

Response to Land Reform Review Group Call for Evidence

1. Introduction

The Crown Estate welcomes the opportunity to respond to the Land Reform Review Group's Call for Evidence.

We have detailed below relevant information regarding The Crown Estate in Scotland, how we operate and the benefits that this approach delivers to communities, individuals and local businesses.

If the Group requires further information or clarification on any aspect of this submission, please do not hesitate to contact our Edinburgh office. Contact details can be found on page 9.

2. About The Crown Estate

The Crown Estate manages a highly diverse £8 billion property portfolio across the UK. We pay all our net surplus (profit) to the Treasury for the benefit of the public. In 2011/12, this totalled £240.2 million. In 2011/12 the gross surplus for The Crown Estate was £272.4 million of which £9.6 million was generated from Scotland.

The Crown Estate operates within a mandate set out in The Crown Estate Act 1961 to maintain and enhance the capital value of the estate and to deliver a return on those assets having regard to the requirements of good management. This drives our target to generate sustainable long-term growth.

An indirect consequence of our activities is investment in new industries (such as renewable energy), job creation, support for small businesses, farming and food production, nature and heritage conservation, and tourism.

In Scotland, the Crown Estate includes:

- Around half the foreshore and the seabed out to the 12 nautical mile territorial limit. The Crown Estate has the right to explore and utilise the resources of the UK continental shelf (excluding oil, gas and coal), including the right to license renewable energy.
- 43,000 hectares of rural land, including the Glenlivet, Fochabers, Applegirth, Stirling and Whitehill estates.
- Retail property in Edinburgh.

The Crown Estate has a senior leadership team in Scotland based at its Edinburgh Office at 6 Bell's Brae Edinburgh EH4 3BJ. The Crown Estate's Main Board includes a Scottish Commissioner whose special responsibility for Scotland ensures that the interests of our Scottish customers, tenants and other stakeholders are considered in policy and decision-making. The current Scottish Commissioner is Gareth Baird, a third generation tenant farmer based in Kelso.

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Executive Summary

The vast majority of The Crown Estate's rural estate in Scotland is let to families and businesses, and we enable and facilitate communities, customers and tenants to manage and use assets to best effect using a range of mechanisms and initiatives we have developed.

With the exception of our commercial forest interests, most of the rural estate is directly managed by tenants. Our in-house team has a collective depth of expertise in rural business, which is applied to support our tenants and customers and tailor our approach to local requirements. We create opportunities through offering a range of lease options which give our tenants and customers the security to make long term commitments.

We currently have 657 tenancies across the rural estate. This includes

- Agricultural: 205
- Commercial: 48
- Residential: 109¹

In regards to the marine estate and foreshore, our role is sustainable asset management. Where we have agreements in place these are either for physical works such as ports, harbours, outfalls, marinas etc. or under regulating type agreements to Local Authorities or to organisations engaged in nature conservation.

On the coastal estate, we have over 5500 moorings and there are currently 564 aquaculture leases in place (across 871 sites)² accommodating businesses vital to local economies such as fish farms and seaweed producers, where we share our expertise with our customers to help their businesses thrive.

As part of good business management, we are committed to community involvement and engagement, long term investment in our assets, support for business diversification and innovation and sustainable land use. Our successes and achievements have won widespread recognition.³

The Crown Estate looks to be a leader in its sectors and has pioneered a range of integrated, multiple-use estate management practices, as part of a policy to support and promote prosperous and resilient communities on our estates. We provide examples in Section 4 below.

In addition, our investment in the provision of public access, educational services, new business enterprises, environmental improvements, tourism development, renewable energy, residential property and community infrastructure is helping to ensure a viable long term future for communities on and near our estates.

We have developed joint initiatives such as a 'Business Deal' with our agricultural tenants in which we have identified and promoted principles that enhance landlord/tenant business partnerships.

¹ Figures correct at 20.12.12.

² Figures correct at 08.01.13.

³ Awards include the Dulverton Flagon awarded for Innovation and Diversity (Glenlivet) recognizing successful partnership working to benefit the estate's communities and Green Award in the Highland & Islands Tourism Awards. We won the Sustainable Development Award in the 2012 Scottish Green Energy Awards in recognition of how we have been working to engage with and help local communities and Scottish businesses to benefit from offshore renewables.

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Whilst not legally binding we and our tenants have found such practices have created mutually beneficial business partnerships and opportunities.

Below we outline how we operate in relation to three core strands that align with the LRRG's remit:

- **Enabling communities and individuals to maximise their stake in the management of local assets**
- **Helping communities, particularly those in rural and coastal areas, to become stronger and more resilient**
- **Investing expertise and capital in order to generate, support, promote and deliver new relationships between land, people, economy and environment**

3. Helping communities and individuals maximise their stake in the management of local assets

There a number of ways in which we enable and encourage tenants and communities to manage land and foreshore across the rural and coastal estates.

These range from structuring leases to meet the stated desire of a community for direct management and control, supporting locally-run organisations to manage assets, and our recently-introduced pilot Local Management Agreements which empower communities to manage areas of the foreshore.

