



# Local Asset Management Pilots Scheme – Criteria and Process

Giving more communities more opportunities  
to manage land and property



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## Local Pilots Scheme contact and support

**Tom Mallows** will take up the role of Local Pilots Manager from 4 July 2018. Tom has been with Crown Estate Scotland (and The Crown Estate) for more than nine years, and previously worked in public and private sector roles focused on environment, energy, communities and engagement. He will be supporting the implementation of the scheme and working with project applicants. Contact **Tom** at [pilots@crownestatescotland.com](mailto:pilots@crownestatescotland.com) or call **0131 260 6070**.

# 1. Foreword

This Local Pilots Scheme offers communities an opportunity to take on management of Scottish Crown Estate land and property. We want more organisations to have more opportunity to get more involved in Crown Estate Scotland land and property. This could include developing projects in areas of foreshore, seabed or parts of the rural estates.

It's a really exciting development which will empower communities and give them a real say over how local areas are used. We want applicants to bring forward ideas as to how, by managing Crown Estate Scotland assets, they can improve the economic, social and environmental well-being of their local area. And the scheme is open to organisations ranging from small community development trusts to local authorities.

The Scottish Parliament is currently considering new legislation that will determine how the assets that make up the Scottish Crown Estate are managed in the future. These pilot schemes will help test different approaches and inform how aspects of this legislation may be best implemented.

There are many communities around Scotland with the imagination, skills and commitment to develop projects suited to the land and property managed by Crown Estate Scotland.

Successful applicants may receive appropriate remuneration, which will cover their expenses, and can, with agreement from Crown Estate Scotland, reinvest capital raised within the project. The balance of the revenue will be paid to Crown Estate Scotland so that we, in turn, can pay it to the Scottish Government. Projects must also maintain and enhance the capital value of the estate and we want to be sure that the interests of existing tenants and users of the estate are protected.

Whatever the project, our staff will work with applicants, helping them to develop their plans. Our team offers wide commercial and technical expertise and have worked with communities such as Lochmaddy, Gigha and Tobermory to help create marine leisure facilities. These, in turn, have given a real boost to local economies.

We see these pilot projects as an opportunity for real collaboration – not just between ourselves and the applicant – but also involving other interest groups who can contribute to the project's success and potentially widen the benefits.

I would encourage groups and organisations to consider this opportunity and look forward to working with communities across Scotland.



**Amanda Bryan**

Chair  
Crown Estate Scotland (Interim Management)

## 2. About Crown Estate Scotland

Crown Estate Scotland is a public corporation bound by the Crown Estate Act 1961. We are tasked with managing assets that stretch the length and breadth of Scotland, including agricultural and forestry land, most of the seabed, just under half of the foreshore and some commercial property. A map can be found [here](#).

Through working with others, we aim to innovate with land and property to create prosperity for Scotland and its communities.

We are a net contributing body. All our revenue profit goes to Scottish Government for public spending. For 2017-18, this profit is forecast to be £5.9m.

Our 2017-20 [corporate plan](#) and 2018-19 [business plan](#) details our priorities and objectives, and our [Framework Document](#) sets out our functions, duties and powers.

### Legislative framework

We have a statutory duty under the Crown Estate Act 1961 to generate a revenue profit and enhance the value of the land and property that we manage. We must do this in a way that ensures good management as well as securing best consideration and best value.

In practice, this means obtaining market value (for leases, sales and other transactions) while contributing to Scotland's economic, social and environmental well-being and prosperity. Working with tenants and partners and ensuring environmental and financial sustainability is central to our approach and our values.<sup>1</sup>

The pilot projects must align with Crown Estate Scotland's legal obligations. More information on relevant legislation can be found [here](#).

<sup>1</sup> New primary legislation, the Scottish Crown Estate Bill, was introduced to the Scottish Parliament on 24 January 2018. One of the purposes of the Bill is to establish provisions to allow Scottish Ministers to transfer or delegate management of Crown Estate Scotland assets. The Pilots Scheme is separate from the Parliamentary process, although the outcomes of the Scheme may help to inform the implementation of the future legislation.

## What we do

Detail on our current programme of work is in our corporate plan. Our current business model is based on an in-house team of approximately 40 FTEs. This includes asset and development managers, and staff providing expertise in Geographic Information Systems, finance, governance, communications and policy.

In addition, we outsource activities to managing agents who provide specialist expertise, property management services and local support in rural and coastal communities.

Our strategic objectives, which align closely with the Scottish Government's economic strategy and National Performance Framework, are to:

- Contribute to Scotland's economic, social and environmental wellbeing;
- Maintain and enhance the value of assets and the return obtained from them;
- Develop local decision making and success, with a particular focus on communities and coastal local authorities;
- Build confidence and trust in the organisation;
- Develop and deploy our people's expertise to deliver success.

### 3. Local Asset Management Pilots Scheme

The Crown Estate Scotland [three-year corporate plan](#) sets out our commitment to test different methods of managing assets in order to:

- Empower communities and give local people more say in decisions that impact the land, coastline and sea near where they live or work; and
- Contribute to Scotland's overall economic, social and environmental well-being.

We understand that potentially small changes in how Crown Estate Scotland assets are managed could have a transformational effect at a local level. The Pilots Scheme hopes to discover new approaches to decision-making and to explore ways of creating greater community benefit and contribute to sustainable development in Scotland, by managing the estate differently.

We are aware that one size will not fit all. Some applicants may wish to take on full delegated management with all the duties, obligations and administration that entails, whilst others will prefer enhanced local decision-making without taking on the burden of full management.

Each project will be subject to an assessment which is relevant to the scale of the proposal. There is no set limit to the number of projects under the Pilots Scheme. However, in practical terms, the Pilots Scheme as a whole needs to be manageable, and not significantly undermine delivery of the [corporate plan](#).

We will assist applicants to understand the implications of their proposals by being available, where practical, to discuss and provide relevant information.

**The Pilots Scheme is piloting approaches to management of the assets. Crown Estate Scotland will continue to buy, develop, lease and sell parts of the Scottish Crown Estate.**

**All existing statutory licensing and planning processes, including public consultation etc. remain applicable to Pilots Scheme projects.**

**As liability remains with Crown Estate Scotland, transactions under the Pilots Scheme e.g. leases and sales, will need to be authorised.**

## 4. Aim and outcomes

The aim of the Pilots Scheme is to achieve a set of pilot projects which will test new or innovative approaches to asset management which will help deliver sustainable development in Scotland. Crown Estate Scotland welcomes proposals offering management at different scales, in varying geographical locations and utilising a range of assets.

