

# NEWS FROM SCOTLAND

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## FEATURES

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Embracing a changing  
renewables landscape

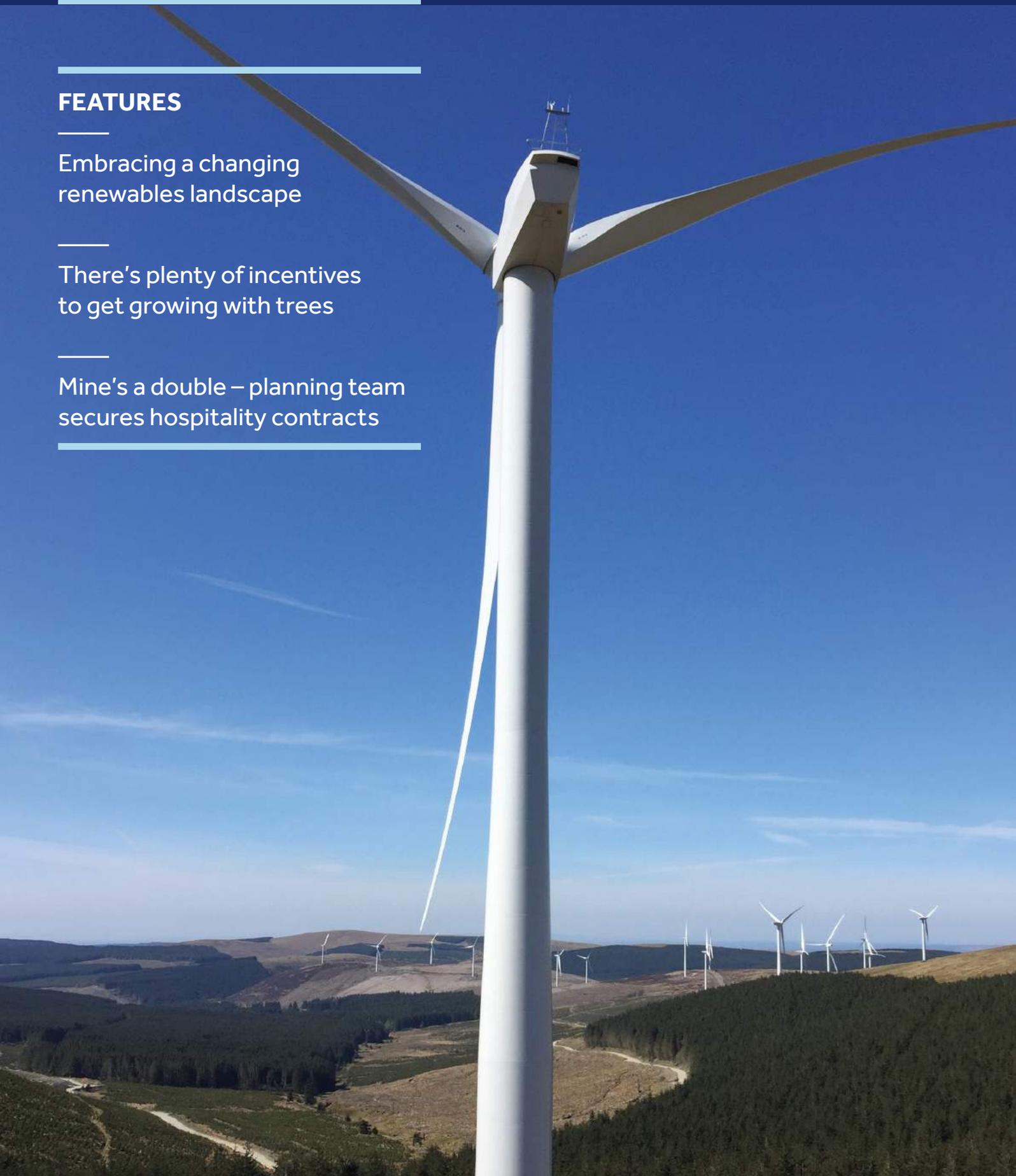
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There's plenty of incentives  
to get growing with trees

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Mine's a double – planning team  
secures hospitality contracts

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# WELCOME TO BIDWELLS' SUMMER NEWSLETTER

Back in 2001, just before joining Bidwells, I spent a couple of months in New Zealand. Whenever the chance arose I asked farmers about their businesses and life post-subsidy. New Zealand cut subsidies overnight in the mid 1980's albeit capital grants still exist for infrastructure projects, mainly irrigation.

