Asset Management
Pilot Scheme –
Criteria and Process

Draft for public consultation

Consultation runs 05/03/18 to 16/04/18

This document is the subject of a 6-week public consultation (the final scheme will be open for applications later in 2018). We have included consultation questions throughout this document and there is a separate form listing all questions that respondents can use to submit feedback.
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1. Foreword

This Asset Management Pilot Scheme offers communities an opportunity to take on management of Crown Estate Scotland assets. This could include developing opportunities in areas of foreshore, seabed or parts of the rural estates.

It’s an 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 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 Scottish Crown Estate operates 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 Crown Estate assets.

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. In addition, 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 around Scotland on this Pilot Scheme.

Amanda Bryan, Chair, Crown Estate Scotland
2. Choosing A Management Approach*

Are you an eligible organisation or business?**  
Yes  
No  

Are you an individual or family?  
Yes  

Discuss your project with Crown Estate Scotland. Whilst you are not eligible for the Pilot Scheme you can still discuss a lease, lease option or purchase of assets.

No  

Would you like to purchase an asset from Crown Estate Scotland?  
Yes  

Discuss your project with Crown Estate Scotland. Whilst not all assets are available for sale we can often come to a suitable agreement.

No  

Consider discussing a lease or lease option agreement with Crown Estate Scotland.

Is your project relatively straightforward, affecting a limited area, number of assets and people including Crown Estate Scotland tenants?  
Yes  

Consider discussing the other different forms of agreement available with Crown Estate Scotland.***

No  

Is your project driven by the community? Does it seek improved local decision making and control? Is it possibly more complex and include a range of Crown Estate Scotland assets?  
Yes  

Consider applying under the Pilot Scheme.

No  

Does your project offer a fresh perspective on management and have good community support? Can it add value and offer advanced local decision making? Will it inform future management options?  
Yes  

Consider applying under the Pilot Scheme.

No

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*See page 31 for case studies  **See page 15 for more details of eligible organisations.  
***There are other types of option agreement that are suitable for smaller, community-focused projects. Some come with a package of support.
### Consultation questions:

1) Do you think these time scales are appropriate?

2) In particular, does it give potential pilot projects enough time to respond to Stage One (6 weeks) and to provide a business plan in Stage Two (12 weeks)?
4. Pilot Scheme application process

Crown Estate Scotland is proposing the following application process:

Stage One

Applications are invited based on the Stage One criteria. Responses are limited in word count in order to minimise the burden on applicants.

Crown Estate Scotland staff will assess Stage One applications against the criteria seeking clarification where necessary. Projects which meet the criteria will then be further evaluated and a set of projects will be invited to Stage Two which best test new approaches to management across a range of assets, locations and scales.

The Crown Estate Scotland Board agree projects to proceed to Stage Two.

Stage Two

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. 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.

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

Staff make recommendations to Crown Estate Scotland Board who then decide which projects should receive preferred project status under the Pilot Scheme. This allows time for due diligence (see below) to be carried out before Scottish Government endorsement is sought and projects can proceed.
In 2020 Crown Estate Scotland will review the Pilot Scheme process including looking at lessons learned and the impact of the process on the organisation. Individuals projects will be reviewed at regular intervals.

**Due Diligence**

Crown Estate Scotland staff will work closely with the applicant to carry out due diligence. To streamline the application process due diligence will begin during Stage One, with appropriate checks on information supplied, and will continue 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 due diligence 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. Due diligence will be proportionate to the scale of the project.

**Consultation questions:**

3) Do you think the proposed approach gives a rigorous, transparent and robust process for assessing pilot scheme applications? Are there ways it could be enhanced?

4) We are interested in exploring opportunities for external input to the decision-making process. Do you have suggestions for how to go about doing this?
5. 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 – we generate funds for the nation. All our revenue profit goes to Scottish Government. For 2017-18, this profit is forecast to be £5.9m.

Our 2017-20 [corporate plan](#) and 2017-18 [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 Crown Estate in Scotland. 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.

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 management of Scottish Crown Estate assets. The Pilot Scheme is separate from the Parliamentary process although the outcomes of the Scheme may help to inform the implementation of the future legislation.