Projects which aim to enhance economic, social, environmental and well-being outcomes will be welcome. This could include projects that aim to reduce carbon emissions or mitigate climate change, promote inclusive economic growth, or aid local decision-making, for example. Projects which use active management to avoid degradation will also be considered.

We are aware that projects will take some time to create measurable outcomes, some may be time limited whilst others are ongoing. The duration of projects should be relevant to the proposal and the management approach.

Crown Estate Scotland will review the Pilots Scheme process in 2020 and a 'lessons learned' document will be produced (this is not the planned end of the Pilots Scheme or the individual projects).

**Innovation in this context means changing or implementing a management approach to benefit Scotland's triple bottom line of economic, social and environmental improvement.**

## 5. Key considerations

Applicants should consider the following context while developing their proposals:

- Crown Estate Scotland assets are a national resource. They are not owned by Crown Estate Scotland however we have a statutory duty to manage them on behalf of Scottish Ministers in a way that maintains and enhances their value and the return obtained from them;
- Projects should align with the 2017-20 Crown Estate Scotland [corporate plan](#).

We work to the [National Standards for Community Engagement](#) and it is important that all proposed pilot projects evidence stakeholder and community support for the project and the proposed management approach. This can be evidenced in ways relevant to your project type and scale for example by survey, minutes of meetings or other supporting materials such as letters of support.

Crucially, applicants should ensure that there are no significant additional burdens or impacts as a result of their project on Crown Estate Scotland's tenants or other users of the assets, both inside and outside the pilot project area. This could include, for example, issues around damaging commercial confidence or creating unfair advantage, conflicts of interest or increased administrative burdens.

Crown Estate Scotland does not have duties under the Community Empowerment (Scotland) Act 2015, although we wish to work within the spirit of this and other appropriate legislation including the Land Reform (Scotland) Act 2003.

**Managers can negotiate an appropriate fee for their services.**

**Income derived from the assets will be submitted to Crown Estate Scotland.**

**Revenue profit is paid to the Scottish Government.**

**Capital raised within the project can be reinvested.**

**The aim of the Pilots Scheme is to test a range of management approaches – this includes a mix of assets involved, the scale, location and the extent of both community involvement and empowerment.**



## 6. Managing capital and revenue

The assets, and the income derived from the pilot projects, will remain the responsibility of Crown Estate Scotland. It is possible for managers of pilot projects to negotiate a fee, appropriate to their costs, for their management activities. The sale of assets within the pilot area is also possible. In this case all proceeds would need to be reinvested in the Scottish Crown Estate.

### The assets

Crown Estate Scotland manages the following assets:

- 37,000 hectares of rural land with agricultural tenancies, residential and commercial properties and forestry on four rural estates (Glenlivet, Fochabers, Applegirth and Whitehill)
- Rights to fish wild salmon and sea trout in river and coastal areas
- Rights to naturally-occurring gold and silver across most of Scotland (Mines Royal)
- Just under half the foreshore around Scotland including 5,800 moorings and some ports and harbours
- Leasing of virtually all seabed out to 12 nautical miles covering some 750 fish farming sites and agreements with cable & pipeline operators
- The rights to offshore renewable energy and gas and carbon dioxide storage out to 200 nautical miles
- Retail and office premises at 39-41 George Street Edinburgh.

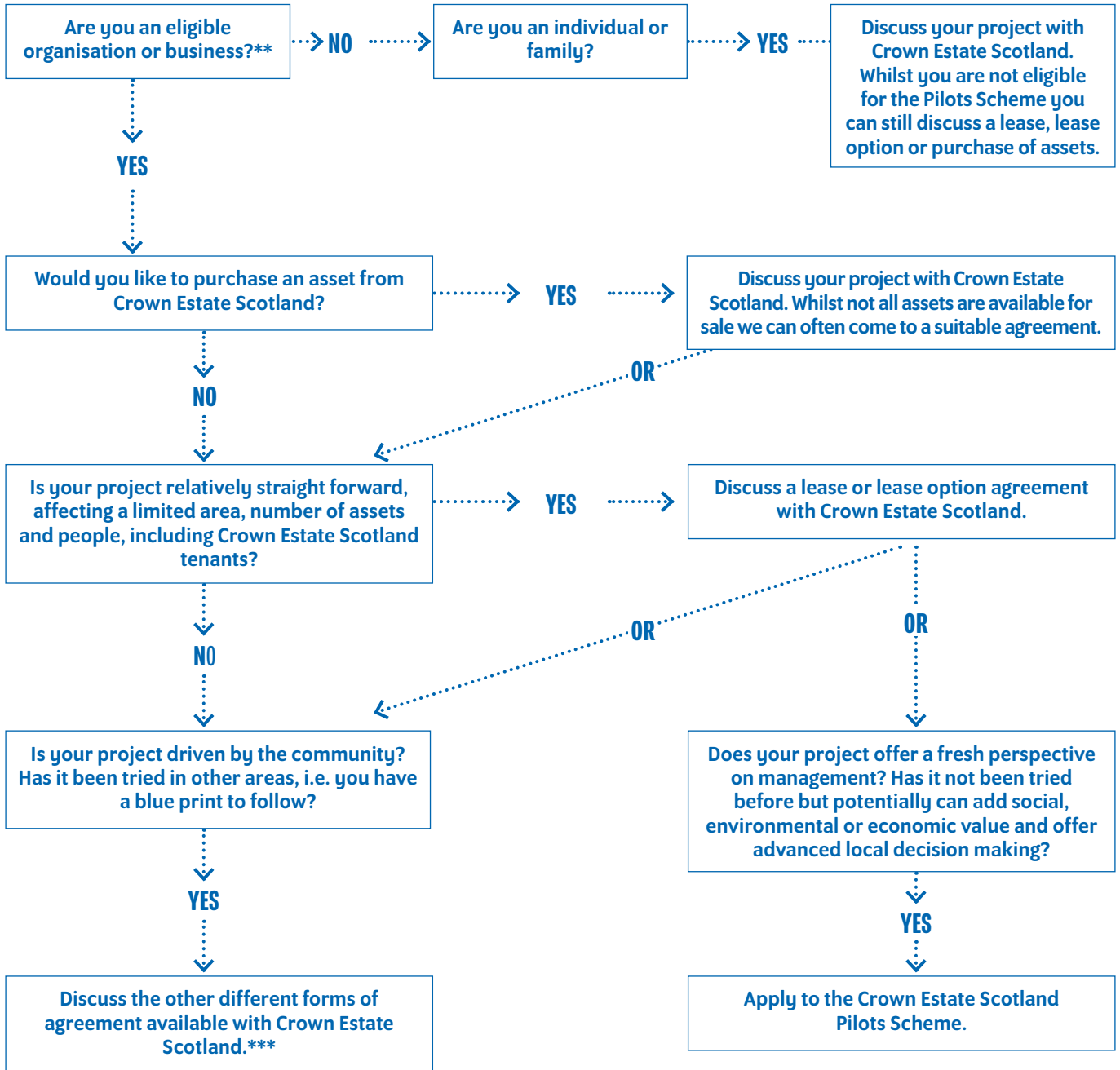
Within this range of assets, the following are not considered to be part of the Pilots Scheme (this has been decided following consultation with the Scottish Government, tenants and stakeholders):

- Mines Royal, gold and silver and other mineral reserves
- Rights to offshore wind energy and gas and carbon dioxide storage out to 200 nautical miles (however, small-scale near-shore marine renewable energy projects **are** included in the Pilots Scheme<sup>2</sup>)
- Urban assets including retail and office premises
- Leases covering nationally important infrastructure such as communication cables and pipelines.