A few weeks ago, I was lucky enough to meet a number of young farmers who had visited New Zealand. They had been part-funded by The Cameron Travel Scholarship Trust and were making a presentation to Cabinet Secretary for the Rural Economy and Connectivity Fergus Ewing and The Cameron Travel Scholarship Trustees.

I was struck by how the group had been inspired by the agricultural opportunities available in New Zealand. There is no doubt our cousins from the land of the long white cloud enjoy climatic benefits which reduce reliance on fixed equipment and feeding. As important is the availability of land and the ease with which people can move in and out of farming and change farming systems quickly. New Zealand farming and land has not become strangled by the influences that make farming and the availability of land in Scotland so much more difficult.

I cannot help but think of the analogy thrown up by the other great event taking place in early June, the first Lions test

versus the All Blacks. A classic battle between structure and set piece versus agility, speed of thought, action and endeavour. If farming in Scotland is to be well-placed post Brexit and possibly without subsidy, then Scottish farming needs to become like the All Blacks.

I do hope you enjoy our Newsletter and we look forward to seeing you at various events throughout the summer.



**Finlay Clark**  
Head of Scotland  
01397 707641  
finlay.clark@bidwells.co.uk

## NEGOTIATING THE POWER SURGE

Growth of the onshore wind industry has changed the Caithness landscape significantly in recent years; most obviously by the turbines themselves but also by the associated electricity infrastructure required to export the energy to the rest of the country.

Transmission of ever-increasing volumes of power has required major investment by the electricity authorities and this has come in the form of new power lines, substations and enhancements to existing lines to improve network capacity.

This increase in activity has resulted in our Inverness office becoming involved in a number of different projects in Caithness including the installation of some 30km of high voltage underground cable.

Many landowners who were affected by this project engaged directly with the developer, signing wayleaves on the understanding that it was a straightforward matter which would last approximately six weeks. However, some two to three years later at the start of the works, the project may have transformed into a protracted and complex affair with the scope of the works changing significantly. Issues on the ground included trenches being left open for months longer than planned and water being pumped from the trenches onto surrounding land (outwith the wayleave corridor) without permission, as well as concerns with the installation of fences, access and water troughs.

Given the difficulties experienced, we were engaged by many landowners to act on their behalf in negotiations with the developer and their contractors. We used our knowledge and experience to mitigate

further impacts on our clients' businesses and negotiate the appropriate levels of compensation for disturbance (often in excess of what was originally offered).

Large scale infrastructure projects typically evolve as site and ground conditions necessitate, often changing significantly from initial plans. There is always pressure on contractors to deliver projects on time and to even tighter budgets and we believe it is therefore key that landowners seek professional advice from an early stage in their negotiations.



**Peter Baker**  
Rural surveyor  
peter.baker@bidwells.co.uk



**Rod Andean**  
Senior rural surveyor  
rod.andean@bidwells.co.uk

## STANLEY DEVELOPMENT GETS UNDERWAY

After many years of working on the strategic development of the village of Stanley in Perthshire on behalf of one of our major landholding clients, we are delighted to see the first phase of house construction begin.

The protracted process involved Bidwells making representations and applications through the Local Plan process and ongoing negotiation with the community and Perth & Kinross Council. Stanley village has an active Community Council and a forward-looking Development Trust - both of which were involved in the early stages of the consultation process in advance of any planning application.

Having tendered the sites to house builders for a development option, our clients subsequently entered into an arrangement with Muir Homes Limited. In working collaboratively with Muir Homes, successful detailed planning applications were made to Perth & Kinross Council. The first phase of house construction for this significant project is underway and the site is proving popular, with a large proportion of the first phase already sold or reserved.



