

CROWN ESTATE 2023/24 ALLOCATION - UPDATE

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's allocation for this financial year (2023/24) is £1,590,409. The formal notification of the allocation was not received until 30 November 2023. The allocation is the Council's share of the total net revenue generated in 2021-22 but which is distributed in 2023-24.
- 1.4 Members will recall that in advance of notification of the formal allocation for 2023/24 it was considered, based on previous year's allocations, that a prudent estimate of £1.0m of anticipated funding in 2023/24, should be considered and that consideration given by elected members in advance as to how this funding should be allocated taking into account the guidance.
- 1.5 This report follows on from a report to both the August 2023 and October 2023 Policy and Resources Committee.
- 1.6 At the August meeting 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.

- 1.7 At the October Policy and Resources agreement was sought 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.
- 1.8 Following on from the October Policy and Resources Committee meeting and having undertaken due diligence in respect of the potential project that could be considered a total of 7 projects were agreed through the delegated process amounting to the full £1million prudent estimate. These are detailed in Table 1.
- 1.9 The October Policy and Resources Committee was advised that a further report would be brought back to members should the formal allocation for 2023/24 represent a higher figure than £1.0million There remains £590,409 of the Council's allocation for 2023/24 still to be allocated. It is proposed that £130,662 is allocated from the £590,409 to top up to the full Bellwin threshold amount of £528,662. This would then leave **£459,747** to be allocated to a number of further projects. It is recommended that this is allocated as detailed in paragraph 4.7 and **Table 2**.

RECOMMENDATION

It is recommended that Policy and Resources Committee:

- a) Note the formal allocation of the £1million of Crown Estate funding for the 2023/24 as approved under delegated powers and as detailed in Table 1.
- b) Agree to allocate a further £130,662 to make up the Bellwin threshold amount of £528,662.
- c) Agree to allocate the remaining **£459,747** as detailed in the report at paragraph 4.7 and **Table 2**.
- d) Agree to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to approved Crown Estate grant allocations to ensure that any risk relating to having to payback any grant is minimised. This may involve swapping Crown Estate allocations with Place Based Investment Programme (PBIP) allocations of grants against individual projects but would not affect the projects identified but simply the grant source.

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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 has now received confirmation of the allocation for this financial year (2023/24) which is £1,590,409. As members will be aware, following agreement at October 23 Policy and Resources Committee meeting, a total of 7 projects, supported by the £1.0million prudent allocation of Crown Estate 2023/24 funding, were approved in consultation with the Leader, Depute Leader and Leader of the largest Opposition Group.
- 2.3 As agreed at Policy and Resources Committee in October a further report would come back to members if the formal allocation for 2023/24 exceeded the prudent estimate of £1million.
- 2.4 There remains £590,409 of the council's £1,590,409 allocation for 2023/24 still to be allocated. It is proposed that £130,662 is allocated from the £590,409 to top up to the full Bellwin threshold amount of £528,662. This would then leave **£459,747** still to be allocated.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Policy and Resources Committee:
- a) Note the formal allocation of the £1million of Crown Estate funding for the 2023/24 as approved under delegated powers and as detailed in Table 1.
 - b) Agree to allocate a further £130,662 to make up the Bellwin threshold amount of £528,662.
 - c) Agree to allocate the remaining **£459,747** as detailed in the report at paragraph 4.7 and **Table 2**.

- d) Agree to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to approved Crown Estate grant allocations to ensure that any risk relating to having to payback any grant is minimised. This may involve swapping Crown Estate allocations with Place Based Investment Programme (PBIP) allocations of grants against individual projects but would not affect the projects identified but simply the grant source.

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 The table below details the initial projects that were approved through delegated powers and which it was felt were the best fit with the fund, the necessary resources were in place and the projects are at a stage where deliverability can be assured within the timeframe. As per the delegation agreed the total allocation reflected the prudent estimate of £1.0million.

Table 1 - £1million prudent estimate

Projects	Deliverable in 23/24 (Yes/No)	Delivery by:	Crown Estate request	Other funding	Alignment with other projects
Albert Pier - demolition	Y	AB	£40,000		Rothesay TH
Tobermory Worker Accom (match for IP funding)	Y	AB	£50,000	IP/PBI confirmed	RGD
Nonhebel Industrial Park - Phase 2 – RCGF Round 10 Project	Y	Third party grant	£40,000	RCGF/HIE	
Tarbert Heritage Regeneration Scheme Development Phase (match for HES/NHLF award 23/24)	Y	ABC - DEG	£60,000	HES/NHLF confirmed	CARS
Gigha pontoons - improving facilities at Ardmish	Y	Third party Grant -	£11,000		
Islay Gaelic Centre - Phase 2 360° Immersive Classroom	Project start date April 2024 but required to secure funding prior to this date.	Third party grant -	£300,000	£150k sought from SG,	Gaelic Plan
Weather related roads infrastructure	Y	ABC - RIS	£398,000		
Staff Cost	Y	ABC - DEG	£101,000		

4.7 It is proposed that the remaining **£459,747** is allocated as per the details in Table 2, below. It should be noted that the £50,000 previously allocated to Kilmartin Museum Project from the 2022/23 allocation, will now be repurposed towards this element of the project – the total ask from 2023/24 Crown Estate Funding for Kilmartin Museum Project is £150,000.

Table 2 – Potential projects

Remaining £459,747 to allocate after Bellwin allocation deducted				
Project	Deliverable in 23/24 (Yes/No)	Delivery By	Crown Estate request	
Kilmartin Museum Project	Y	Kilmartin Museum Trust	£150,000 (plus the reallocation of £50,000 (from 22/23) previously agreed by members)	Time sensitive and critical to allow successful completion of project taking account of increased costs due to Covid and other matters relating to increased inflation
Colonsay Airport - Installation of permanent mains electricity connection	Y	ABC	£120,000	Essential to sustainability of the air services
Morrison Square, Bowmore – public realm enhancement	N	ABC	£50,000	Works still to be fully detailed and costed
Aros Park, Tobermory - shore side facilities	Y	Third party	£20,000	Project being taken forward by Tobermory Harbour Association, secured RCGF Round 10 funding and is ready to start on site, however, despite undertaking extensive value engineering there is a shortfall in funding for the main construction works. This project is time sensitive.
Weather Related Event		ABC	£119,747	
Total			£459,747	

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 we 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 there 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 – This money will help the council respond to the weather related incidents caused by severe rainfall making good local transport infrastructure. It will also all the removal of a diesel generator on Colonsay.
- 6.8. Customer Service – None.

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