The operation of any pilot projects must be in accord with Crown Estate Scotland’s legal obligations. More information on legislation relating to Crown Estate Scotland can be found [here](#).

**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 approx. 38 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.

Crown Estate Scotland Vision, Goals and Values

**VISION**

Innovating with land and property to create prosperity for Scotland and its communities

**GOALS**

- Enhance and develop natural resources through sustainable investment and management
- Grow Scotland’s low carbon economy through leadership and innovation
- Build social capital in communities through strong networks and partnerships

**VALUES**

- Collaboration: Working with tenants, partners and other stakeholders for mutual benefit is at the heart of our approach. We want to play our part in helping local communities shape their futures.
- Excellence: We have a high-performance culture based on innovation, agility and continuous improvement. We meet best practice standards and guidelines.
- Integrity: We are open, respectful and responsible in what we do and how we do it. We take a long-term view and balance commercial, social and environmental considerations.
- Commercialism: We apply our commercial acumen to grow revenue and capital, helping our tenants succeed and supporting sustainable economic growth.
6. Asset Management Pilot Scheme

Through working with others, we aim to innovate with land and property to create prosperity for Scotland and its communities. We understand that potentially small changes in how Crown Estate Scotland’s assets are managed could have a transformational effect at a local level. The Pilot Scheme offers a unique opportunity to discover new approaches to decision-making and to explore ways of creating greater community benefit by managing the estate differently.

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,
- contribute to Scotland’s overall economic, social and environmental well-being.

This will help improve our understanding of how local authorities, development trusts and other bodies might be more involved in relevant decision-making, or have management of Crown Estate Scotland assets delegated to them.

We are aware that one size will not fit all proposals. Some 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.

Responsibilities and liability for assets involved in the Pilot Scheme will remain with Crown Estate Scotland.

We will assist communities in understanding the implications of this and other issues by being available, where practical, to discuss their proposals and provide relevant information.
7. Aim and outcomes

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

Projects which aim to improve 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.

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.

A pilot project should clearly demonstrate how it will overcome any existing barriers to improvement and that more value will be attained from the assets under the new management proposal. This value may be measured financially, environmentally or via social indicators including well-being.

The aim of the Pilot Scheme is to gain an insight into a range of management approaches – variety will be sought in terms of the mix of assets involved, the scale, location and the extent of both community involvement and empowerment.

Consultation questions:

5) Do you think this is an appropriate aim for the Pilot Scheme?

6) Do you think it is appropriate to measure social, economic and environmental outcomes?

7) Do you think there are other appropriate measures that should be used?

8) Do you think the project review period is appropriate?
Key Considerations

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.

We also 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.

In addition, applicants should consider the following context while developing their proposals:

- Crown Estate 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.

Crucially, applicants should ensure that there are no significant additional burdens or impacts on Crown Estate Scotland’s tenants, both inside and outside the pilot area. This could include issues around damaging commercial confidence or creating unfair advantage, conflicts of interest or increased administrative burdens for example.
8. Managing capital and revenue

The assets, and the income derived from them, remain the responsibility of Crown Estate Scotland throughout the Pilot Scheme. 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 Crown Estate in Scotland.

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.

The following assets are not considered to be part of the Pilot Scheme:

- 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 (this does not exclude wave and tidal energy projects)
- Urban assets including retail and office premises
- Leases covering nationally important infrastructure such as communication cables and pipelines.
- All other assets are open for proposals under the Pilot Scheme

Consultation question:

9) Do you think there are other assets which should be excluded from the Pilot Scheme?
9. Stage One application

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 Pilot 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. However, this will need to be assessed against impacts on the delivery of our corporate plan and the requirements of our legislative framework.

Applicants should outline the existing barriers that prevent them from achieving their aims and clearly demonstrate how more value will be attained without adding unnecessarily to the administrative burden or negatively impacting existing tenants.

Applicants are reminded that the ability to purchase and lease assets is available outside the Pilot 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.
Question 1: Please tell us about the type of organisation applying to manage the asset.