## TALKING GREEN AT SHREC

Clive Meikle, head of our Inverness office, was one of the key industry stakeholders to speak at the Scottish Highland Renewable Energy Conference (SHREC) on Tuesday, April 25. His presentation focused on planning for taller turbines in the Highlands and Islands and maximising existing infrastructure.

The strengths of the Highlands and Islands renewable energy industry are central to the Scottish Government's strategy to meet future energy needs and Bidwells' renewables and energy experts continue to advise on opportunities available to landowners, occupiers and developers.

## INAUGURAL CONFERENCE HITS THE MART

Bidwells partnered Clydesdale Bank and Campbell Dallas accountants to deliver the inaugural Aberdeenshire Rural Conference on Wednesday, April 26 at Thainstone Mart, Inverurie.

The encouraging turnout of local farmers, landowners and professionals listened to informative and useful presentations on the economic climate and lending, forestry, land values and planning, company ownership and renewables.

We were encouraged by the positive feedback from delegates and hope to establish the event as a regular date on the Aberdeenshire rural business calendar.

## RHS BREAKFAST BRIEFING

We are delighted to once again be partnering Shepherd and Wedderburn to present a breakfast briefing on Friday, June 23 at the Royal Highland Show.

With the current political maelstrom casting uncertainty over the Scottish rural sector, this is a well-timed event to shed some light on the potential constitutional and economic revolution coming our way.

Fergus Ewing MSP and Cabinet Secretary for Rural Economy and Connectivity will deliver the keynote speech, followed by political commentator and strategist Peter Duncan, Bidwells' Raymond Henderson and Shepherd and Wedderburn's Peter Misselbrook. The welcome will be given by the President of the RHASS, Lord Aberdeen.

## A NEW APPOINTMENT

Alan Chalmers joined the firm as Head of Client Accounting Services, Scotland in February this year. Alan comes to Bidwells having previously held senior positions within the banking and agri-business sectors and will be managing the team responsible for providing accounting support to clients across all sectors of our business.





# IT'S TREE TIME

## Scottish Government policy and carbon unit trading boosts the industry

The Scottish Government's commitment to increasing the country's tree cover has been bolstered by the Cabinet Secretary for the Rural Economy and Connectivity, Fergus Ewing's recent announcement of the intention to implement a stepped increase in the annual planting target from 10,000 hectares to 15,000 hectares by 2025.

New woodlands still qualify under the agricultural Basic Payment Scheme and applicants can secure grant funding via the Scottish Rural Development Programme towards the cost of undertaking the planting. There is much optimism in the industry that now is the time to "start planting again" and developments in the sale of 'carbon units' from new woodlands can provide enhanced benefits to the landowner.

Landowners and managers can now top-up the income generated from woodland creation by selling the rights to the carbon captured by newly planted trees. The new woodland must meet the Government backed Woodland Carbon Code (WCC) standards which, amongst other things, demonstrate that reliable estimates of carbon captured can be made (the number of 'carbon units' available for sale); a long-term management plan is in place; and, importantly, that the new planting project would not go ahead without the additional carbon funding.

The WCC is designed to help organisations and businesses mitigate the impact of their greenhouse gas emissions and contribute to wider environmental benefit by funding tree planting. The landowner undertaking the planting is required to make a commitment to retain the woodland created for a set period, to manage the trees on an agreed silvicultural system and to allow the carbon purchaser to use the woodland for their marketing purposes.

Benefits to the landowner are primarily financial, with the income generated from the sale of carbon units supplementing that from planting grants, the sale of timber and sporting activities as well as helping to recoup the woodland establishment and management costs and loss of agricultural income.