**Capital proceeds raised by a pilot project can be reinvested in the assets which make up the pilot project. They can also be used to purchase new assets. As per the Crown Estate Act 1961 all assets will remain the property of the Crown.**

<sup>2</sup> As with other pilot projects, marine renewable energy proposals will be subject to statutory regulatory processes and will be considered in light of other Crown Estate Scotland leasing.

## 7. Choosing A Management Approach\*



\*See Annex A for examples.

\*\*See Section 10 for details of eligible organisations.

\*\*\*There are other types of agreement that are suitable for smaller, community-focussed projects. Some come with a package of support.

## 8. Scheme application process

### Stage One

Applications are invited based on the Stage One criteria. In order to reduce the burden on applicants we have included a suggested word count. Although there is no penalty for additional text, you are encouraged to keep as close to the suggested limit as possible. Please use web links to additional information where relevant.

Crown Estate Scotland staff will ensure Stage One applications are eligible and, as much as can be defined, viable, seeking clarification where necessary.

The Crown Estate Scotland Board and the Scottish Government's Stakeholder Advisory group on the Crown Estate will be given an opportunity to review projects prior to proceeding to Stage Two. Feedback will be collated and given to the project proposers to assist with development of Stage Two applications.

**The Pilots Scheme aims to identify a group of projects which demonstrate a range of management approaches, at a variety of scales and locations across Scotland.**

### Stage Two

At this stage a summary of projects that progress to Stage Two will be posted on the Crown Estate Scotland website.

Successful applicants are requested to submit a business plan based on their Stage One application. Business plans should not be overly complex, and applicants are encouraged to address the questions as clearly and simply as possible. The business plan should relate to relevant regional and local plans and strategies as well as the Crown Estate Scotland Corporate Plan. A list of useful, free, resources can be found at the end of this document to assist.

Crown Estate Scotland staff will assess Stage Two applications, taking advice as necessary, particularly regarding any novel, contentious or innovative proposals and on the proposed community benefit and community engagement techniques. We expect projects to have gathered local feedback to strengthen their application, from Crown Estate Scotland tenants and other users of the assets who may be impacted by, or keen to be involved with, the project.

A report will be prepared on each application which will include a record of any clarifications sought and answers provided.

Staff will make recommendations to the Crown Estate Scotland Board who will then decide which projects should receive preferred project status under the Pilots Scheme. This allows time for due diligence (see below) to be carried out before Scottish Government endorsement is sought and projects can proceed.

**Crown Estate Scotland welcomes early discussions with interested organisations and community representatives.**

**NB:** In 2020 Crown Estate Scotland will review the Pilots Scheme **process** including looking at lessons learned and the impact of the process on the organisation. Individuals projects will be reviewed at regular intervals as per their agreed business plan.

## Due diligence

Due diligence will be proportionate to the scale of the project. Crown Estate Scotland staff will work closely with the applicant to carry out due diligence beginning at Stage One, with appropriate checks, and continuing during Stage Two where applicants may be asked for additional information relating to financial management systems, data management systems etc.

Crown Estate Scotland will aim to ensure this process does not create undue delay, however there is no set time limit for this process and it may continue after your project has achieved 'preferred project' status.

## 9. Pilots Scheme timetable

### 1. 20 JUNE – 16 AUGUST 2018 (8 WEEKS) – STAGE ONE APPLICATION PROCESS OPEN

Guidance for Stage One and Stage Two published. Crown Estate Scotland welcomes discussions with project applicants.



### 2. 17 AUGUST – 27 SEPTEMBER 2018 (8 WEEKS) – STAGE ONE ASSESSMENT

Stage One applications assessed for eligibility. All eligible, and potentially viable, projects referred to the Crown Estate Scotland Board and discussed with the Scottish Government's Stakeholder Advisory group on the Crown Estate.\*



### 3. 15 OCTOBER – 14 JANUARY 2019 (13 WEEKS) – STAGE TWO APPLICATION PROCESS OPEN

Viable projects progress to Stage Two and a summary of these projects will be published on the Crown Estate Scotland website. This will help applicants develop projects that are innovative and distinctive. Using the guidance, applicants are encouraged to show how they meet the criteria by submitting a business plan for their project.



### 4. 14 JANUARY – 25 MARCH 2019 (10 WEEKS) – STAGE TWO ASSESSMENT

Viable projects progress to Stage Two and a summary of these projects will be published on the Crown Estate Scotland website. This will help applicants develop projects that are innovative and distinctive. Using the guidance, applicants are encouraged to show how they meet the criteria by submitting a business plan for their project.

\* The Scottish Government's Stakeholder Advisory group on the Crown Estate (or a subgroup of its members) will be provided with summary information on Stage 1 applications. No confidential information will be shared. The group is an advisory body and not a decision-making group. This step has been introduced to supplement applicants' ongoing consultation with their respective communities and stakeholders. Group members will be asked to declare any potential conflict/s of interest.

\*\* Crown Estate Scotland is keen to ensure the Pilots Scheme is open to as many projects as possible. If you have concerns about meeting this timetable, please discuss this with us as early as possible.

## 10. Stage One application guidance

### Introduction

At Stage One, we hope to receive a wide range of proposals. We encourage innovative management approaches which are underpinned by community and stakeholder support and which have the potential to offer improved economic, social, environmental and well-being outcomes.

We are aware that the Pilots Scheme may impact the way Crown Estate Scotland functions and we are prepared to consider adapting procedures and in-house practices proportionately to facilitate the smooth running of the scheme. This will, however, need to be assessed against impacts on the delivery of our [corporate plan](#) and the requirements of our [legislative framework](#).

Applicants are reminded that the ability to purchase and lease assets is available outside the Pilots Scheme, and Crown Estate Scotland continue to welcome approaches to purchase or lease. Funding may be available to assist you under the [Scottish Land Fund](#) or through the [Heritage Lottery Fund](#).

