

**CROWN ESTATES FUND**

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**1.0 INTRODUCTION**

- 1.1 Members will be aware that a £1.158m share of the Crown Estates Fund has been allocated to Argyll and Bute Council. At the November Council meeting Members agreed to delegate to the Policy and Resources Committee the allocation of Crown Estates Fund for expenditure in 2019/20.

**2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Policy and Resources Committee:
- a. Agree that the Crown Estates Fund 2019/20 is allocated to the projects identified in paragraphs 3.7 through to 3.12 of this report.

**3.0 DETAILS**

- 3.1 As members will be aware the council has been allocated £1.158m from the Crown Estates Fund distributed by the Marine Scotland. Marine Scotland has advised the Council in a letter dated the 28th September 2019 that the funds provided should, where possible, be used for coastal community benefit in this financial year so that benefits can be delivered as soon as possible.
- 3.2 Since then officers have been seeking further clarification via Scottish Government and COSLA on any conditions placed on this funding. It has now been confirmed that the funding is not ring fenced and that a proportion of the funds can be carried forward where required, to ensure benefits are delivered for coastal communities. The aim is to start spending this funding as soon as practicable in 2019/20. It is highly likely however that a significant proportion of the fund will not be spent until 2020/21 due to the late award and time taken to obtain clarity on the conditions.
- 3.3 Scottish Ministers currently have no plans to issue further guidance to coastal local authorities on how the allocation in 2019-2020 should be spent however they may do so in the future. There is an expectation that there will be transparency and accountability on how the money is spent to deliver benefit to coastal communities. Marine Scotland is working with COSLA and the

newly established Crown Estate Stakeholder Advisory Group to ensure that fit for purpose monitoring arrangements are put in place.

- 3.4 Marine Scotland has also advised that this fund is intended to be recurring but the formula for how it is distributed to Local Authorities may be reviewed and criteria on how it is spent may be introduced in future years.
- 3.5 The Coastal Communities Fund that previously distributed this funding operated as a challenge fund and was distributed on the basis of bids submitted. Officer resource does not exist within the Council to run a similar challenge fund nor would it be possible to distribute any of the funding in 2019/20 using this approach. Given current workloads and the need to deliver the fund as quickly and efficiently as possible it is proposed that the fund be focussed on current council priorities and projects in development that support coastal communities. At its meeting on 28<sup>th</sup> October the Council agreed that this funding should be allocated to projects that support coastal defences and flood works, projects currently underway or in development that are experiencing funding pressures or other liabilities affecting council infrastructure. The final decision on funding allocation was delegated to this Committee.
- 3.6 This report has been prepared jointly between the Development and Economic Growth and Roads and Infrastructure Services taking into account the latest technical updates. In an effort to deliver positive outcomes from the Fund as quickly as practicable it has been decided to focus on projects that are either underway, or where there are known liabilities, that need to be addressed and have no allocated resources currently attached to them or insufficient resources. These projects can be classified into three distinct groups.
- 3.7 **Group 1** – The first project concerns Tobermory Railings. Phase 1 of this project is being funded by £150k from the Town Centre Fund. Additional funding will be required to undertake additional phases but there is a need to scale the project appropriately to avoid the need for additional regulatory consents that has the potential to delay the scheme and risk losing the Town Centre funding. The level of funding proposed will allow for section 4 of the Tobermory Railings work to be completed and some additional funding to assist with public realm works etc. In total this will provide £295k of combined funding, **£145k** from the Crown Estates Fund.
- 3.8 The second project in Group 1 concerns Rothesay Pontoons. The existing pontoons are reaching the end of their useful life and have resulted in a negative customer experience that detracts from the wider offer of Rothesay and ultimately Bute. As part of an economic enabler it is proposed that the pontoons are replaced with a new piled system which will be more attractive and reliable for visiting vessels. It is forecast that a piled system will provide a safer structure, easier to maintain than a chain and anchor system, help attract more visitors to the harbour and ultimately generate additional income directly from berthing fees and indirectly additional income for local business

as a consequence of additional visitors to the area. The piled solution is estimated to cost around £301k. Funding of £150k is available from the Town Centre Fund leaving a short fall of **£151k** which it is proposed to cover with an allocation from the Crown Estates fund.