In the past, carbon purchasers were primarily focused on helping to fund new native planting schemes due to the perceived additional wider environmental

benefits this would bring. However, a recent development has been the recognition that faster growing commercial conifer species, such as Sitka spruce, absorb and lock up carbon from the atmosphere faster than the slower growing native species. Of course, any new planting scheme is required to meet the UK Forestry Standard and will have a proportion of native and non-commercial trees species but recognition of the benefits of growing productive conifer allows the landowner not only to create a new carbon sequestering woodland but a woodland that will provide an in-demand product at the end of the carbon sale agreement.

In early 2017, Bidwells worked with a Perthshire landowner to successfully deliver 21 hectares of new woodland and the negotiated sale of the carbon units arising. During 2017/18 there are plans to create several new woodlands throughout Scotland with our clients: for 450 hectares of these new woodlands we are working to reach an agreement on the sale of carbon units.

# 15,000<sub>ha</sub>

annual planting target from 2025, an increase of 5,000 hectares.



**Andy Turnbull**

Associate, Forestry  
andy.turnbull@bidwells.co.uk

# STORIES

## FOR PEAT'S SAKE

According to SNH figures, more than 20% of Scotland is covered in peat with Scotland holding around 60% of the UK's peatland soils. With over three-quarters of Scottish peatlands being deemed in degraded condition, recent years have seen a growing interest in peatland restoration to achieve three key aims:

1. manage vegetation more effectively to restore sites and their conservation features to favourable condition
2. restore peat forming vegetation
3. manage water (influencing peat wetness and water quality, runoff volume and timing)

All three objectives are high on the public and policy agendas. There are significant gains for the Scottish Government from improving peatland as it remains under pressure from the EU to demonstrate that designated sites are in favourable, or at least recovering, condition.

The Caithness and Sutherland Peatlands, extending to over 400,000 ha, are of such a scale that work in this area is seen as being key to the success of the restoration strategy.

As peatland restoration has only come to the fore in the last few years, there is little long-term data on the effectiveness of the work currently ongoing although all signs are that clear positive results are being attained. Notwithstanding this, Scottish Government has allocated £8m to peatland restoration projects, administered through SNH's Peatland Action project (contact: PeatlandAction@snh.gov.uk). We are currently scoping out restoration projects with clients who have potential areas to reinstate.

It is said that 10,000ha of peatland has already been treated and is on the road to recovery. Works undertaken include blocking of drains, removal of trees (for example in the Flow Country), re-profiling of hags, dealing with erosion gullies and revegetating bare peat.

Peatland restoration is considered likely to reduce flash flooding incidents and minimise sedimentation of water courses. Active peat bogs lock up vast quantities of carbon – reckoned to be the equivalent of some 140 years of current Scottish greenhouse gas emissions.

Reducing the burning and grazing of surface vegetation can also improve peatland condition but where this applies to heather clad moors, possible conflicts may arise. Scotland's heather habitat is of international importance and although shooting sometimes appears to be out of favour with government, management for grouse (by grazing and burning) helps maintain heather in good condition. Care will be needed in some areas to ensure a balance between the current enthusiasm for peatland works and the well-established techniques of moorland management.



**Clive Meikle**

Partner  
clive.meikle@bidwells.co.uk

## GOING UNDERGROUND WITH LODGE ALTERATIONS

Braemore Estate, Ullapool was once owned by Sir John Fowler, a consulting engineer from Sheffield who co-designed the Forth Railway Bridge and was a pioneer of the London Underground system as well as working on St Enoch Station in Glasgow and Victoria Station in London.

Braemore still has an example of his exploratory work on subway design for the London Underground with a tunnel excavated into the hillside behind the Lodge House. The original house, dating from the 1860's, was demolished in the late 20th Century and replaced with the current building.

Mr Christopher Kiaer Thomsen purchased the estate in 2015 and Bidwells was invited to assist in 2016. We provided architectural expertise for extensive upgrading and a major 200 sqm. extension to the Lodge as well as other works to buildings within the estate. Permissions were granted and work started on site in July 2016 and is scheduled to finish in June 2017.

