

CROSS-PARTY GROUP on CROFTING

Meeting 4 of Parliamentary Session 4

Scottish Parliament, room Q.1.04

Wednesday 14 December 2011 18.00

MINUTES

Present:

Jamie McGrigor MSP (Chair)
Patrick Krause SCF (Sec)
Calum MacDonald Point & Sandwick Trust
Gwyn Jones EFNCP
Jo Durno NFUS
Sarah Anderson NFUS
Murdo MacLennan Crofters Commission
Derek Flyn SCF
Richard Frew Scottish Government Crofting Team
Dave Thompson MSP
Antje Branding Scottish Government Renewables
Sue Kearns Scottish Government Renewables
Russell Smith SCF
Melanie MacRae Community Energy Scotland
Kim Karam office of Tavish Scott MSP
Jean Urquhart MSP
Jean Balfour Scottish Land and Estates
Andrew Midgley SLE
Liza Gilhooly office of Rhoda Grant MSP
Douglas Pattullo office of Jamie McGrigor MSP

1. Welcome and Apologies.

Jamie McGrigor welcomed everyone. Apologies received from:

Eleanor Arthur SCF; Norman Leask SCF; David Smith SCF; Rhoda Grant MSP; Iain Dewar Scottish Government; Katrina Marsden SPICE; Lucy Sumsion NFUS; Nigel Miller NFUS; Simon Allison Crofters Commission; Caroline Matheson Crofters Commission, Elaine Murray MSP; Tavish Scott MSP; Hugh Donaldson HIE; Murdo MacKay CnES; Rob Gibson MSP; Addie Doull Shetland Isles Council; Isobel McCallum Highland Council; Alasdair Allen MSP; Jim Lugton SCF; Ishbel Crawford Lantra; Amy Corrigan RSPB.

2. Minutes of the previous meeting

Minutes of 26 October 2011 agreed

3. Matters arising

All actions completed.

4. Crofting Renewables

Update from Sue Kearns, head of SG Renewables Routemap and Antje Branding, leading on SG Agri-Renewables Strategy:

Scottish Government's ambition is for all communities across Scotland to share in the rich rewards of Scotland's next energy revolution. The following provides a summary of current policy activity:

Scotland leading the way across the UK in how it supports communities and local ownership of renewable projects

Since May 2007, over 800 grants for community renewables, worth some £16M, have been allocated under CARES and previous SCHRI.

In 2011, SG launched CARES Loan Scheme offering loans for pre-planning cost with a budget of £7.75M. 42 projects offered loans totaling £4M, which will produce 56MW of renewable energy.

A requirement of loan scheme is for a binding legal agreement on community benefit, of at least 20% of net profit for a 20 year period; to go to wider community – being changed from April to requirement for £10,000 per MW installed capacity.

SG support currently delivered locally by Community Energy Scotland.

We have set a new target of 500MW of community and locally owned renewables by 2020.

- Challenging target, represents some 3% of our 100% electricity target.
- Estimated 180MW of installed capacity at different stages of development. Work on a database currently being done - results due shortly.

Communities need certainty and confidence to take forward projects

- SG will continue with CARES Loan Scheme- providing finance at the high risk pre-planning stage. Budget of £23.5M over next 3 years.
- SG seeking to secure the establishment of a new Scottish Green Equity Fund for communities, not only to help community-led scheme but to allow communities to buy into commercial schemes.

Local ownership of energy a priority, but should not forget the benefits that accrue to communities from commercially owned schemes.

- SG already set the bar for community benefit from commercial developments with our commitment to act as an exemplar in the schemes developed on the public estate.
- The £5,000 per MW rate negotiated by FCS for the new commercial wind and hydro schemes is more than twice the industry standard. In addition there is the opportunity for communities to buy into individual schemes.
- This exemplar has directly led to the recent adoption of a £5,000 per MW rate by both Vattenfall and SSE – with SSE's funding split between local community benefit and a national fund.

SG consulted on options to maximise community benefits from commercially-owned renewables, via "Securing the Benefits" consultation. As a result we will be setting up a public register of community benefits from commercial schemes to help communities to negotiate.

The Agri-renewables strategy exists within the renewables routemap and will take advice from the Agriculture and Climate Change stakeholder group, which will meet early in the new year. The strategy will be in place by next summer.

Update from Malanie MacRae, Community Energy Scotland:

Community Energy Scotland are a registered charity that provides practical help, independent advice and support for communities developing green energy projects. To date we have supported around 1000 communities. More information can be found here: <http://www.communityenergyscotland.org.uk>. We currently administer the CARES Loan fund on behalf of the Scottish Government which has been set up to help rural businesses, land managers and communities benefit from harnessing the renewable resources available to them. Crofters and Common Grazings are land managers and would be encouraged to consider the support available through this programme. For more information groups should contact their local development officer who should be able to advise them further. The Scottish Governments Community Renewable Toolkit could also provide is useful source of information for those wishing to undertake projects. We would support that statement that there is a great opportunity here for Crofting communities to engage in these developments to help to provide sustainable income streams.

General comments and discussion.

What is the definition of 'community benefit'?

There are different models in different projects. Ministers would like more uniformity, but recognise that one size does not fit all. It may be practical to state a minimum community benefit.