The following seven questions form the basis of your Stage One application and they aim to help Crown Estate Scotland find out more about the project proposal. Details of how we will score your project are included in Annex E.

A Stage One application form is available at [www.crownestatescotland.com/the-assets/local-management](http://www.crownestatescotland.com/the-assets/local-management).

### Question 1: Please tell us about the type of organisation applying to manage the asset.

Crown Estate Scotland is open to a wide range of bodies applying under the Pilots Scheme. We simply need to ensure that an organisation is legally able to take on the responsibilities requested. The organisational set up should be appropriate to the proposal.

The following list of organisation types is a guide only and not an exhaustive list, nor a guarantee of eligibility:

- Community Development Trust
- Company Limited by Guarantee
- Scottish Charitable Incorporated Organisation
- Charity
- Community Benefit Society or Charitable Community Benefit Society
- Community Interest Company
- Local Authority or other public body

Private or family applications are not eligible for the Pilots Scheme. Membership organisations should be made up of members of the relevant communities and should be wholly controlled by them.

**Your proposal should clearly demonstrate how you intend to meet the statutory requirement to maintain and enhance the value and return from the Crown Estate in Scotland.**

**NB:** If you are working towards becoming one of the organisations above (or similar) but have not yet become formally set up you are still welcome to apply as long as you aim to be set up by Stage Two of the application process. Similarly, if your project relies on a grant which is not yet secured, but may be by Stage Two, you are welcome to apply. Please make this clear in your application.

At this stage you should include an appropriate financial statement. This could be a set of your most recent accounts or other documentation which shows evidence of the financial health of your organisation.

Key contacts for your application, including a summary of their relevant experience or their CV, should also be included (see the Stage One application form). If you do not intend to undertake financial transactions under the Pilots Scheme, e.g. you are proposing local decision-making only and all transactions are to be retained by Crown Estate Scotland, please note this here.

## **Question 2: What is the nature of your proposal?**

Please give a brief outline of the type of management approach, the Scottish Crown Estate assets to be involved and the scale of the project.

Your answer should cover:

- What you plan to do and what prevents it from happening at the moment
- How your project fits with the aims of the Pilots Scheme
- What you hope to achieve
- How you plan to do it, including your decision-making structure

Please provide a map of the project area as a reference – please discuss your project with Crown Estate Scotland so they can provide information to assist you with this. Please also include an indicative timescale for the project, assuming a start of April 2019 (date for planning purposes only). Projects can be of any duration. Please include relevant milestones, if possible.

Suggested word limit: 800 words

## **Question 3: How does the project maintain and enhance the value of the Estate and the return from it, and support sustainable development in Scotland?**

At the core of the Crown Estate Act 1961 is the statutory duty placed on the organisation to maintain and enhance the value of the Crown Estate and the return obtained from it, but with due regard to the requirements of good management. Under the Pilots Scheme we have an opportunity to see how Crown Estate Scotland assets can further contribute to Scotland's triple bottom line of financial, social and environmental development.

In your application, please indicate how you think you will meet this statutory duty, including telling us about:

- What potential costs / savings may occur as a result of your project
- Identify any increase / reduction in the regulatory burden for any sector

At this stage of the application process, it is sufficient to give a brief description of these issues. If you are asked to continue to Stage Two you will be given the opportunity to give a more detailed response.

Suggested word limit: 800 word

## Question 4: Is the proposal in the public interest?

Crown Estate Scotland must ensure that the resources it manages contribute to the sustainable development of Scotland and that the assets are used economically, efficiently and effectively to deliver value for money for Scotland as a whole.

Please tell us how your proposal is in alignment with relevant local and national plans and strategies, for example, the Crown Estate Scotland Corporate Plan, National Planning Framework 3, the National Performance Framework and Scotland's National Marine Plan.

In this section please detail what social, economic and environmental benefit(s) will be derived from your project, where and by whom.

In drafting your proposal, please also outline if other options have been considered to give the same outcomes e.g. if more local control of the marine asset is required has a Marine Planning Partnership been considered as a mechanism?

Suggested word limit: 800 words

## Question 5: How has the community (including tenants) been engaged in the development of the proposal?

To ensure the best possible outcomes, Crown Estate Scotland are very keen to ensure that proposals have the support of the relevant local communities and stakeholders including tenants and other users of the estate.

The community can be defined as appropriate to your application, for example by geography or by their interest. If it is a community of interest we are particularly keen to know how you have also engaged, or plan to engage, with the local geographical community in your project area as well as the community of interest. The community can include local interest groups such as mooring associations, community development trusts, Inshore Fisheries Groups or elected representatives such as community councils or other appropriate groups or individuals.

In your Stage One application we ask that you begin by identifying the community you expect to be most impacted by your application. Please supply supporting evidence that your proposal has been developed in consultation or partnership with that community in line with the National Standards (see below) and that the community is supportive of your proposal.

In testing the efficacy of your community engagement, we will be using the [National Standards for Community Engagement](#) as our benchmark. These are Inclusion, Support, Planning, Working Together, Methods, Communication and Impact.

Should you progress to Stage Two of the application process you will be asked for more detail about this engagement and for further evidence of community support.

Suggested word limit: 800 words

**Evidence of community support may be difficult to fully compile in the time available. We are able to accept a range of types of evidence including letters of support and existing information which shows community support for the general approach being proposed but which may not be directly related to your application.**



## Question 6: How have any conflicts of interest and impact on tenants been addressed?

If you intend to take over management of Crown Estate Scotland assets and become the landlord's representative, conflicts of interest may arise. These may include situations where the proposer would become both:

- Operator and regulator;
- Landlord and rental valuer;
- Landlord and tenant; or
- Landlord for a direct competitor.

Please use the [interactive map](#) on our website to identify any tenants in, or adjacent to, your project area and provide a list of potential conflicts of interest, or other potential impacts, and suggest ways these can be mitigated. The information on this map is limited due to issues of commercial confidentiality and data protection. If you require more information about tenants and lease agreements in your proposal area, please get in contact as soon as possible.

In this section you should also list other users of the potential Pilots Scheme area and address any possible conflicts with your proposal. This could include local angling interests, commercial fishing, tourism interests or other community ventures etc.

At Stage One it is sufficient to create a relatively simple list of conflicts of interest, tenant interactions and suggested mitigations. You will be invited to provide more detail if your application progresses to Stage Two.

Suggested word limit: 800 words

## Question 7: Evaluation and reporting

Your proposal at this stage should outline how your project could be measured and when milestones should be expected to be achieved. Your outcomes can be based on financial, social or environmental targets and measures.