Building work has not been without its challenges, having quickly discovered that the demolition materials from the original lodge had been buried under the site of the new extension. Also found in the area were a number of small tunnels which had been built under the original lodge. It is thought they were for a domestic hydroelectric scheme probably installed by Fowler at the time of his occupation and would have been one of the first domestic hydro schemes in the country.

The new design work has replicated the existing building in both scale and material selection and, as requested by the client, has successfully recreated the character of the original lodge to minimise the impact a new building might create.

Bidwells provided further assistance to Mr Thomsen, who we had worked with previously, by establishing a business for the estate and offering a range of estate management and forestry services. Braemore now has a gamekeeper employed to manage the 4,300+ ha of land that comprises the estate.

Mr Thomsen is looking forward to Braemore's completion:

**"As has been the case with our previous dealings over the past 15 years, Bidwells has kindly assisted me in transforming Braemore Lodge into a property more appropriate for the Estate. The lodge will act as a family home in Scotland and we very much look forward to its completion in the coming months. In addition to the services Bidwells has provided during the building projects, they have been on hand to provide assistance in the day-to-day management of the estate. They are an important aid in pursuing the goal of creating a more sustainable sporting estate and enhancing the potential, we believe, the estate possesses in enriching the biodiversity in this part of Scotland. We are also currently looking into several smaller reforestation projects."**



**Angus Kelly**

Associate  
angus.kelly@bidwells.co.uk



**Mike MacGruer**

Architect  
mike.macgruer@bidwells.co.uk

## FEE HIKE CONCERNS

The Scottish Government consulted at the start of 2017 on the findings of a recent independent review of the current planning application fee structure. The review advised on significant fee increases for major applications to assist better resource recovery.

Bidwells raised concerns regarding the potential impact of a significant increase in maximum fees for the rural development sector. This view was reached by drawing upon recent experience that increased fees would create an additional obstacle for developments which are critical in supporting the rural economy.

In April 2017, Kevin Stewart MSP, Minister for Local Government & Housing, announced that following the consultation the maximum fee cap for the majority of major 'full' applications will increase from £20,055 to £125,000, with the new cap for planning permission in principle rising to £62,000. These changes will come into effect on 1 June 2017.

Mr Stewart also stated that this will be the first of two stages of proposed changes which he hopes will improve planning authority performance. Bidwells remains concerned about the lack of measures proposed to ensure the ring fencing of the additional funding for the enhancement of the planning service.

# £62,000

is the new cap for planning permission in principle

# £125,000

maximum fee cap for the majority of 'full' applications, that's an increase of over £100,000



## RAISING A GLASS

Bidwells Planning team is expanding its services within the Scottish hospitality sector with new contract wins. The team has been instructed by the Stonegate Pub Company to obtain Listed Building and Advertisement Consent to permit alterations to one of their Category A listed properties situated in Edinburgh's historic west end.

Stonegate currently operates from over 690 pubs and bars nationwide, and has an impressive future acquisition strategy for new sites. Our planning team is delighted to be retained for its planning consultancy services throughout the UK.

The planning team is also providing ongoing consultancy services to the Splendid Hospitality Group for several of its properties. The contract includes devising planning strategies to meet the client's wider business aspirations and providing the appropriate consultancy support. This particular client has a diverse national portfolio of hotel properties which it is currently looking to expand.

## ENGAGING WITH THE SCOTTISH PLANNING SYSTEM

Bidwells participated in the Scottish Planning System consultation launched by Scottish Ministers in January 2017. The 12-week consultation period on the Scottish Government's proposals for change to the system was aimed at informing the forthcoming White Paper, expected later in the year.

Our response to the consultation focussed on the proposals for changes to the Local Development Plan (LDP) process and delivery of housing. These areas could have significant impacts for our clients with development aspirations. Of particular interest were the proposals to streamline the LDP process by removal of the Main Issues Report review stage as well as the Supplementary Guidance. Bidwells raised concerns about the lack of detail on the proposals to introduce additional 'gatechecks' to scrutinise emerging LDP's and the extension of the LDP review timeline from 5 to 10 years.

We will continue to keep clients informed as this review process advances.