Crown Estate Scotland is open to a range of bodies taking on asset management or seeking to become more involved in decision-making regarding Crown Estate Scotland’s assets in their area. However, we need to ensure that an organisation is legally able to take on the responsibilities requested. The following organisational structures are welcomed but are not seen as an exhaustive list, nor as 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 Pilot Scheme. Membership organisations should be made up of members of the relevant communities and should be wholly controlled by them.

**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 a financial statement. This could be a set of your most recent accounts or other documentation which shows evidence of the financial standing of your organisation, and key contacts for your application, including a summary of their relevant experience or their CV (see the Stage One application form).

**Consultation question:**

10) Have we listed the correct types of organisations? Should any other types of organisation be included or should any of these organisations be excluded?
Question 2: What is the nature of your proposal?

Please give a brief outline of the type of management approach, the assets to be involved and the scale of the project. Please also include a statement of what you hope to achieve with the project and what the existing barriers to achieving these outcomes are.

Your answer should cover:

- what you plan to do and what barriers prevent it from happening at the moment
- how you plan to do it
- your management approach
- your decision-making structures
- how this fits with the aims of the Pilot Scheme

Please provide a map of the project area as a reference. Please also include an indicative timescale for the project, assuming a start of April 2019 (date for planning purposes only).

Word limit 600 words

Consultation question:

11) Have we given sufficient information to guide applicants? Are there any other items which you think should be included under this question?

Question 3: How does the project maintain and enhance the value of the Estate and the return from it?

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. Crown Estate Scotland will seek to ensure a pilot project supports this duty.

In your application, please tell us how you will meet this statutory duty including telling us about how you plan to secure best consideration and best value in your dealings with the asset, and:

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

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.

Word limit 600 words

Consultation questions:

12) Have we listed the correct questions for testing if the project will meet the statutory duty under the Crown Estate Act 1961 and other relevant legislation?

13) Are there any other questions which you think it would be appropriate to include at this stage?

Question 4: Is the proposal in the public interest?

Crown Estate Scotland must ensure that the resources it manages are used economically, efficiently and effectively and 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 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?

Word limit 600 words

Consultation question:

14) Are there other tests of public interest which would be appropriate at this stage?
Question 5: How has the community (including tenants) been engaged in the development of the proposal?

We are very keen to ensure that proposals have the support of the relevant local communities and stakeholders including tenants. In testing the efficacy of 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.

In your Stage One application we ask that you begin by identifying the community you expect to benefit most from your application and supply supporting evidence that your proposal has been developed in consultation or partnership with that community and in line with the National Standards. Support can be demonstrated as appropriate to your project type and scale, for example, by survey, minutes of meetings or other supporting materials.

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.

Should you be asked to 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.

Word limit 600 words

Consultation questions:

15) Do you think we have identified the correct types of evidence of community support?

16) Are there other ways of assessing community support?
Question 6: How have any conflicts of interest and impact on tenants been addressed?

Crown Estate Scotland is mindful of impacts on existing tenants and of managing conflicts of interest. 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 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.

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

No word limit

Consultation question:
17) Is there anything else which you think should be taken into account at this stage?

Question 7: Evaluation and reporting

Please suggest how you think your project should be evaluated in the longer term. Evaluation can be based on financial, social or environmental outcomes. At Stage One your targets do not need to be specific, however, you will be asked for more detail should your application progress to Stage Two. We expect projects will be in the early stages of becoming established by 2020 so targets should reflect this set up phase, longer term 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 Pilot Scheme.

Word limit 600 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 Pilot Scheme will be managed by the Scottish Government.

Should a group 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 should be in writing to David Mallon - David.Mallon@gov.scot, Marine Scotland, Area 1B South, Victoria Quay, Edinburgh, EH6 6QQ within 2 weeks of the end of Stage One and within 2 months of the notification of Stage Two outcomes, with evidence supporting why you consider the decision to be incorrect.

Consultation question:

18) Do you feel the appeal process, and the associated timescales, are appropriate and proportionate?

Additional general consultation questions:

19) Are there any other criteria that you think Crown Estate Scotland should be using to assess the pilot projects at this stage?

20) We have suggested word limits for the questions in order to ease the burden on applicants. Do you think this is appropriate, and fair, for the Stage One applications?

