

Shellfish Farm Lease Rent Review 2010

Proposals for the Terms & Conditions of The Crown Estate Lease for Shellfish Farms - to apply from 1st January 2010

1. The existing style and structure of The Crown Estate shellfish lease be maintained and brought forward.
2. The standard lease term for new leases signed after 1st January 2010 to be moved to 25 years.
3. The lease agreement to allow assignation rights, subject to landlords consent. The Crown Estate already generally permits assignation of leases on this basis, subject to landlord's consent, so this proposal merely seeks to amend the wording of the lease to accommodate current practice.
4. The existing provisions to allow The Crown Estate to initiate termination procedures in the event of sites not being developed or used to be maintained. In view of the proposal to move the standard lease term to 25 years, consideration of termination rights in such circumstances will be carried out on a more frequent basis albeit in conjunction with liaison with tenants to establish the relevance of any mitigating circumstances that may apply.
5. In recognition of the additional costs now required to secure planning consent and in view of the proposal to move the standard lease term to 25 years, the start up discount for new leases to be extended to run over the initial 4 years of the agreement with rents phased as follows:
 - Year 1 - 0% of agreed rent
 - Year 2 – 25% of agreed rent
 - Year 3 – 50% of agreed rent
 - Year 4 – 75% of agreed rent
 - Year 5 – 100% of agreed rent
6. The calculation of rents under shellfish leases to continue to be based upon consented equipment, with the current equipment length banding structure replaced in favour of a rent per metre of consented equipment length. The Crown Estate will also be prepared to consider representations in support of temporary discounts of rent where a material difference exists between consented and deployed equipment, where circumstances are agreed to be appropriate.
7. With effect from 1st January 2010 the underlying level of rent across all species sectors to be reduced by approximately 15%, with rental charges as follows:
 - Mussel Cultivation** – rent based on 20.5 pence per metre of longline length subject to a minimum rent of £135 per annum.

Scallop Cultivation - rent based on 5.5 pence per metre of longline length subject to a minimum rent of £115 per annum.

Oyster Cultivation - rent based on 26.5 pence per metre of trestle length subject to a minimum rent of £115 per annum.

(An Analysis of Proposed Rent Charges is appended to indicate the levels of rent proposed against notional equipment lengths, with comparison to relative change against current rent charges.)

8. The existing Outer Island discount to be maintained but at a lower level of 10%, to be phased in over 2 years, such that

It will remain at 20% from 1st January to 31st Dec 2010

Reduce to 15% from 1st January to 31st Dec 2011

Reduce further to proposed 10% from 1st January 2012

This proposal aims to both bring this Outer Isles discount into line with that for finfish, and recognise similar cost burdens incurred by shellfish producers in certain parts of the mainland/inner isles.

9. The existing arrangements for multiple equipment discounts to be brought forward
10. The current structure for multiple species rents to be brought forward with, however, the fixed charge element reduced to £50, irrespective of location.
11. Existing arrangements for the assessment of rent for ancillary equipment to be brought forward without alteration.