Please indicate the baseline against which your targets can be measured. The baseline and targets do not need to be too detailed or specific, however, you will be asked for more detail should your application progress to Stage Two. Targets should include an indicative timescale and be realistic.

Applicants should note that projects which excel in, for example, achieving community or environmental benefit, will not be marked down if they do not also excel in achieving financial returns. As long as they do not create disproportionate burden, and impact on delivery of the Crown Estate Scotland corporate plan, they will still be considered for the Pilots Scheme.

When considering how to measure non-financial outcomes, you may find it helpful to refer to the [natural capital work](#) done by Crown Estate Scotland and The Crown Estate or the [strategy for measuring Marine Protected Areas](#) impacts by the Scottish Government. Highlands & Islands Enterprise use a set of [social impact measurement indicators](#) which may also be useful.

Suggested word limit: 800 words

## Appeal process

As per Crown Estate Scotland [Framework Document](#), any work undertaken which is ‘novel or contentious’ requires approval from Scottish Ministers. With this in mind, any appeal against a decision made by the Crown Estate Scotland Board regarding the Pilots Scheme will be managed by the Scottish Government.

Should a proposer or other third party wish to appeal the decision at Stage One or Two in the first instance the reasons for refusal will be discussed between the proposer and Crown Estate Scotland.

If you are not satisfied with the outcome of your discussions, and you would like to ask Scottish Ministers to review the decision, this request should be made in writing to David Mallon – [David.Mallon@gov.scot](mailto:David.Mallon@gov.scot), Marine Scotland, Area 1B South, Victoria Quay, Edinburgh, EH6 6QQ within four weeks of notification of Stage One outcomes and within eight weeks of the notification of Stage Two outcomes, with evidence supporting why you consider the decision to be incorrect.

## 11. Stage Two application

Congratulations for being accepted to Stage Two of the Crown Estate Scotland Pilots Scheme application process. We would now ask you to submit a detailed business plan appropriate to the scale of your project. If you have questions about developing a business plan, please contact us.

Business plans should not be overly complex, and applicants are encouraged to address the questions as clearly and simply as possible. Proposals are likely to be varied in their scope and approach and so not all questions or guidance will be relevant to your proposal.

There are a range of resources freely available which may be of help to you. Some of these are listed in Annex C, Annex E also gives details of how your project will be assessed. If you had professional assistance to complete Stage Two please indicate this in your business plan.

At this stage a summary of all projects will be posted on the Crown Estate Scotland website. This is to facilitate engagement with wider users of the Scottish Crown Estate and to help applicants develop distinctive and innovative proposals.

### Introduction

In assessing your Stage Two application, we will consider your project in the context of our strategic objectives and how it contributes to our key performance indicators (as detailed in our [Corporate Plan](#) and [Business Plan](#)). We will also be weighing the applications so that, for example, a project which scores highly on innovation or community engagement has the potential to go ahead despite lower scores on value for money.

**You may find [‘Green Book 5’](#) and associated guidance helpful for structuring your business plan.**

Scoring is weighted to encourage good engagement (see matrix in Annex E). This is to ensure the best possible projects progress, that all local users of the Crown Estate in Scotland have been taken into account, and that unintended consequences have been identified and ironed out as early as possible.

If appropriate to the scale of your project, Crown Estate Scotland will also use the characteristics of ‘Best Value’, which public service organisations are required to demonstrate, as a guiding structure for our decision making for the Stage Two applications. Guidance is available on the [Scottish Government website](#). Best Value can be demonstrated through:

- Commitment and Leadership
- Sound Governance at a Strategic and Operational Level
- Accountability
- Sound Management of Resources
- Responsiveness and Consultation
- Use of Review and Options Appraisal
- A Contribution to Sustainable Development
- Equal Opportunities Arrangements
- Joint Working

We have included the Best Value characteristics most closely aligned with the relevant questions to assist you.

## Stage Two Guidance

Please use the following section headings and guidance as the basis for your business plan. Business plans should be proportionate to the scale of the project you are proposing. We are aware that one size does not fit all and so we do not expect all guidance to be appropriate to all projects. Details of how your project will be assessed by Crown Estate Scotland are included in Annex E.

### Section 1 – Project Context

In the introductory section of your business plan, please give as much contextual detail as possible about your pilot project including:

- What is the nature of the **pilot** you wish to test? Give details of what you want to achieve by running the pilot project.
- What is the **management** approach that you wish to use, how does it differ from the current approach and how does it help to overcome **existing barriers** to achieving your aims?
- What **asset(s)** are covered by the proposal?
- What **geographical scale** are you proposing to work at? Please include a map of your project area.
- What is the **financial scale** of the proposal? Please include an estimated budget including anticipated management fees including a justification for the charges. Please also tell us about any funding requirements for your project and include details of your fundraising strategy. See also section 7.
- What is the anticipated **timescale** of the project? Please include key milestones. If your project has an end point, please tell us how this will be managed. If it is to be ongoing please tell us how it will be sustained in the future. Include the anticipated timeframe, from sign off by Scottish Ministers to full functioning of the project.
- Who are the **key people** who will be managing the project and what **skills** do they bring to the task?
- Clearly define the **parties** involved in your proposal and how they relate to one another. This should include relevant management structure(s), organisational and legal status (please tell us if this has changed in any way since your Stage One application).

### Section 2 – Duty to enhance value and return (Sound Management of Resources)

The statutory remit of Crown Estate Scotland includes a duty to ensure ‘good management’ as well as securing best consideration and value. We aim to meet our duty in order to contribute to Scotland’s financial, social and environmental well-being and prosperity. Working with tenants, communities and other partners and ensuring environmental and financial sustainability is central to our approach and our values.

Building on what you told us in your Stage One application, your business plan should address the following aspects, as appropriate to your project.

- How does the proposal meet the statutory duty to maintain and enhance the value and return from the Scottish Crown Estate?
- Evidence of need – tell us how you have identified the need for this project.
- Achieving best consideration. Building on what you told us at Stage One please detail:
  - How your project supports the Crown Estate Scotland strategic objectives and key performance indicators;
  - Any potential costs/savings that may occur as a result of your project;
  - Any increase/reduction in the regulatory burden for any sector due to your project;
  - Any known increase/reduction in revenue due to the pilot project;
  - How your project demonstrates a cost-effective way of managing the asset.

