

**CROWN ESTATE 2023/24 ALLOCATION AND POSSIBLE PROJECTS**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 Scottish Government has written each year to Councils advising of the distribution of the net revenue generated from the Scottish Crown Estate's marine asset out to 12 nautical miles for their respective council area. These annual revenue allocations are distributed in arrears following the finalisation of the annual accounts for the Scottish Crown Estate.
- 1.2 The expectation is that Local Authorities would use the funding for additional expenditure that specifically benefits coastal communities, with individual authorities making decisions on funding of projects to benefit coastal communities and being transparent and accountable to their communities and others for expenditure.
- 1.3 The Council is still awaiting confirmation of the allocation for this financial year (2023/24) and it is unclear as to when formal written notification will be given of this year's allocation. However, it is considered, based on previous year's allocations, that a prudent estimate of £1.0m of anticipated funding in 2023/24, should be considered and consideration given by Elected Members as to how this funding should be allocated taking into account the guidance.
- 1.4 This report follows on from a report to August 2023 Policy and Resources Committee at which it was agreed that an email communication would be issued to all Elected Members from the Executive Director with responsibility for Development and Economic Growth, suggesting projects that could be funded by Crown Estate 23/24 allocation and seeking members' views on these and other suggestions which would fit within the funds criteria and timeline. The email was subsequently issued to Members and suggestions received.
- 1.5 It was also agreed at the August Policy and Resources Committee that following consultation with all Elected Members, as detailed above, a further report on the proposed allocation of the Crown Estate Funding for 2023/24

would be brought forward to the 12<sup>th</sup> October meeting of the Policy and Resources Committee

- 1.6 Following receipt of suggestions from Elected Members officers are now working through these projects and undertaking the necessary due diligence as well as reviewing those projects that were put forward as suggestions in the email to Elected Members. This is to ensure that those projects that go forward for formal approval are the best fit with the fund, the necessary resources are in place and the projects are at a stage where deliverability can be assured within the timeframe. In addition it is also necessary to ensure that the total value of all the project allocations at this stage does not exceed the prudent estimate of £1.0million, at least until the Council receives formal confirmation of the allocation.
- 1.7 In light of the above work that is still ongoing, it is proposed to seek agreement from Members for a further delegation of powers to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group, to approve the final list of projects to be supported by the £1.0million prudent allocation of Crown Estate 2023/24 funding in consultation.

## **RECOMMENDATION**

It is recommended that Policy and Resources Committee:

- a) Note that the formal allocation of Crown Estate funding for the 2023/24 is still awaited;
- b) Note the proposal to allocate a £1.0million prudent estimate of anticipated Crown Estate 2023/24 funding against individual projects pending receipt of the formal allocation;
- c) Note that officers sought suggestions from Elected Members and are undertaking due diligence in reviewing those projects against the criteria set by the Scottish Government;
- d) Agree to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group to approve the final list of projects to be supported by the £1.0million prudent allocation of Crown Estate 2023/24 funding;
- e) Note that officers will inform Elected Members of the decision taken by the delegation; and
- f) Note that a further report will be brought back to members of Policy and Resources should the formal allocation for 2023/24 represent a higher figure than £1.0million.

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**2.0 INTRODUCTION**

- 2.1 Scottish Ministers made a commitment in 2014 that they would provide 100% of the net revenue from Scottish Crown Estate marine assets out to 12 nautical miles to Local Authorities for coastal community benefit if management of the assets was devolved. The expectation was that Local Authorities would use the funding for additional expenditure that specifically benefits coastal communities, with individual authorities making decisions on funding of projects to benefit coastal communities and being transparent and accountable to their communities and other for expenditure.
- 2.2 The Council is still awaiting confirmation of the allocation for this financial year (2023/24) and it is unclear as to when formal written notification will be given of this year's allocation. However it is considered, based on previous year's allocations, that a prudent estimate of £1.0m of anticipated funding in 2023/24, should be considered and consideration given as to how this funding could be allocated taking into account the guidance.
- 2.3 This report follows on from a report to Policy and Resources Committee on 10 August 23 at which it was agreed that an email communication would be issued to all Elected Members from the Executive Director with responsibility for Development and Economic Growth suggesting projects that could be funded by Crown Estate 23/24 allocation and seeking members' views on these and other suggestions which would fit within the funds criteria and timeline. The email was subsequently issued to members and suggestions received.
- 2.4 It was also agreed at the August Policy and Resources Committee that following consultation with all elected members, as detailed above, a further report on the proposed allocation of the Crown Estate Funding for 2023/24 would be brought forward to the 12<sup>th</sup> October meeting of the Policy and Resources Committee.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that Policy and Resources Committee:

- a) Note that the formal allocation of Crown Estate funding for the 2023/24 is still awaited;
- b) Note the proposal to allocate a £1.0million prudent estimate of anticipated Crown Estate 2023/24 funding against individual projects pending receipt of the formal allocation;
- c) Note that officers sought suggestions from Elected Members and are undertaking due diligence in reviewing those projects against the criteria set by the Scottish Government;
- d) Agree to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth, in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group to approve the final list of projects to be supported by the £1.0million prudent allocation of Crown Estate 2023/24 funding;
- e) Note that officers will inform Elected Members of the decision taken by the delegation; and
- f) Note that a further report will be brought back to members of Policy and Resources should the formal allocation for 2023/24 represent a higher figure than £1.0million.