### Contributors



#### Corinne MacDougall

Associate, Planning  
corinne.macdougall@bidwells.co.uk



#### Kathryn Donnelly

Graduate, Planning  
kathryn.donnelly@bidwells.co.uk

# RENEWABLES ARE COMING OF AGE

**The renewable energy industry is re-assessing its development trajectory in the face of a challenging new policy environment. Bidwells has been actively advising clients involved in this sector for over 20 years and recognises that the UK Government has re-prioritised questions of renewable energy and greenhouse gas emissions.**

Following closure of the Renewables Obligation, the main support mechanism for renewable energy schemes is Contracts for Difference (CfDs) within which generators benefit from a minimum electricity sale price guarantee but their return is capped. If electricity prices rise sufficiently, any excess over the guaranteed price must be paid back to the Government.

This mechanism is also auction based so generators are in competition with each other for a limited amount of support funding. However, the UK has closed the CfD scheme to established technologies such as on-shore wind, and the sector is currently looking to operate on a subsidy free basis. The Feed In Tariff regime, targeted at smaller schemes, is also under pressure and subsidies have been progressively reduced along with the introduction of deployment caps which limit the amount of capacity receiving support in any given period.

Against this backdrop, one could suggest that the industry is unloved and unwanted. However, Bidwells prefers to see it as a sign that the industry is coming of age.

The Scottish Government continues to be enthusiastic in setting ambitious targets for reductions in CO2 emissions and increases in renewable energy generation: The goal is to generate the equivalent of 100% of electricity from renewable sources by 2020 and 50% of all energy from renewables by 2030. Good progress has been made but there are undoubted challenges ahead, so the Scottish Government is now consulting on a variety of policies which will largely determine the industry's future fortunes.

The draft Scottish Energy Strategy makes it clear the country must become less dependent on fossil fuels and that a greater proportion of our energy mix will come from electricity, potentially generated from wind, solar, anaerobic digestion, hydro and other technologies.

Against this backdrop, developers are still looking to take onshore wind schemes forward in the right location with projects being carefully designed to maximise efficiency. Depending on the specific site, and in conjunction with managing the costs of construction, there may be pressure to

reduce payments to landowners, although rental payments should still represent an attractive source of diversified income. There also remains interest in extending existing wind farms and some of the older sites may be under consideration for re-powering with modern, larger turbines. Planning approvals for renewable energy installations are typically granted for specific time periods. Wind turbines have often been given planning approval for 25 years, so some original consents will expire over the next few years. If generators wish to continue operations, it is likely that leases will need to be varied.

Value can be added to sites in the right location by co-locating technologies such as wind and solar. There are opportunities beginning to open up for energy storage projects to help balance the grid and some of these sites could be co-located with existing renewable energy schemes with good grid connection. Even if a landowner is not in a position to develop a renewable energy project directly, it may be possible to benefit from neighbouring developments. We are heavily involved in negotiating agreements for landowners, occupiers and developers, relating to site accesses and compounds, and grid connections.

The renewables landscape has changed greatly even in the last couple of years. Further change is guaranteed and in an era of continuing budget constraints, while political support may be maintained, government financial support is likely to be more difficult to come by. 'Easy' profits may no longer be available but, with commercial awareness and an appreciation of the evolving industry imperatives, rewards can still be found in this sector. At Bidwells we remain committed to advising our clients on renewables, infrastructure and energy projects and are pleased to expand our team with the addition of Rory Hill who joined us in early May.



**Rosalind Clifford**

Partner, Energy & Renewables  
rosalind.clifford@bidwells.co.uk

**Aberdeen**

70 Carden Place,  
Aberdeen AB10 1UL  
t: 01224 974130

**Perth**

5 Atholl Place  
Perth PH1 5NE  
t: 01738 630666

**Inverness**

Elm House, Cradlehall Business Park  
Inverness IV2 5GH  
t: 01463 796050

**Fort William**

Carn Dearg House, North Road  
Fort William PH33 6PP  
t: 01397 702433

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