- 3.9 **Group 2** – The specific projects identified represent either a liability to the council or are currently unable to be progressed due to insufficient funding.
- 3.10 The first project in this group concerns Campbeltown Flood Defence Scheme. In outline the preferred scheme comprises formation of a flood detention basin in existing farmland south of the Snipefield Industrial Estate which would temporarily store water in extreme flood events. The detention area would be formed by construction of a combination of flood walls and bunds. In combination with this flood detention area, the existing culvert from the proposed basin up to the Balgreggan intake would be upsized to improve flow capacity. Coupled with these major flood alleviation elements the scheme includes for localised urban drainage improvements in the Burnside and Meadows areas, and some local property flood protection. The Scottish Government is expected to fund 80% of scheme costs up to a maximum of £9.33m, and has provided £4.787m of funding for the scheme to date. 20% of the scheme costs would be required to be funded by the Council which could be up to £1.86m (£190k has been committed to date). Funding from the council of **£270k** is required in 2020/21 in order to progress the scheme to the next stage and it is proposed that this is allocated from this fund.
- 3.11 The second project identified in Group 2 is a Helensburgh Flood Mitigation project. There has been a history of surface water flooding in West Clyde Street, Helensburgh. This is caused by a lack of capacity in the drainage system that serves John Street and William Street. There are insufficient gullies to capture all of the water from certain rainfall events in these side streets and it flows down onto West Clyde Street causing significant surface water flooding there. The water takes a considerable amount of time to gradually drain into the Scottish Water combined sewer system. Approximately £152k remains available for the works from the CHORD budget. A very high level estimate of the potential budget needed to complete the works (new pipes in both streets and outfalls to the sea) is £300k per street. Allocating **£300k** of Crown estate funding will provide £452k towards this project in total. It is not possible to confirm the scope of the works that can be funded until the road is excavated. Only then will it be possible to confirm if one or both streets can be dealt with but this can be done in a phased manner if necessary.
- 3.12 **Group 3** - This will utilise the remaining funds, currently estimated at **£292k**, will be retained by Roads and Infrastructure Services as an earmarking fund to improve coastal roads, increase flooding resilience and/or undertake emergency works as appropriate. Works will be determined by council officers in line with the standard process for identifying capital and/or revenue roads projects with priority given to urgent areas of works. Where there is an under-spend in any area it is proposed that the first call will be to address overspends on any of the other allocated projects.

## 4.0 CONCLUSION

- 4.1 The award of Crown Estates Funds direct to the Council of £1.158m is welcome. Marine Scotland expect the benefits to be realised for coastal communities as quickly as possible but no specific criteria on how the fund should be allocated has been provided and there is no intention to produce further advice in this financial year. Delivering benefits in this financial year is highly challenging given current workloads and it is proposed that the Fund be spent on projects currently underway, or in development, that are experiencing funding pressures or other liabilities affecting council infrastructure.
- 4.2 Given the timing of the allocation and the stated aim of the Scottish Government that this funding delivers outcomes for coastal communities as quickly as practicable. It is therefore considered that the proposed distribution of funds, as identified in each of the three groups listed above (paras 3.7 through to 3.12), represents the most appropriate course of action subject to Member's consideration and approval.

## 5.0 IMPLICATIONS

- 5.1 **Policy** - The Fund requires to be spent for the benefit of coastal communities.
- 5.2 **Financial** - None arising from this report
- 5.3 **Legal** - No legal issues
- 5.4 **HR** - This will need to be resourced from existing staff.
- 5.5 **Fairer Scotland Duty:**
- 5.5.1 **Equalities - protected characteristics:** There are no equal opportunities implications.
  - 5.5.2 **Socio-economic Duty:** It is intended that this Fund will have positive economic outcomes associated with each project being funded.
  - 5.5.3 **Islands:** None arising from this report; future projects will have to be assessed against island community impact studies.
- 5.6 **Risk** - There is a risk that the Fund may not be fully delivered within the anticipated timeframes of Marine Scotland.
- 5.7 **Customer Service** - There are no customer service implications.

**Executive Director with responsibility for Development and Economic Growth -**  
Pippa Milne

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For further information - please contact:  
Fergus Murray - Head of Development and Economic Growth  
Tel: 01546604293