## Section 3 – National Oversight (A Contribution to Sustainable Development)

Crown Estate Scotland is a public corporation tasked with managing the Crown Estate in Scotland on behalf of Scottish Ministers and returning profit to the Scottish Government – the assets it manages are a national resource. In your business plan please show how your project demonstrates good management of the national resource. For example:

- Being a responsible and reasonable landlord.
- Bringing a suitable level of strategic oversight at an appropriate scale e.g. local/regional/sector wide etc.
- Understanding, and delivery, of strategic relevant legislation and strategies. For example:
  - How does the proposal contribute to the sustainable development of Scotland and the local area?<sup>3</sup>
  - How does the proposal support the Community Empowerment (Scotland) Act 2015 and Land Reform (Scotland) 2003 Act?
  - Further details of relevant legislation can be found on [our website](#).
- Subsidiarity – can you demonstrate that decisions are to be made at the most appropriate devolved level?

## Section 4 – Governance (Sound Governance at a Strategic and Operational Level, Commitment and Leadership)

Crown Estate Scotland has approximately 38 FTE staff based at our office in Edinburgh and on the Glenlivet and Fochabers Estates in Moray. We also outsource activities to managing agents to provide specialist expertise, property management services and local support in rural and coastal communities.

The Chair of the Board and the Board members of Crown Estate Scotland are accountable to Scottish Ministers. The Chair aims to ensure that Crown Estate Scotland's policies and actions support the purpose and national outcomes of Scottish Ministers and that Crown Estate Scotland affairs are conducted with probity. The Chair shares the corporate responsibilities with [the Board](#).

**Your business plan should show how you will handle confidential information. For example, if named people will have access to confidential files please tell us their names, job titles etc.**

In your business plan, please outline how you will aim to meet the governance requirements proportionate to your project. In order to demonstrate that you have the appropriate skills to manage the asset and / or will you be able to recruit suitable expertise please tell us:

- How decisions are taken.
- The number of staff, board members or trustees currently involved, or required, and their desired skills.
- Who are the key decision makers and what are their skills?

Please also include information about any public or stakeholder consultation processes or communication tools that you use or plan to use e.g. websites, newsletters, meetings etc.

<sup>3</sup> You may find it useful to refer to strategic documents such as the Scotland Performs indicators, the National Performance Framework, the Scottish Government's Economic Strategy or Scotland's Goals.

## Section 5 – Financial Management (Accountability)

We require evidence of your organisation's financial standing and to understand your financial plan for the project. In your business plan, please address the following areas clearly and as appropriate to the scale of your project.

- The financial strength of your organisation.
- Availability of suitable resources to assist in our due diligence.
- How you will handle different types of data, particularly sensitive information including:
  - Geographical Information Systems data
  - Financial information
  - Client/tenant asset information
  - Commercial information
- How income, expenditure and liabilities associated with the assets will be managed and how this is justified.
- Please outline costs associated with the set-up of the project and how you propose to fund these.
- Please outline your experience of VAT and Construction Industry Scheme (CIS) accounting and administration, particularly in relation to land and property, and how this has been factored into your business plan.
- Without jeopardising any commercial confidences, please outline how you plan to set your rental rate structures for any tenants within your pilot project boundary. For example, how will you establish best consideration?
- If relevant, have concerns about monopoly or State Aid issues been identified and addressed?
- If relevant, can you show how issues regarding management across statutory or geographical boundaries have been addressed?
- Please include copies of relevant organisational procedures e.g. environmental, data protection (including details of how you comply with GDPR), Health and Safety etc. as an appendix.

## Section 6 – Community Engagement (Responsiveness and Consultation, Equal Opportunities Arrangements)

We would like to know more about how you plan to undertake community, and wider user, engagement in your pilot project area. All project proposals should demonstrate that:

- The community, either of geography or interest, has been identified;
- The community was involved with identifying the need for the project and that it will be able to actively contribute throughout the lifetime of the project;
- Community views, and views of other stakeholders and users of the Crown Estate in Scotland, including those of Crown Estate Scotland tenants, have been listened to and feedback given;
- There is evidence of contribution to community empowerment throughout the project, for example through local decision making;
- You have identified mechanisms for alerting affected individuals/communities or tenants about relevant developments.

In testing the efficacy of community engagement, we will be using the [National Standards for Community Engagement](#) as our benchmark. Please make clear in your business plan, as appropriate to the scale and aims of your project, how you meet and address each of these standards, including supporting people with protected characteristics to be engaged with the project.

## Section 7 – Community Benefit (Joint Working)

One of the [core goals](#) of Crown Estate Scotland is to build social capital in communities through strong networks and partnerships. In your business plan, please include details of how your project will help Crown Estate Scotland to deliver against this goal. Particularly, please tell us what you see as being the benefit of the proposal to the local community – this should include information about how the need was identified and how you will assess if the pilot has been successful in achieving the sought-after level of benefit.<sup>4</sup>

Community/social benefit or ‘common good’ can be measured in several ways and we do not wish to be prescriptive about how you demonstrate your project’s benefit to communities. Helpful advice can be found at the [Social Value UK](#) and the [Social Audit](#) websites where both social auditing and return on investment are discussed in more detail. The [Scottish Government](#) have also done extensive work on community benefit clauses in agreements. Highlands & Islands Enterprise use a set of [social impact measurement indicators](#) which may also be useful.

In this section of your plan, please also provide evidence, as appropriate to the scale of your project, of how your proposal supports or contributes to the [Scottish Government’s National Outcomes](#).

## Section 8 – Risk Management (Use of Review and Options Appraisal)

The [Framework Document](#) between the Scottish Government and Crown Estate Scotland discusses risk in some detail and applicants are requested to make themselves familiar with this document and the implications for their project.

At this stage, building on what you told us in your Stage One application, applicants should tell us why their project is a good fit for the Pilots Scheme. Include a section within your business plan which covers the following aspects in as much detail as possible:

- Have you investigated other ways of overcoming identified barriers and achieving the same outcomes e.g. lease, minute of agreement, licence, purchase etc.?
- What are the liabilities and risks associated with the proposal? Please create a risk register and suggest mitigations. Risks identified should include potential impacts on existing tenants and other wider users. Early engagement with those potentially impacted is recommended.

## Section 9 – Evaluation and Review

Building on your Stage One application, please tell us how you think your project should be reported and evaluated. Evaluation should build on an identified baseline and can be based on financial, social or environmental outcomes.

At this stage, you should be as specific as you can about [key performance indicators](#) and milestones which you think are appropriate for your project and the timescales for achieving them.

<sup>4</sup> Under the Pilots Scheme managers of Crown Estate Scotland assets may receive remuneration. This can be negotiated but should be an appropriate level of fee for the services provided. This should be included in your budget in Section 1.

# Annex A – Examples of existing management options

An application to the Pilots Scheme may be the right approach for your project, however Crown Estate Scotland has a number of other options to offer which may prove to be a better fit for your project and should be considered before you apply. If you are in doubt about the right approach, please contact us and we will be happy to discuss the options with you in confidence.