Below we provide examples and indicate the benefits that these initiatives have delivered. These are just some of the ways in which we maximise the involvement of communities and individuals in the day-to-day management of the estate.

Local Management Agreements (LMA)

- LMAs were introduced as pilots by The Crown Estate in 2012 in response to the request by some in the ports and harbours sector to have a degree of certainty over use of Crown land for future developments. In solving this issue we have widened the scope to be more inclusive and deliver benefits for the wider coastal and marine community.
- LMAs are designed to enable not-for-profit organisations to develop proposals for areas of foreshore and seabed with the aim of achieving one or more of the following:
 - Bring benefit to local communities;
 - Allow community groups to enjoy improved facilities
 - Aid economic development of the locality; or
 - Protect the natural habitat and wildlife.
- Once organisations have developed the proposals, they can acquire the right to manage the land, enabling them to implement their plans.
- The Comann-na-Mara LMA, expected to be formally signed in early 2013, will be the first LMA in the UK. This agreement will pave the way for floating pontoons with 26 berths, a car park and a boat park, managed by Comman-na-Mara and North Uist Estates, which will boost local tourism and associated economic activity.

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Local management of moorings

- We established the Clyde Moorings Committee,⁴ a voluntary body which oversees boat mooring applications in the Clydeport Harbour Authority area. The Committee celebrated its 30 year anniversary in 2012 and is an excellent example of collaborative working within the marine community
- Our two dedicated Marine Officers provide help and guidance to the marine leisure community in making the most of the limited mooring resource in Scotland
- We have encouraged and facilitated over 50 Mooring Associations around Scotland, giving coastal communities greater management over their local waters

King's Park

- In response to feedback from the local community, we worked with Stirling Council, Historic Scotland, the Stirling Golf Club and other stakeholders over a number of years to develop a proposed agreement that aims to secure ownership of the King's Park by Scottish Ministers while ensuring local control and management of the land.

4. Working to help communities, particularly those in rural and coastal areas, become stronger and more resilient

We are keenly aware of the challenges facing rural and coastal communities around Scotland. Across the estate, we aim to strengthen communities by working directly with them and with representative bodies (including local councils) to deliver opportunities in sustainable economic development, education and local management of assets.

- We are developing a Memorandum of Understanding with the Highland Council to align our activities with investment opportunities for communities

Working with Glenlivet and Tomintoul communities

- For the last 25 years, The Crown Estate has established close working relationships with the local community on the Glenlivet Estate through its locally-based ranger service and managing agents
- We set up the Tomintoul and Glenlivet Community Liaison Group in 2004. The Group meets twice-yearly with the remit of identifying opportunities for community engagement in estate management activities. Initiatives and activities that been delivered include:
 - The provision of land to the Tomintoul Community Association for use as a tennis court
 - The £500,000 Glenlivet mountain biking trails and centre (currently in development, detailed in section 5 below)
 - Development and part-funding of an adventure playground
 - Development of three new business units to let to local business, creating opportunity for economic growth

⁴ Members include The Crown Estate, Clydeport (the Statutory Harbour Authority), MOD (represented by the Queen's Harbour Master, Clyde Dockyard Ports), Clyde Yachts Clubs' Association, Royal Yachting Association, British Marine Federation, Sportscotland and the Clyde Fishermen's Association.

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- Six miles of community paths and 100 miles of waymarked footpaths built and maintained
- The Tomintoul and Glenlivet Highland Holidays tourism marketing group established in 1989 to develop marketing and management initiatives. This pioneering approach, which was considered trail-blazing in terms of destination marketing, successfully developed and promoted the area's offering to holiday-makers from around Scotland, UK and beyond. It led to other collaborative working on community and economic regeneration. Investment from The Crown Estate and other partner organisations funds tourism literature, direct advertising and joint promotional activities.
- Development and provision of educational services and facilities for schools, visiting groups and higher education institutions to participate in land-based learning, helping to promote knowledge and understanding of rural land use management
- Other benefits to the community, including community arts and environmental projects, and setting up the Glenlivet Wildlife Recording Group.

Encouraging new entrants and supporting agricultural businesses

- We were one of the first landowners in Scotland to adopt the new forms of tenancy in the Agricultural Holdings (Scotland) 2003 Act and promote full farming units on the open market, allowing the next generation of young farmers to emerge and secure the future of this vital sector
- In recent years we have applied our knowledge and expertise in farming business to implement a number of measures to improve configuration and viability of farms in order to maximise the economic potential of each property and attract new entrants.
- In the last five years we have put a total of eight units on the open market. This has resulted in five new entrants and three next generation tenants taking on Limited Duration tenancies.
- We are exploring how to work with tenants on micro and small-scale renewable energy projects. We have already invested, as a JV partner with our tenant, in installing PV solar panels at an agricultural unit. This will help to insulate the business from volatile energy prices over the coming years, and demonstrates the strength of landlord and tenant relationship.
- We continue to jointly invest with tenants in holdings where improvements can viably be made. This ensures that units are modern, up-to-date and fit for purpose
- Our ongoing programme of investment in rural units is detailed in Section 5.

