

DRAFT Agenda
Crown Estate Scotland (Interim Management) Board
Fifth Meeting
30 January 2018
10.00am – 3.30pm
Bell's Brae, Edinburgh

The meeting will open with a presentation by Lorna Shaw from Research Resource on the Stakeholder and Tenant Surveys.

- 1. Standing Items**
 - 1.1 Welcome and Apologies
 - 1.2 Declarations of Interest
 - 1.3 Approval of Minutes of Meeting held on 14 November 2017 Attached
 - 1.4 Matters Arising and Action Tracker Attached
 - 1.5 Stakeholder Meetings BD(2018)05.01

- 2. Governance**
 - ** 2.1 Crown Estate Scotland Bill – update Verbal

- 3. Business Management**
 - * 3.1 Upper Dalhousie Farm BD(2018)05.02
 - * 3.2 Auchenhalrig Farm BD(2018)05.03
 - * 3.3 Bridgemuir Farm BD(2018)05.04

- 4. Strategy and Planning**
 - ** 4.1 Pilot Scheme Criteria and Process BD(2018)05.05
 - ** 4.2 Business Plan 2018-19 BD(2018)05.06
 - 4.3 Annual Report 2017-18 Verbal
 - 4.4 Risk Verbal

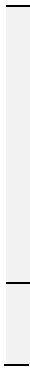
- 5. Any Other Business**

- 6. Dates of Next Meetings**
 - 27/28 March 2018 – Dumfries & Galloway
 - 29/30 May 2018
 - 21/22 August 2018
 - 2/3 October 2018
 - 27 November 2018

The Board will hold a private session at the end of the meeting

*This item will be treated as closed business and the paper exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002

** This item will be treated as closed business and the paper exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002.



Present:

Amanda Bryan	Chair
Dr Michael Foxley	By videoconference until Minute Item 4.2
Andrew MacDonald	
Robert Mackenzie	
Richard Morris	
Hugh Raven	
Alister Steele MBE	

In attendance:

Ronnie Quinn	Chief Executive
Esther Black	Head of Corporate Operations
Lynne Higgins	Head of Finance & Commercial
Andrew Wells	Head of Property
Helen Howden	Governance Manager (minutes)

By invitation:

Lorna Shaw	Research Resource (as noted in the Minutes)
Sarah Brown	C2W (for Minute Item 4.1)

The meeting opened with a presentation from Lorna Shaw of Research Resource on the key results of the surveys of rural and coastal tenants and of stakeholders which had been conducted on behalf of Crown Estate Scotland. A full report will be made available to the Board and be used to benchmark future performance and to key performance indicators.

The Board noted that the work may have implications for how Crown Estate Scotland manages and resources its communications and that the Head of Corporate Operations was reviewing this.

The Chair thanked Ms Shaw for her presentation and she left the meeting.

1. Standing Items

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that all members were present.

1.2 Declarations of Interest

There were no declarations of interest in items on the Agenda for the meeting.

1.3 Approval of Minutes of Meeting held on 14 November 2017

The Minutes of the meeting held on 14 November 2017 were **approved** as an accurate record of the meeting.

1.4 Action Tracker and Matters Arising

The Board received an updated Action Tracker showing the status, as at 9 January 2018, of the actions agreed at previous Board meetings.

Noted that:

- (a) after a procurement process, Scott Moncrieff had been appointed as internal auditor for an initial term of one year. They were planning to meet with the Chair and other Board members.
- (b) after receipt of initial feedback from the three consultation bodies, it was likely that the draft Investment Strategy would require to undergo a full Strategic Environmental Assessment (SEA). Further discussions were being held with the parties in relation to this however it would potentially add an additional six months to the process of adopting the Strategy and have budgetary consequences.
- (c) the meetings which the Chief Executive and other members of staff had held with offshore wind developers had established that there was a clear demand for new offshore wind leases.
- (d) the recognition agreement with the trade union had been agreed and will come into effect on 1 April.
- (e) a further paper on the Managing Agents used by Crown Estate Scotland is to be submitted for consideration at the March Board meeting.

Agreed that:

- (a) the organisation should continue to operate in accordance with the draft Investment Strategy the position in respect of the SEA process was clarified and the Strategy received formal approval from the Ministers.
- (b) the Chair, Dr Foxley and the Head of Property would hold a discussion on the issues to be covered in the March Board paper on Managing Agents.

Action: AB/MF/AW (5/1)

1.5 Stakeholder Meetings (paper BD(2018)05.01)

Noted that:

- (a) the Chief Executive, Dr Foxley and the Aquaculture Operations Manager had attended a meeting with the Director of Marine Scotland in relation to large scale seaweed harvesting. Following that meeting Crown Estate Scotland had instructed some legal advice to allow further contribution to the issue. Crown Estate Scotland continued to explore opportunities for a joint stakeholder consultation exercising on seaweed harvesting with Marine Scotland.

