

**Agenda**  
**Ninth Meeting**  
**Crown Estate Scotland (Interim Management) Board**  
**3 October 2018**  
**9.00am – 1.00pm**

- 1. Standing Items**
  - 1.1 Welcome and apologies
  - 1.2 Declarations of Interest
  - 1.3 Approval of Minutes of Meeting held on 22 August 2018 Attached
  - 1.4 Matters Arising and Action Trackers Attached
  
- 2. Management Reports**
  - + 2.1 Chief Executive's Report BD(2018)9.1
  
- 3. Business Management**
  - \* 3.1 Pay and Conditions Update BD(2018)9.2
  - 3.2 Local Management Pilots Stage 1 BD(2018)9.3
  
- 4. Strategy and Planning**
  - \* 4.1 Risk Management Policy and Risk Register BD(2018)9.4
  - \* 4.2 Business Planning for 2019/20 – scoping BD(2018)9.5
  
- 5. Any Other Business**
  
- 6. Dates of Next Meetings**

27 November 2018  
29 January 2019  
26/27 March 2019

\*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.

+ This item is for noting

**Minutes for** **Ninth Board Meeting** **BD(2018)09**

**Meeting date** **3 October 2018**

**Security classification** **Restricted**

**This document contains commercially sensitive and confidential information and may relate to the formulation of policy.**

**Minutes for the meeting of the Board of Crown Estate Scotland (Interim Management) held at Tomintoul on Wednesday, 3 October 2018 at 11.15am**

**Present:**

Amanda Bryan                      Chair  
Dr Michael Foxley  
Andrew MacDonald  
Robert Mackenzie  
Richard Morris  
Hugh Raven  
Alister Steele MBE

**In attendance:**

Simon Hodge                      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:**

Tom Mallows                      Pilots Project Manager

## 1. Standing Items

### 1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting.

### 1.2 Declarations of Interest

Dr Foxley declared an interest as a non-executive director of Mallaig Harbour Authority in Agenda item 3.2 (Local Management Pilots Stage 1). The Authority have applied for a local management pilot. Dr Foxley confirmed that he had left the room during the Authority's discussions on their application and had therefore not been a party to any discussion. It was agreed that Dr Foxley could participate in Agenda item 3.2 but that he would not speak to the Mallaig Harbour Authority proposal.

### **1.3 Approval of Minutes of Meeting held on 22 August 2018**

The Minutes of the Meeting held on 22 August 2018 were, subject to the correction of two typographical errors, **approved**.

### **1.4 Action Tracker and Matters Arising**

The Board received an updated Action Tracker showing the status, as at 25 September 2018, of the actions agreed at previous Board meetings.

**Noted** that:

- (a) the Annual Report and Accounts had been signed and submitted to the sponsor unit.
- (b) the Chair had met with Scottish Government officials to discuss the recruitment process for two additional Board members. The intention was that once the Chair and the Cabinet Secretary had approved the recruitment paperwork, the roles would be advertised in November with a view to appointments being made in time for the new members taking up their roles in May 2019. Specific activities would be carried out by Crown Estate Scotland to encourage a wide range of applicants.
- (c) with reference to action 7/1, the auditors had not qualified the accounts. The action tracker would be amended to reflect this. The Head of Finance & Commercial should continue to work on satisfying the Scottish Government on the procurement strategy adopted by Crown Estate Scotland.
- (d) in relation to action 8/5, the Chair had asked the Chief Executive to speak to senior staff to identify where Board involvement with stakeholders would add value to the business. Once the Chair had received feedback from the Chief Executive, she would speak to Board members. Stakeholder engagement would be linked to the 2019/20 Business Plan.
- (f) the Board were encouraged to respond to the request to participate in the Value project before 5 October 2018. Action 8/9 would be closed at that date.
- (e) the Chair and Chief Executive would discuss future Board engagement with enterprise agencies.

**Action: AB/SH (9/1)**

## **2. Management Reports**

### **2.1 Chief Executive's Report (BD(2018)9.1)**

**Noted** that:

- (a) a verbal offer had been made to an external candidate for the post of Head of Marine and that an announcement would be made on the appointment once a contract of employment had been signed.

- (b) it was anticipated that later in the month Crown Estate Scotland would receive a payment to capital exceeding £16m. The payment would be made at the completion of a change in control of [REDACTED] offshore wind development agreement.
- (c) an amendment to the Scottish Crown Estate Bill which would prohibit the extraction of whole kelp plants was carried by the Environment Climate Change and Land Reform Committee during their meeting on 18 September 2018. The amendment may be subject to further debate during Stage 3 of the parliamentary process.
- (d) there had been some negative press surrounding the requirement that Harris Development Ltd pay rent for the use of the seabed. A meeting arranged for the week commencing 24 September had had to be postponed as the ferries were cancelled due to adverse weather conditions.