5. Investing expertise and capital in order to generate, support, promote and deliver new relationships between land, people, economy and environment

Much of our activity across the estate in Scotland is designed to enable businesses in remote rural locations to thrive. This is often achieved through building strong partnerships with private and public sector organisations, and investing strategically for the long-term, taking into account communities aspirations and ambitions.

In 2011 we introduced and embedded our new community investment policy. This includes projects we fund and those to which we give in-kind donations (employee time, resources, and use of facilities), such as Forest Schools, training in rural skills and free office space for community groups.

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Separately, we benefit other projects through our Marine Stewardship and Research Funds in line with our policy.

Further details and case studies are outlined below.

Tomintoul and Glenlivet Regeneration Project

- We are partner in this project (alongside HIE, CNPA and Moray Council) which is working to develop new facilities to boost tourism and improve transport and telecommunications
- The Project has established the Tomintoul and Glenlivet Development Trust to help communities realise their aspirations for sustainably developing the area.
- We are providing in-kind support in the form of office space for the Trust's development officer over three years (value £18,000) as well as the input and expertise of our managing agents and staff.
- The work of the Project and the Trust aims to grow the local economy and build the resilience of the community, through locally-driven initiatives. This in turn will increase the community's stake in the management and development of land and land assets

Glenlivet mountain biking trails and centre

- We are investing, alongside Moray Council and Cairngorms National Park authority to create a Glenlivet mountain bike centre and trails in the Carn Daimh Forest, due for completion late summer 2013.
- The Crown Estate is investing £250,000 in this £500,000 project. This is most significant mountain bike facility development in the UK for a number of years, and will be used to position the area as a multi-activity, year-round destination that offers an unrivalled visitor experience.
- The opportunity to tender for the contract to run the café and other facilities at the bike centre has been promoted to local businesses (tender process is ongoing).

Sustainable tourism and growing coastal economies and communities

- We have invested over £7m of commercial capital and grant funding in coastal projects in Scotland over the last four years (Tarbert, Wick, Tobermory, Rhu) which have served as a catalyst for tourism and local economic development
- We continue to look for opportunities to support coastal communities through offshore renewables industry and marine leisure tourism - we are close to concluding further collaborative projects e.g. Lochboisdale on Western Isles (investing £500,000) and Oban Bay (£800,000)
- We further support coastal communities through our Marine Stewardship Programme. The Programme was established in 1999 and supports community projects that improve the status and sustainable management of the marine environment. Through this fund, approximately 100 projects in Scotland have benefitted from almost £1 million of investment.
- Over the last five years we have invested over £1 million in aquaculture. This has included funding research and development to help drive industry growth and supporting smaller businesses such as shellfish growers by providing technical advice on leasing and regulatory matters.

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Investment in rural units to promote competitive agricultural businesses

- Our ongoing investment programme is designed to enable farming tenants to grow their businesses and maximise returns.
- We plan and manage the programme in consultation with tenants and in light of emerging challenges and opportunities in the agricultural sector, including diversification,

compliance with new regulatory and statutory requirements, and our and our tenants shared desire to enhance capital value.

- Investment in the rural estate in Scotland in the five years to 2011/12 totalled £10.7 million. This consisted primarily of construction and improvement works in a range of buildings to ensure that our tenants have modern, fit-for-purpose facilities.
- This included:
 - £300,000 at Fochabers to provide a larger and more energy efficient cold store
 - Approximately £610,000 at an agricultural unit at Fochabers, including three new buildings which allowed the tenant to centre operations at this location thereby increasing operational efficiency
 - Roof improvement works at three farms in Applegirth.
 - £1 million invested to repair and improve fixed equipment on rural holdings at Glenlivet and Applegirth following damage by significant weather events in 2009 and 2010
 - A total of £600,000 at Glenlivet providing three modern buildings to replace an outdated traditional steading and renovating a farmhouse. This enabled the consolidation of the tenant's farm business on a Limited Duration tenancy where previously his units were geographically distant.
 - Construction of three business units on old mart site at Tomintoul, Glenlivet, which have been let to local enterprises; redevelopment of workshop at Applegirth (let to local joiner).

6. Concluding remarks

Embedding the principles of sustainable land use⁵ in strategy and management are central to realising Scotland's potential to deliver sustainable development and strengthen the relationship between people and the land.

We hope that this information demonstrates

- Our commitment to working with partners at a local and national level to maximise the tangible and lasting benefits to communities, individual and other stakeholders
- Our approach to working with tenants, in particular our drive to devolve day-to-day management of land and foreshore (where appropriate)
- Our activity to engage with, enable and empower communities

We look forward to continuing this collaborative approach. If the Group requires any further information or clarification, please do not hesitate to contact us.

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⁵ For example, those expressed in Getting the best from our land - A land use strategy for Scotland, Scottish Government, March 2011.