## 1. Occupation Agreements

There are a number of different legal occupation agreements that Crown Estate Scotland can provide, these can be individually tailored to suit each individual set of circumstances. The most common types are Leases, Licences and Minutes of Agreement. Lease Option Agreements are also useful tools for developers in particular, whether on land or in the sea. A Lease Option Agreement (LOA) will register the developer's exclusive interest in the area in question for the stated duration of the agreement (24 months for an aquaculture development, for example), this will then either be taken on to a full Lease Agreement or the LOA will expire, and the area will become available to other interested parties.

### Example

Crown Estate Scotland (and previously The Crown Estate) was able to support Scottish company Nova Innovation, a leading tidal energy company, in securing a lease for a new tidal energy array off the island of Yell in Shetland. Nova, with a strong Scottish supply chain, deployed its first M100 tidal turbine over the winter of 2015-16 and first power generation was reported in March 2016.

## 2. Mooring Association Agreements

A Mooring Association Agreement is one of our more common occupation agreement types. The formation of a Mooring Association provides increased local management for leisure boat owners. Once established, Associations are given a seabed agreement by Crown Estate Scotland, enabling them to manage their members' moorings within a specific area including setting their own fees. There are currently more than 120 mooring associations functioning in Scotland and three Community Marine Officers who facilitate their management and set up. For more information [click here](#).

### Examples

Clyde Moorings Committee undertakes to administer applications for leisure craft moorings across the Peelports Harbour Authority area which encompasses the majority of the Firth of Clyde. The Committee was established in 1981 and includes key stakeholders such as Peelports, Bidwells (as agents to Crown Estate Scotland), the Queen's Harbour Master, RYA, Clyde Yacht Clubs Association, Clyde Fishermen's Association, British Marine and Marine Scotland. The Committee meets regularly to review applications for moorings and discuss other relevant issues.

Dunstaffnage Bay Mooring Owners Association in Argyll has been managing the moorings in their area for many years and was intensively engaged in representing mooring owners' interests as the Dunstaffnage marina developed. With positive input from the local Community Marine Officer, a strategic rearrangement of the moorings was possible which allowed for the expansion of the marina whilst preserving the interests of the mooring holders.



### 3. Local Management Agreements

Other forms of option agreements are designed to provide opportunities for organisations to manage certain areas of seabed and foreshore to provide local economic, social or environmental benefits. These are sometimes called 'local management agreements'.

These types of option agreements are suitable for smaller, community-focussed projects, and can come with a package of support including project management and legal advice, help in securing funding and, when appropriate, direct investment on a commercial basis.

Local management agreements have been or are in use by the Thomas Telford Corpach Marina Group (part of Caol Regeneration Company Ltd), Harris Development Limited, Isle of Gigha Heritage Trust, Tobermory Harbour Association and Comman Na Mara, Lochmaddy, North Uist.

#### Examples

Harris Development Limited was one of the very first projects granted a Local Management Agreement by The Crown Estate in Scotland, the predecessor of Crown Estate Scotland. The local management agreement allowed the local community to plan the development of, and fundraise for, a large-scale project, the Harris Marina Hub. The Hub was recently awarded £300,000 from the Coastal Communities Fund completing the £1.35 million funding package required for completion. The Hub is expected to bring significant economic benefits to the area through the development of marine tourism.

Tobermory Harbour Association was granted a local management agreement in 2014 which enabled them to manage the asset on behalf of the Isle of Mull community. Building on many years of partnership work by the team of Crown Estate Scotland and the staff and volunteers in Tobermory, they have now applied for and been granted statutory powers under the Tobermory Harbour Empowerment Order 2017. The new Harbour Authority will be a community-run and community-driven organisation. The Harbour Empowerment Order brings security to the next phase of plans to create a welcoming and safe hub port at Tobermory.

### 4. Sale

Crown Estate Scotland buys and sells property as part of its normal business activities. If community groups or other bodies or individuals wish to purchase Scottish Crown Estate assets this can be discussed, although this would be subject to various factors including an agreement to sell, the sale value and consideration of any existing agreements that might be in place. So, although Crown Estate Scotland is not subject to the Community Empowerment Act, we still seek opportunities to align with the legislation and welcome approaches from organisations that wish to purchase assets.

For agricultural land, our interim farm sales framework can be downloaded [here](#).

#### Examples

In 2016 the sale of a site in Rosewell, Midlothian, was agreed. This enabled the development of 290 homes, as part of a broader regeneration programme, which includes community facilities that are being developed on a site Crown Estate Scotland gifted to the local development trust in 2014.

The Carloway Estate Trust on the Isle of Lewis completed a community land buyout, the first of its kind for Crown Estate Scotland. At the same time, they were also able to transfer the adjacent foreshore, enabling the Trust to take an integrated approach to the management of the Estate.

## Annex B – Stage One application form

A word version of this form can be found at [www.crownstatescotland.com/the-assets/local-management](http://www.crownstatescotland.com/the-assets/local-management).

CONTACT DETAILS	
What is the name of your organisation or group?	
What is the name of your project?	
What is the main or registered address for your organisation/group?	
Phone Number	
Email Address	
Website	
Who is the main point of contact for your application?	
Title	
Forename(s)	
Surname(s)	
Does the senior or main contact have any communication needs?	

**Please tell us about the type of organisation applying to manage the asset.**

WHAT TYPE OF ORGANISATION ARE YOU?	
Give any reference or registration numbers you have e.g. <ul style="list-style-type: none"> <li>• Office of the Scottish Charity Regulator</li> <li>• Companies House</li> <li>• Other reference or registration numbers. Please give details:</li> </ul>	
When was your organisation set up? Give the date when your organisation adopted its current legal status.	Date
What is your VAT status? If you are VAT registered, what is your VAT registration number?	
How many people are on the board or committee that runs your organisation?	

## Please tell us about your finances

Tick one option and fill in the amounts from your accounts or projection.

- Information from the latest accounts approved by your organisation
- 12-month projection because you've been running less than 15 months. This should give your expected income and expenditure for the 12 months from the date your organisation was set up.

ACCOUNTING YEAR ENDING	Date
Total income for the year	£
Total expenditure for the year	£
Surplus or deficit at the year-end	£
Total savings or reserves at the year-end	£

Please send a copy of your accounts with your application.

## Please tell us about your project proposal

More information about each question is included in the guidance. We ask that you do not go substantially over the suggested word count (though there is no formal penalty if you do).

### Question 2: What is the nature of your proposal?

Suggested limit: 800 words

### Question 3: How does the project maintain and enhance the value of the Estate and the return from it and support the sustainable development of Scotland??