2. Governance

2.1 Scottish Crown Estate Bill

Noted that:

- (a) the Scottish Crown Estate Bill had been introduced in the Scottish Parliament on 24 January 2018. The Bill which is in four parts, seeks to change the name of organisation, makes provision for the management of assets by specifying the powers and duties of managers, introduces mechanisms for a change in manager of the assets and sets out planning and reporting requirements.
- (b) the Bill was enabling legislation and further regulations would be required.
- (c) the timescale for the Parliamentary process was not yet known and would be set by Parliament in due course. It was anticipated that the Environment, Climate Change and Land Reform Committee would be asked to undertake the scrutiny of the Bill.

3. Business Management

3.1 Closed Business – confidential

This item is being treated as closed business and exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002.

3.2 Closed Business – confidential

This item is being treated as closed business and exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002.

3.3 Bridgemuir Farm (paper BD(2018)05.04)

Closed Business – confidential

Noted that:

- (a) it was proposed that the farm be sold to the sitting tenant who has made an offer to buy the farm and three cottages. The offer has been assessed in accordance with the

Farm Sales Framework (interim) and the Executive Committee has agreed that it meets the criteria for sale.

- (b) a sale to a sitting tenant supported the Scottish Government's policy of diversification of land ownership.
- (c) the Investment Committee had considered the proposal at its meeting on 18 December 2017 and had endorsed the recommendation of the Executive Committee to negotiate the sale to the sitting tenant.
- (d) the three cottages included in the sale are tenanted and that communications with the tenants would be carefully considered in order to manage any sensitivities around the sale.

Agreed that:

- (a) the Board approved the recommendation set out in the paper.
- (b) the next meeting of the Investment Committee, which would be attended by the Chair, would include a discussion on a strategy for the future of the rural estate.

Action: AW (5/3)

Sarah Brown of C2W joined the meeting.

4. Strategy and Planning

4.1 Pilot Scheme Criteria and Process (paper BD(2018)05.05)

Closed Business – in support of formulation of policy

Noted that:

- (a) the Board were being asked to consider the draft consultation document which had been developed following meetings with Crown Estate Scotland asset managers, the Executive Committee, engagement with stakeholders, the Chair and with Marine Scotland.
- (b) external stakeholders had expressed similar, positive views in relation to the proposed consultation, identifying that this was an opportunity for innovation and that it was the next step in the evolution of the Crown Estate in Scotland.
- (c) the key emphases in the consultation document were that the pilots were to identify different models of management not to transfer ownership; that pilots were looking to overcome existing barriers; that there had to be combination of financial, environment and social benefits to a community; and that statutory regulations could not be overwritten by the pilot projects.
- (d) the consultation would seek views on the proposed staged application approach and the timescale for consideration of applications.
- (e) the proposed process for reviewing applications was not as efficient as it could be and the status of any independent panel member would require to be clarified. There is

potential to streamline the process if the panel stage is not included. It remained important that the process was transparent and accountable.

- (f) the internal assessment guidance document which was annexed to the paper was still a work in progress and the final form would be guided by the outcome of the consultation. The weighting would require to be looked at to ensure that projects which do not focus on revenue generation would not be scored down when it might deliver other benefits. Similarly those projects where a “not applicable” answer to questions was given could be negatively scored without consideration of the benefits being given.
- (g) the Executive Committee had started to consider the resourcing implications, including extending Ms Brown’s contract until the end of the consultation period and bringing in-house some of the communications work which was currently outsourced. It was likely that there would be a need for more internal recourse, on a fixed term basis, to manage the pilot schemes however the level of requirement would not be clear until applications had been received and assessed.

Agreed that:

- (a) the draft was an excellent piece of work, particularly given the brief period in which it had had to be prepared.
- (b) decision making on which applications were suitable for pilot management projects required to rest with the Board and then for approval by the Scottish Government.
- (c) any additional comments on the draft consultation document should be passed to Ms Brown by Monday, 5 February 2018 to allow her to prepare an updated document reflecting the discussion which had taken place.

Action: All (5/4)

- (d) the Board delegated authority to the Chair to approve the final draft of the consultation document before it was passed to the sponsor Directorate for approval. The Chief Executive would liaise with the sponsor Directorate over the timing of the launch of the consultation.

Action: AB/RQ (5/5)

- (f) the Chief Executive should consider the resource requirements of the project and come back to the Board at a later date on this.

Action: RQ(5/6)

Ms Brown was thanked for her contribution to the meeting and she left.