**Agreed that:**

- (a) although the Board received a quarterly health and safety report, the Chief Executive's report would include a short report on health and safety matters for those meetings where the quarterly report was not submitted.

**Action: SH (9/2)**

### **3. Business Management**

#### **3.1 Pay and Conditions Update (paper BD(2018)9.2)**

**Noted that:**

- (a) Rosie Docherty HR Consulting had been appointed to facilitate the pay and conditions review. Following the completion of the review, recommendations would be made to the Board at the meeting on 29 January 2019.

**Agreed that:**

- (a) the Board would be provided with a full update on progress at its meeting on 27 November 2018.

**Action: SH (9/3)**

*The Pilots Project Manager joined the meeting.*

#### **3.2 Local Management Pilots Stage 1 (paper BD(2018)9.3)**

**Noted that:**

- (a) the Pilots Project Manager had engaged with approximately eighty bodies in advance of the deadline for submission of applications. Some organisations had explicitly chosen not to apply for pilot projects and had decided to watch and see how the projects unfolded.
- (b) thirteen proposals had been received and been assessed internally by Crown Estate Scotland staff against the criteria set out in the project guidance. Views on the proposals

had also been sought and received from the Scottish Government's Stakeholder Advisory Group.

- (c) following the assessment, the Board were being asked to approve a recommendation that five applications proceed to stage 2 of the application process. Whilst two of these applications did not meet all the criteria set out at stage 1 and would require further work there was no existing Crown Estate Scotland process which could be followed to meet the aims of the project.
- (d) for six of the remaining applications which did not clearly meet the stage 1 criteria however there were existing processes which could be followed to try to meet the aims of the projects and the recommendation was that Crown Estate Scotland work with the applicants to seek to deliver the outcomes the applicants were seeking.
- (e) the remaining two applications related to assets which did not form part of the Scottish Crown Estate. Notwithstanding this there were opportunities to work with the applicants which could be beneficial to both parties.

**Agreed that:**

- (a) it was important to generate positive outcomes for all applicants, whether they successfully progressed through the pilot project assessment or not.
- (b) as recommended, five applications would immediately progress to stage 2 and that six further applications would be subject to further discussion and if appropriate, taken forward to stage 2 of the assessment if the criteria could be met, or progressed through an alternate mechanism depending on the preference of the applicants.  
**Action: AW/TM (9/4)**
- (c) issues connected with the funding of the pilot projects and other opportunities, including the stewardship fund, to add value to Scottish Crown assets would be considered during the budget discussions which were due to be held at the November Board meeting.

**Action: SH/LH (9/5)**

*The Pilots Project Manager was thanked for his contribution and he left the meeting.*

#### **4. Strategy and Planning**

##### **4.1 Risk Management Policy and Risk Register (paper BD(2018)9.4)**

**Noted that:**

- (a) a revised risk management policy and risk register had been prepared by the Chief Executive with input from the Executive Team and the Audit & Risk Committee. Together these looked to objectively assess risk and to articulate risk appetite. Setting the risk appetite will guide corporate planning and investment decisions.

- (b) the risk appetite for finance had been split between process, which was cautious, and investment opportunities, which was open. The wording in the policy could be clearer to ensure that this difference was fully articulated.
- (c) risk management was as much about making sure opportunities were not missed as avoiding risk. There was a desire amongst the Board to better understand the opportunities which might be missed due to the restrictions imposed by statute on the organisation trading.

**Agreed that:**

- (a) the wording in relation to financial risk would be reviewed to ensure that the cautious approach was to financial process.

**Action: SH (9/6)**

- (b) consideration should be given to articulating the risk around the cultural evolution of the organisation into a Scottish public body; to the risks to revenue income from Brexit; and to risks for all sectors of the business.

**Action: SH (9/7)**

- (c) a note on the general rules around the restrictions on trading activity for Crown Estate Scotland should be circulated to the Board.

**Action: LH (9/8)**

- (d) the risk management policy and risk register were to be adopted and to be updated by the Chief Executive for review by the Audit & Risk Committee at its next meeting. The policy and register would be owned by the Board.

**Action: SH (9/9)**

#### **4.2 Business Planning for 2019/20 (BD(2018)9.5)**

**Noted that:**

- (a) the 2019/20 business plan was the last year of the current corporate plan and allowed the opportunity both to complete delivery of on-going activity and to start to signal future activity.
- (b) there were a few corporate plan commitments which would not be taken forward and there were some actions which were not in the corporate plan which required to be introduced into the 2019/20 business plan.
- (c) priorities emerging from Board discussions including a review of aquaculture; realising potential out of Scotland's blue economy; exploring how to improve ports and harbours; exploring regeneration development opportunities in partnership; creating a financially sustainable rural estate; reviewing options for forestry; and pursuing divestment and reinvestment opportunities.
- (d) some priorities would not be actioned until strategies were finalised, such as the rural strategy and aquaculture strategy but others, such as ports and harbours and

regeneration development opportunities could be progressed faster without cutting across strategic activity.