### **4.0 DETAIL**

4.1 The Scottish Government has written each year to Councils advising of the distribution of the net revenue generated from the Scottish Crown Estate's marine asset out to 12 nautical miles for their respective Council area. These annual revenue allocations are distributed in arrears following the finalisation of the annual accounts for the Scottish Crown Estate.

4.2 The annual payment made to each relevant local authority is based on the distribution method agreed by the Settlement and Distribution Group (SDG). It remains Scottish Governments preference that the allocations should be used to deliver coastal community benefit.

4.3 The Crown Estate fund is targeted at the sustainability of coastal communities within the categories noted below and the Council has to advise how the funding is spent as part of the annual reporting requirements. Categories of expenditure are:-

- Environment Community
- Climate Change.
- Economic Development

4.4 The funding can be used by the Council to deliver Council projects or can be provided as a grant to third sector organisations to assist in the delivery of a

community project.

- 4.5 Where the funding is being provided as a grant a contract needs to be drawn up and issued and the grant and associated drawdown managed by officers of the Council.
- 4.6 Following receipt of suggestions from elected members officers are now working through these projects and undertaking the necessary due diligence as well as reviewing those projects that were put forward as suggestions in the email to elected members. This is to ensure that those projects that go forward for formal approval are the best fit with the fund, the necessary resources are in place and the projects are at a stage where deliverability can be assured within the timeframe. In addition it is also necessary to ensure that the total value of all the project allocations does not exceed the prudent estimate of £1.0million, at least until the council receives formal confirmation of the allocation.
- 4.7 In light of the above work that is still ongoing it is proposed to seek agreement from members for a further delegation of powers to the Executive Director with responsibility for Development and Economic Growth to approve the final list of projects to be supported by the £1.0million prudent allocation of Crown Estate 2023/24 funding in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group.
- 4.8 The challenge in respect of the funding has always been to identify projects that meet the criteria, and are able to be delivered within short timeframes with our limited staff resources especially given the sheer number of projects that officers are already involved in delivering. Projects by their very nature are complex and even those that might be classed as small scale and involving smaller levels of grant can be challenging. Projects that are well advanced in regard to their scope, detail and costings and where the necessary resources are in place have a much higher chance of being delivered and this in turn limits the risk to the Council and these should therefore be prioritised. In addition projects that add value to works already undertaken and investment already made or that support council objectives and policies can deliver a much greater benefit for our coastal communities. Projects that fit with the criteria but are not yet far enough advanced or don't align with council policy or resources should be set aside and reconsidered at a future date as these represent a much higher risk to the Council at this stage.

## **5.0 CONCLUSION**

- 5.1 The need to ensure delivery and spend combined with the large number of existing projects being delivered by the Council, make for a challenging environment. However there is no doubt that the Crown Estate funding has enabled more projects to be delivered that support our coastal communities, build on investment already in place as well as supporting new infrastructure investment supporting community wealth building and wider economic

development of the area.

## **6.0 IMPLICATIONS**

- 6.1 Policy – There is a need to comply with the Scottish Government guidance as outlined in the report. The expectation is that Local Authorities would use the funding for additional expenditure that specifically benefits coastal communities, with individual authorities making decisions on funding of projects to benefit coastal communities and being transparent and accountable to their communities and other for expenditure.
- 6.2 Financial – The Scottish Government expect that any funds will be committed and spent as quickly as possible.
- 6.3 Legal – None.
- 6.4 HR – Resourced from existing staff.
- 6.5 Fairer Scotland Duty:
  - 6.5.1 Equalities - protected characteristics - None
  - 6.5.2 Socio-economic Duty – The Fund supports our coastal communities.
  - 6.5.3 Islands – The Fund supports coastal communities and has the potential to align with, and add value to other funding programmes such as the Islands Programme, PBIP and RCGF.
- 6.6 Risk – The projects are continually monitored to ensure that funds can be spent and that the projects meet the criteria as set out by Scottish Government
- 6.7 Climate Change – None.
- 6.8 Customer Service – None.

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