The video conference call to Dr Foxley was terminated at this point and due to technical difficulties, he was unable to rejoin.

4.2 Business Plan 2018-19 (paper BD(2018)05.06)

Closed Business – in support of formulation of policy

Noted that:

- (a) the latest draft of the Business Plan had been circulated to the Board and reflected comments made previously. There was still work being done to the draft, including identifying the appropriate milestones for certain projects and including KPIs which reflected the key outcomes of the tenant and stakeholder surveys.
- (b) the draft Business Plan included assumptions on the sale and acquisition of specific assets, subject to obtaining the necessary approvals.
- (c) the draft Business Plan would be subject to a four-week external consultation before being finalised and submitted for approval to the Cabinet Secretary.

Agreed that:

- (a) the Board delegated to the Chair and Mr Steele the authority to approve the final draft of the Business Plan before it was submitted to the Cabinet Secretary.

Action: EB/AB/AS (5/7)

4.3 Annual Report 2017-18

Noted that:

- (a) the Board were being asked to identify any key messages they would like to be communicated in the Annual Report.
- (b) there were phrases which had been used in the tenant and stakeholder surveys which could potentially be used in the Report. Testimonials from tenants and stakeholders should be sought where appropriate.
- (c) the Report should link to the Corporate Plan with emphasis being placed on the organisation being on track to deliver in accordance with the Plan. The financial contribution which Crown Estate Scotland made to the Scottish Government should be clear.
- (d) this year is the baseline year for all future activity and the organisation was making plans for that activity which should also be included in the Report.

4.4 Risk

Noted that:

- (a) the Audit & Risk Committee had considered the current risk appetite statement during its meeting on 16 October 2017 and had agreed that the statement was not necessarily fully reflective of the Board's current position on risk. The Board were being asked to give some initial thoughts on risk to allow the Audit & Risk Committee to consider a process for facilitating the development of a new, more appropriate, statement.
- (b) the Board were willing to embrace change to see Crown Estate Scotland evolve and move forward as an organisation whilst actively managing any reputation risk which might result from that. Being cautious about reputational risk did not necessarily mean doing

everything the same, some activity, such as the pilots project, required novel approaches which carried an element of risk.

- (c) although Crown Estate Scotland was an interim body, the Board were still aware of the need to fulfil their legal obligation to maintain and enhance the value of the Estate for the future and that to do so would involve a degree of managed risk.
- (d) the Board had a zero tolerance for risk in relation to Health & Safety.
- (f) the level of risk tolerance in relation to certain matters, such as investment, was evolving and would continue to do so as financial, social and environmental aspects were considered.

5. Any Other Business

5.1 Board Forward Plan 2018

Noted that:

- (a) a draft forward plan of the business proposed to be considered by the Board during 2018 had been circulated and the Board's comments on it, particularly on any additional items to be include, would be welcomed.

Amanda Bryan
Chair, Crown Estate Scotland (Interim Management)

Date

Board	Fifth Board Meeting	BD(2018)05
Meeting date	30 January 2018	
Paper title	Stakeholder Meetings BD(2018)05.01	
Security classification	Unclassified	
Presented by	Amanda Bryan/Ronnie Quinn	
Author	Helen Howden	
Annexes	None	
Recommendation	The Board is invited to note this Paper	
The committee secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. This Paper is to ensure the Board is aware of the meetings with Crown Estate Scotland stakeholders which the Chair and the Chief Executive have held since the Fourth Board meeting on 14 November 2017.

Meetings held

2. The Chair and Chief Executive jointly attended meetings with:
 - Dumfries & Galloway Council on 15 November 2017
 - Scottish Carbon Capture and Storage, 20 December 2017
 - Scottish Renewables, 20 December 2017
3. The Chair attended meetings with:
 - Marine Scotland (sponsor Directorate) on 16 November 2017
 - Peter Chapman, MSP, on 21 November 2017
 - Community Land Scotland, 18 January 2018
4. The Chief Executive attended or met with:
 - Speaker at "Energy North of the Border", 16 November 2017
 - Consultants re new offshore wind leasing, 22 November 2017
 - Developers re new offshore wind leasing, two meetings, 23 November 2017 (with Senior Manager E&I)
 - Land Agents, 24 November 2017
 - Chair of Scottish Renewables, with solicitors, re new offshore wind leasing, 27 November 2017 (with Senior Manager E&I)