An example cited: Wind-farms pay into community via Scottish Community Foundation, who get paid by Scottish Power, not from the community benefit. The three community councils bordering the development get the benefit. Local authorities have been trying to get wind-farm community benefit. This would be ok if used for community development, especially related to energy use, but it shouldn't be leaked away for general council work.

Will crofters and community landowners be represented on the agriculture and climate change stakeholder group?
Not known.

If trees are cut for wind-farm development FCS will want compulsory re-planting.

A major issue is that local communities can benefit from a wind-farm but communities that are affected by electricity transport – pylons, power-lines, sub-stations etc – don't get any compensatory benefit. This is a big flaw that needs to be addressed.

Presentation by Calum MacDonald of Point & Sandwick Trust on their community wind-farm project – Calum's slides were circulated to the CPG.

General comments and discussion.

Point and Sandwick Trust represents both the crofters and the wider community. All Grazing Committees have a right to nominate a representative to the Board and the rest of the Board is elected by the membership which is open to all 2,904 electors in the area. All 20 villages in the Point and Sandwick area will benefit from the wind farm income, no matter where the turbines actually stand. Other communities within the Western Isles can also apply for benefits for community initiatives. It is intended that 30% of the income will be used exclusively in the P&S area and that 70% will be used on projects which benefit the whole of the WI.

There will be 3 turbines of 3 MW each in this project. They stand 140m ground to blade tip.

How is it funded?

Community Energy Scotland funds feasibility and set-up costs up to planning consent. The Cooperative Bank are lending 100% for the build costs – the turbines and the planning consent are the collateral.

It is a big loan but the wind farm gross income will be £3 million a year so it is affordable. The build should take less than a year.

With a 36% capacity (which is a conservative estimate for a windy area like the outer isles) it is estimated that the net income will be £1.4M net per year over 25 years. If it was privately owned and just paying a normal community benefit payment like most turbines in the Highlands, it would pay less than £100,000 a year to the community. It is obviously a huge advantage to the community if the project is community owned.

Who is the landlord and what do they get?

Stornoway Trust. The land is leased from the landlord. They get an income related to output which could be about £70,000k per year. The rent payable to the landlord varies in different projects.

The highest risk part of any wind farm project is the planning because failure to get planning means all the money spent up to that point is lost. However, community renewable schemes have 100% success rate with planning so far - compare to private schemes which have less than 50% success rate. Also community schemes can access grant funding for the planning stage so they are not risking any of their own capital.

Who should take this forward?

There are about 550,000ha of common grazing in the Highlands and Islands. This project can be a demonstration to other communities to do the same. PST intends to set up a scheme to help finance start-up of other community wind energy projects. SCF could be involved in spreading the message.

It has taken quite a long time (2005 – 2013). What is the minimum time it would take? 2 years planning (bird studies need to be done over two breeding seasons) and a year's build, so a minimum of 3 years. The aim is to build other projects in coming years and to do it faster using the lessons learned from this one.

FIT and ROC are being reduced – will this affect the project?

The project is ROC which was reduced by 0.9 % which doesn't really make a significant difference.

5. Update on implementation of the Crofting Reform Act 2010

Richard Frew provided the Scottish Government's update on implementation of the Crofting Reform (Scotland) Act 2012 as follows:

- Implementation remains on track. The 2nd commencement order, including provisions reorganising the Crofters Commission, elections to the Crofting Commission and new duties for tenant and owner-occupier crofters, had been signed by the Minister this day (14 December) and should be laid before Parliament on 16 December. The order contains 2 commencement dates - 1 October 2011 and 1 April 2012. Work on the 3rd commencement order, covering the new Crofting Register, should begin shortly. This will be an Affirmative Order.
- The crofting elections regulations had been passed by the Parliament's Rural Affairs, Climate Change and Environment Committee that morning and was now for the full Parliament to consider. The Elections count was planned for 16 March 2012.

- The Crofting Register is being developed by the Registers of Scotland and is expected to be available during Autumn 2012 for voluntary registration, with the triggers requiring registration to follow a year later. Ministers are meeting the costs of building the register, for preparing applications to register common grazings and have provided funds to reduce the cost of registration for group registrations of 10 or more crofts.

- The Commission is also working on transitional arrangements for the Crofting Commission to take office on 1/4/12.

General comments and discussion.

4 Parishes in Sutherland seem to be in the wrong area – they are Western Highlands yet have an Eastern coastline.

They are central so there had to be a decision where to put them. In the end it doesn't make a big difference as all commissioners will follow one plan. New commissioners will be able to look at some issues locally. If it is decided that these parishes are misplaced that can be rectified in the next election.

Do candidates have to be resident in their constituency?

No, as long as they are nominated by someone in the constituency.

6. AOB

- Asulam (herbicide used for bracken control) – there will be quantities in storage on farms and crofts as it may have been bought but weather has prevented use. Can we get a derogation to use stocks up?
Not known. Deferred to next meeting.
- Crofting is not being represented on significant advisory groups such as the Rural Land Use Study advisory groups, the Woodland Expansion Advisory Group (WEAG) and the 2020 Climate Group.

Action: the CPG to write to Cab Sec Richard Lochhead with concerns.

7. DONM

08 February, evening