21) Please take this opportunity to bring any other issues related to the Pilot Scheme to our attention.
10. Stage Two application

Congratulations for being accepted to Stage Two of the Crown Estate Scotland Pilot Scheme application process. We would now ask you to submit a detailed business plan appropriate to the scale of your project.

Business plans should not be overly complex and applicants are encouraged to address the questions as clearly and simply as possible.

There are a range of resources freely available which may be of help to you. Some of these are listed in Annex C. If you had professional assistance to complete Stage Two please indicate this in your business plan.

Introduction

In assessing your Stage Two application, we will foremost consider it in the context of our statutory duty to maintain and enhance the capital value and maximise the revenue income from the Crown Estate in Scotland. We will also ensure that the pilot projects fit with our strategic objectives and contribute to our key performance indicators (as detailed in our Corporate Plan). We will also be weighing the applications so that a useful set of projects are selected. This means that a project which scores highly on innovation or community engagement has the potential to go ahead despite lower scores on value for money, for example.

Crown Estate Scotland have also used 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
The Board will be using these nine characteristics, along with the [Crown Estate Scotland strategic objectives](#) and associated key performance indicators to assess your project proposal so please be sure to address each heading within your business plan. We have included the Best Value characteristics most closely aligned with the relevant questions to assist you.

Consultation question:

22) Apart from the best value characteristics, and along with the Crown Estate Scotland strategic objectives and associated KPIs, are there other appropriate overarching assessment measures of a pilot project?

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, and we do not expect all guidance to be appropriate to all projects.

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? Including the location of the proposal area.
- Clearly define the **parties** involved in your proposal and how they relate to one another. This should include relevant management structure(s) and legal status.
- What is the **financial scale** of the proposal? Please include an estimated budget including anticipated management fees (NB these should be justifiable in relation to your costs and the Crown Estate Act 1961). Please also tell us about any funding requirements for your project and include relevant details of your fundraising strategy.
• What is the anticipated timescale of the project? Please give a timeline including 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.
• Who are the key people who will be managing the project and what skills do they bring to the task?

Consultation question:

23) Are there other ways we could assess the context of an 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. 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, 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, in order for Crown Estate Scotland to better understand how your project will deliver good management of the Crown Estate in Scotland.

• How does the proposal meet the statutory duty to maintain and enhance the value and return from the Crown Estate?
• Evidence of need – include any market research you have undertaken which supports your application.
• Achieving best consideration. For example, please show:
  o How your project supports the Crown Estate Scotland strategic objectives and key performance indicators.
  o What potential costs/savings may occur as a result of your project.
  o Identify any increase/reduction in the regulatory burden for any sector.
  o Any increase/reduction in revenue due to the pilot project.
How your project demonstrates a cost-effective way of managing the asset.

Consultation question:

24) Are there other ways we could assess how a project plans to evidence best value and best consideration?

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 revenue 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?
  - 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?

Consultation questions:

25) Have we identified the correct aspects of management?

26) Are there any other aspects which should be included?
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.

In your business plan, please outline how you will aim to meet the governance requirements proportionate to your project. Some prompting questions are included below.

- Can you show how decisions are taken?
- Who are the decision makers and what are their skills?
- Will there be a need to increase the number of staff, board members or trustees for your organisation? What is the cost of this?
- Do you have the appropriate skills to manage the asset and/or will you be able to recruit suitable expertise?

Consultation question:

27) Are there other ways we could assess the governance arrangements of an application at this stage?
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.

- 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, how you propose to fund these, and the anticipated timeframe from sign off by Scottish Ministers to full functioning of the project.
- 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?
- Have concerns about monopoly or State Aid issues been identified and addressed?
- 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, Health and Safety etc as an appendix.

Consultation questions:
28) Have we identified the correct aspects of financial management and accountability?
29) Are there any other aspects which should be included?
Section 6 - Community Engagement
(Responsiveness and Consultation, Equal Opportunities Arrangements)

We would like to know more about how you plan to undertake community 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 at the heart of developing the application and that it will be able to actively contribute throughout the lifetime of the project,
- Community views, 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,
- 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 how you meet and address each of these standards including supporting people with protected characteristics to be engaged with the project.