- Developer re new offshore wind leasing, 27 November 2017 (with Senior Manager E&I)
- Public and Commercial Services Union, 28 November 2017 (with HR Manager)
- Sponsor Unit re Crown Estate Scotland Bill, 28 November 2017
- Scottish Marine Energy Industry Working Group, 29 November 2017
- Green Energy Awards, 30 November 2017
- Scottish Maritime Cluster, 5 December 2017
- Sponsor Unit re Crown Estate Scotland Bill, 7 December 2017
- Developer re new offshore wind leasing, 11 December 2017
- Scottish Renewables, 12 December 2017
- Developer re new offshore wind leasing, 13 December 2017 (with Senior Manager E&I)
- Visit to Smulders to view substructures for Scottish offshore wind sites, 19 December 2017 (with Senior Manager E&I and Senior Development Manager)
- Director, Marine Scotland, re new offshore wind leasing, 9 January 2018 (with Senior Manager E&I)
- Developer re new offshore wind leasing, 10 January 2018 (with Senior Manager E&I)
- Minister for Business, Innovation and Energy re Crown Estate Scotland activities, 11 January 2018 (with Senior Manager E&I and Senior Development Manager)
- Legal agents, 11 January 2018
- Scottish Enterprise re new offshore wind leasing, 12 January 2018 (with Senior Manager E&I)
- Director Marine Scotland re wild seaweed harvesting, 15 January 2018 (with Dr Foxley and Aquaculture Operations Manager)
- Chair of Scottish Maritime Cluster, 16 January 2018 (with Senior Development Manager)
- Developer re new offshore wind leasing, 17 January 2018
- Developer re terrestrial development, 18 January 2018
- Offshore Wind Industry Council, 19 January 2018
- Sponsor Unit, 22 January 2018
- Maritime Enterprise Innovation Scotland, 24 January 2018
- Speaker at Scottish Renewables Dinner, 29 January 2018

Meetings Planned (to end February 2018)

5. The Chair and the Chief Executive have the following joint meeting planned:
 - Leader, Highland Council, 16 February 2018
6. The Chair has the following meetings planned:
 - Director, Marine Scotland, 31 January 2018
 - Sponsor unit, 31 January 2018.
 - Nova Innovation, Leith, 7 February 2018 (with Mr Morris)
7. The Chief Executive has the following meetings planned:
 - Offshore Wind Industry Council, 2 February 2018
 - Chair, Legal agents, 13 February 2018
 - Scottish Renewables re new offshore wind leasing, 14 February 2018 (with Senior Manager E&I)
 - Sponsor Unit, 15 February 2018
 - The Crown Estate, 21 February 2018 (with Governance Manager).

Board	Fifth Board Meeting	BD(2018)05
Meeting date	30 January 2018	
Paper title	Business Plan 2018-19 BD(2018)05.06	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Esther Black	
Author	Esther Black	
Annexes	Annex A: Draft business plan 2018-19	
Recommendation	The Board is invited to (a) note the draft business plan for 2018-19 at Annex A and (b) delegate Amanda Bryan and Alister Steele to progress on behalf of the Board, working with the Head of Corporate Operations	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. Crown Estate Scotland is required under the Framework Document to draft a business plan each year. The business plan should reflect the corporate plan and be submitted to our sponsor team before the start of the financial year.

Discussion

2. The annexed draft business plan 2018-19 has been designed to
 - Clearly align with our corporate plan
 - Indicate alignment with National Performance Framework, specifically the National Outcomes (see the annex to the business plan), and other Scottish Government policies and strategies (see introductory paragraphs in section 4)
 - Provide a clear summary of actions and targets / milestones
 - Provide budgeting information
3. In our corporate plan, we commit to publishing a revised set of KPIs and the investment strategy along with the business plan 2018-19.
4. There are three specific KPIs that need to be agreed and published as part of that revised set (see p11, p23 and p29 of the corporate plan). These largely relate to the investment strategy (and the appraisal methodology that it refers to) and will be discussed further with the Chair of the Investment Committee in the first instance.

5. We await feedback from Scottish Government on the draft business plan. The process is then
- Early February 2018 – revised version to key stakeholders inviting comment
 - Early March 2018 – latest version to Scottish Government for Cabinet Secretary approval
 - Mid/late March 2018 – design
 - April/May 2018 – publish on website (and publicise via e-newsletter, social media etc) along with investment strategy (pending feedback on strategic environmental assessment requirements) and revised set of KPIs.

Financial

6. The agreed 2018-19 revenue and capital budget is outlined in the draft business plan.

Sustainability

7. n/a

Legal implications

8. n/a

Risk

9. n/a

People considerations

10. The business plan is a key tool in ensuring teams (and individuals) have clear objectives for 2018-19. It also takes into account the people considerations related to the draft legislation.

Reputational / PR implications

11. The business plan is also an important communications tool and gives clarity and transparency to stakeholders.

Note: Annex A has been treated as closed business and exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act