Suggested limit: 800 words

### Question 4: Is the proposal in the public interest?

Suggested limit: 800 words

### Question 5: How has the community (including tenants) been engaged in the development of the proposal?

Suggested limit: 800 words

### Question 6: How have conflicts of interest and impact on tenants been addressed?

No word limit

### Question 7: Evaluation and reporting. Please tell us how you plan to evaluate and report your project to Crown Estate Scotland?

Suggested limit: 800 words

## Annex C – Stage Two checklist

When submitting your Stage Two business plan please use this checklist to ensure you have included all relevant information:

- Answers to questions 1-9 including a budget for your project.
- Names and details of relevant contacts including those who will have access to confidential information.
- A map of your project area including assets targeted by the proposal.
- A risk register including mitigations.
- Copies of relevant documentation e.g.
  - Data Protection Policy (including GDPR)
  - Health and Safety Policy
  - Environmental Policy
  - Any other relevant documents such as copies of relevant insurance etc.

### **NB**

**Freedom of Information Act** – Crown Estate Scotland adheres to the Freedom of Information (Scotland) Act 2002. For more information please see our website. [www.crownestatescotland.com/freedom-of-information](http://www.crownestatescotland.com/freedom-of-information)

## Annex D – Useful resources

In addition to the links within this document you may find the following links useful. Many of the organisations listed below offer free or low-cost training advice and support to community organisations.

- The Community Ownership Support Service has a range of relevant publications including advice about fundraising and developing the business case for your project. [www.dtascommunityownership.org.uk/resources](http://www.dtascommunityownership.org.uk/resources)
- Local Energy Scotland also have a range of relevant case studies and advice including about setting goals for your project. [www.localenergy.scot/resources](http://www.localenergy.scot/resources)
- Just Enterprise is designed to help Social Enterprises and budding social entrepreneurs achieve their trading ambitions. They offer advice and range a range of useful workshops and training events. [www.justenterprise.org](http://www.justenterprise.org)
- The Scottish Council for Voluntary Organisations offers a range of support services for relevant organisations including those just getting established. [www.scvo.org.uk](http://www.scvo.org.uk)
- Delivering learning and development programmes for people and organisations enabling social change, Social Enterprise offers training focusing on leadership, enterprise and personal development. [www.socialenterprise.academy/scot](http://www.socialenterprise.academy/scot)
- The Office of the Scottish Charity Regulator (OSCR) offers a range of useful guides and advice about how to become, and what it means to be, a charity in Scotland. [www.oscr.org.uk/becoming-a-charity](http://www.oscr.org.uk/becoming-a-charity)
- Big Lottery Fund's Community Assets grants, Grants from £10,000 to £1 million to create strong and resilient communities through assets. [www.biglotteryfund.org.uk/funding/programmes/community-assets](http://www.biglotteryfund.org.uk/funding/programmes/community-assets)
- Foundation Scotland's Community Benefit Funds. The Foundation is involved in distributing approximately £3M each year in community benefit funds. [www.foundationscotland.org.uk/grants-and-funding-for-organisations/grant-programmes/community-benefit-funds](http://www.foundationscotland.org.uk/grants-and-funding-for-organisations/grant-programmes/community-benefit-funds)
- Lockwood, M et al (2009) Governance Principles for Natural Resource Management Land & Water [www.lwa.gov.au/products/pn30299](http://www.lwa.gov.au/products/pn30299)
- Moore, P et al (2011) Natural Resource Governance Trainers' Manual IUCN RECOFTC SNV [www.recoftc.org/site/resources/Natural-Resource-Governance-Trainer-s-Manual.php](http://www.recoftc.org/site/resources/Natural-Resource-Governance-Trainer-s-Manual.php)
- SAGUN Program Tool 3: Participatory Governance Assessment [www.careclimatechange.org/tools](http://www.careclimatechange.org/tools)

## Annex E – Assessment and scoring

### Stage One

QUESTION	TEST*
1. <b>Please tell us about the type of organisation applying to manage the asset.</b>	The organisation set up is appropriate to the project being proposed, including being robust and accountable.
2. <b>What is the nature of your proposal?</b>	The application fits with the aims of the pilot scheme. The proposer(s) have included a map, timescale and an outline of their decision-making structures.
3. <b>How does the project maintain and enhance the value of the Estate and the return from it and support the sustainable development of Scotland?</b>	The application clearly demonstrates an approach which maintains or enhances the value of the Scottish Crown Estate. Potential costs, savings and changes to regulatory burden have been outlined.
4. <b>Is the proposal in the public interest?</b>	The application shows potential to deliver against relevant local, regional and national priorities. The project delivers sustainable development for Scotland and does not significantly compromise delivery of the Corporate Plan. Evidence provided that other options have been considered.
5. <b>How has the community (including tenants) been engaged in the development of the proposal?</b>	The community impacted by, and who stand to benefit from, the application has been identified. Evidence of their involvement, and support, has been provided and it is in line with the National Standards for Community Engagement.
6. <b>How have any conflicts of interest and impact on tenants been addressed?</b>	Tenants, and wider users, of the project area have been identified, conflicts of interest noted, and mitigations suggested.
7. <b>Evaluation and reporting</b>	Appropriate, measurable, outcomes with tangible social, financial and/or environmental benefits have been identified.

\*This is a guide only – full details are given in the body of the text.

## Stage Two

Throughout the Stage Two application, Crown Estate Scotland will be looking for evidence of innovation and distinctiveness as well as assessing the cumulative impact of the Pilots Scheme projects on the Corporate Plan.

QUESTION	WEIGHTING
<b>Section 1 – Project Context</b>	5%
<b>Section 2 – Duty to enhance value and return (Sound Management of Resources)</b>	15%
<b>Section 3 – National Oversight (A Contribution to Sustainable Development)</b>	10%
<b>Section 4 – Governance (Sound Governance at a Strategic and Operational Level, Commitment and Leadership)</b>	15%
<b>Section 5 – Financial Management (Accountability)</b>	15%
<b>Section 6 – Community Engagement (Responsiveness and Consultation, Equal Opportunities Arrangements)</b>	20%
<b>Section 7 – Community Benefit (Joint Working)</b>	20%
<b>Total Score</b>	100%



## Head Office

6 Bells Brae  
Edinburgh  
EH4 3BJ  
Tel: 0131 260 6070  
enquiries@crownstatescotland.com

## Glenlivet

Main Street  
Tomintoul, Banffshire  
AB37 9EX  
Tel: 01479 870 070  
info@glenlivetestate.co.uk

 @CrownEstateScot

[www.glenlivetestate.co.uk](http://www.glenlivetestate.co.uk)  
[www.crownstatescotland.com](http://www.crownstatescotland.com)