Consultation Question:

30) Have we identified the correct aspects of community engagement?

31) Are there any other aspects which should be included?

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 on 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.

Community/social benefit or ‘common good’ can be measured in several ways and we do not wish to be prescriptive about how you demonstrate the benefit to communities of your
approach to management of the Crown Estate Scotland assets. Helpful advice can be found at the Social Value UK website or the Social Audit website where both social auditing and return on investment are discussed in more detail.

In this section of your plan, please also provide evidence of how your proposal supports or contributes to the Scottish Government’s 16 National Outcomes.

Consultation questions:

32) Have we identified the correct aspects of community benefit?

33) Are there any other aspects which should be included?
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 required to make themselves familiar with this document.

At this stage, and building on what you told us in your Stage One application, applicants should include a section within their 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? Please give details of why currently available management options e.g. lease, minute of agreement, licence, purchase etc., available through Crown Estate Scotland, are not suitable your project.
- What are the liabilities and risks associated with the proposal? Please create a risk register and outline mitigations suggested. Risks identified should include potential impacts on existing tenants.

Consultation questions:

34) Do you think it is possible for a potential pilot project to create a useful risk register and suggest mitigations?

35) Are there any other aspects which should be included?
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 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.

**NB** 2020 is the first review period for impacts of the Pilot Scheme process on Crown Estate Scotland, and not the planned end of the Pilot Scheme or the individual projects.

**Consultation question:**

36) Is there anything else we should consider in the review of the projects?
Annex A – Examples of existing management options

An application to the Pilot 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.

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, as it secured its lease for a new 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.

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.

Local management agreement
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 suitable for smaller, community-focussed projects, which often 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 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.
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 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

<table>
<thead>
<tr>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the name of your organisation or group?</td>
</tr>
<tr>
<td>What is the name of your project?</td>
</tr>
<tr>
<td>What is the main or registered address for your organisation/group?</td>
</tr>
<tr>
<td>Phone Number</td>
</tr>
<tr>
<td>Email Address</td>
</tr>
<tr>
<td>Website</td>
</tr>
<tr>
<td>Who is the main point of contact for your application?</td>
</tr>
<tr>
<td>Title</td>
</tr>
<tr>
<td>Forenames</td>
</tr>
<tr>
<td>Surnames</td>
</tr>
</tbody>
</table>

Does the senior or main contact have any communication needs?
Please tell us about the type of organisation applying to manage the asset.

<table>
<thead>
<tr>
<th>What type of organisation are you?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Give any reference or registration numbers you have e.g.</td>
</tr>
<tr>
<td>• Office of the Scottish Charity Regulator</td>
</tr>
<tr>
<td>• Companies House</td>
</tr>
<tr>
<td>• Other reference or registration numbers. Please give details:</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Accounting year ending</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total income for the year</strong></td>
<td>£</td>
</tr>
<tr>
<td><strong>Total expenditure for the year</strong></td>
<td>£</td>
</tr>
<tr>
<td><strong>Surplus or deficit at the year-end</strong></td>
<td>£</td>
</tr>
<tr>
<td><strong>Total savings or reserves at the year-end</strong></td>
<td>£</td>
</tr>
</tbody>
</table>

Please send a copy of your accounts with your application.
About Your Project Proposal

More information about each question is included in the guidance.

Question 2: What is the nature of your proposal?

Word limit 600 words

Question 3: How does the project maintain and enhance the value of the Crown Estate in Scotland and the return from it?

Word limit 600 words

Question 4: Is the proposal in the public interest?

Word limit 600 words

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

Word limit 600 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?

Word limit 600 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
  - Health and Safety Policy
  - Environmental Policy
  - Any other relevant documents such as copies of relevant insurance etc.

NB

Annex D – Useful links

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. See [http://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. [https://www.localenergy.scot/resources/](https://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. [http://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. [https://scvo.org.uk/](https://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. [https://www.socialenterprise.academy/scot/](https://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. [https://www.oscr.org.uk/becoming-a-charity](https://www.oscr.org.uk/becoming-a-charity)

**Consultation questions:**

37) Are there other sources of support available which could assist communities in developing their application for the Pilot Scheme?