Alan Laidlaw and me, and chairs the Scottish management board when it meets on a quarterly basis.

In addition, the interministerial strategic group is being worked up by the Treasury, and the low-level working group is being worked up as well. We are trying to co-operate and work with that as part of the Government's response to the Scottish Affairs Committee's report to make those things more visible.

11:45

The Convener: What is the interministerial group?

Ronnie Quinn: It is a group that the Government has set up, which is to be chaired by a Treasury minister, with membership from the Crown Estate, the Scotland Office and the Scottish Government, and with appropriate representation from local authorities—for example, through COSLA or a nominee local authority. It is therefore an overarching group, and there is a lower-level working group that reports to it.

The Convener: Who is involved in the lower-level group?

Ronnie Quinn: Again, it will involve the Treasury, the Crown Estate, the Scotland Office, the Scottish Government and COSLA. It will meet more frequently and consider reports on the formal and informal liaison arrangements involving the Crown Estate. I hope that that group will pick up on some of the points that have been expressed around the table this morning. The group will report up to the interministerial group. As I said, it is hoped that that will provide more clarity.

The Convener: Will we be able to see the reports from the Scottish committee to the central body in London?

Ronnie Quinn: That will be a matter for the Treasury. We will not chair the group, which will be

set up by the Treasury. It will report up to the interministerial strategic group, of which a Scottish Government minister will be a member.

The Convener: Okay. Thank you for that. We are at an early stage and we might want to ask many more questions. However, we hope that the commissioner can be here the next time. My questions at the beginning were about when that should take place, and I hope that he can get that in his diary.

I thank you all, gentlemen, for the wide range of answers that you have given us. We will follow this session up with other questions in writing.

11:47

Meeting continued in private until 12:48.

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