- (e) consideration would be given to identifying any potential opportunities in relation to rural housing as well as an exploration of how Crown Estate Scotland could deliver regeneration on derelict and vacant land, not solely in rural areas.
- (f) work was being undertaken to identify areas of multiple deprivation in relation to existing Scottish Crown assets and to start to explore partnership opportunities to deliver public benefit in those areas. The Board were content for this work to be progressed.
- (g) forestry options would be articulated in the rural strategy.
- (h) continuing to be a responsible landlord was important in relation to all Scottish Crown assets.

## **5. Any Other Business**

### **5.1 Board Engagement**

**Agreed that:**

- (a) opportunities for the Board to engage with the enterprise network and with Scottish Canals should be identified and included on the forward plan.

**Action: HH (9/10)**

## **6. Dates of Next meetings**

27 November 2018

29 January 2019

26/27 March 2019

28/29 May 2019

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**Amanda Bryan**  
**Chair, Crown Estate Scotland (Interim Management)**

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**Date**

**Crown Estate Scotland (Interim Management) Action Tracker – 2018**

**Updated as at 25 September 2018**

Actions from the fifth meeting of the Board (30 January 2018)

No.	Action	Responsibility	Timescale	Status

Actions from the sixth meeting of the Board (28 March 2018)

No.	Action	Responsibility	Timescale	Status
<b>Action Tacker and Matters Arising</b>				
6/3	Annual work plan for Investment Committee to be prepared	HH	8 May 2018 (date of next Investment Committee meeting)	<del>Draft work plan still to be prepared.</del> <u>Closed – forward programme drafted and issued to Investment Committee Chair for comment</u>
<b>Health &amp; Safety Report</b>				
6/5	Trend information to be included in future reports	AW	August Board (date at which next quarterly report will be available)	<del>On going</del> <u>Closed – now included</u>
<b>Offshore Wind Leasing</b>				
6/10	Time to be arranged for the Board to discuss the development of the offer	HH	Before October 2018	<del>A session has been tentatively arranged for 21 August in Wick.</del>



	with the Senior Manager E&I before final proposals signed off.			<del>Once finalised this action will be closed.</del> <u>Closed. The Board discussed this on 21 August 2018</u>
<b>Investment Committee</b>				
6/11	Board required more granular information on asset classes and performance as they prepared for the enactment of the Scottish Crown Estate Bill and to optimise the estate for the future. Further discussions would take place to identify how this information would be presented.	LH/AW	Before next Investment Committee meeting (tbc – early August)	On-going.  <a href="#">Being advanced through the Value Project for presentation to November board meeting.</a>

Actions from Seventh Board Meeting (30 May 2018)

No.	Action	Responsibility	Timescale	Status
<b>Matters Arising</b>				
7/1	Crown Estate Scotland will clarify with the Scottish Government any procurement provisions in the Scottish Public Finance Manual where a variance may be required for CES. This clarification is of immediate importance in relation to the auditor's commentary in the CES end of year accounts. A further note, laying out the position of Crown Estate Scotland and their	LH/ <del>SH</del>		<u>On-going</u>

	understanding of the position, should be prepared and sent to the sponsor directorate			
7/3	the Board wanted to consider whether meetings should be held in public and that this should form part of the corporate governance review due to be brought to the Board in August.	HH	<del>22 August</del> 27 November 2018	Agreed with Chair that this will <del>be deferred and possibly circulated electronically</del> form part of the <u>Governance Review which will be discussed by the Board on 27 November 2018</u>
<b>Staff Survey</b>				
7/8	although immediate comparators had not yet been identified further research should be undertaken to benchmark Crown Estate Scotland against other organisations	EB		No information has yet been obtained. The HR Manager is meeting two more organisations to discuss. The priority is however to compare year-on-year information for the organisation. Action complete  <u>Closed - see action 8/1</u>
7/9	the Board wanted to assist in any way they could and staff should be made aware of this. A session for staff to meet the Board will be arranged during the November Board meeting	HH	November 2018	On-going  Arrangements in hand for a session on 27 November with staff.

Actions from Eighth Board Meeting (22 August 2018)

No.	Action	Responsibility	Timescale	Status
<b>Action Tracker and Matters Arising</b>				
8/1	With reference to action 7/8 the Board wish to benchmark with other organisations and future surveys should include the standard questions used by other public bodies to allow such comparisons to be made.	EB	Before next staff survey	Looking at utilising the two-comparator metrics used by most Scottish Government bodies: response rate and engagement score.

<b>Health &amp; Safety Report</b>				
8/2	a mobile application (App) to undertake and record risk assessments was being trialled. The Head of Property would ascertain for the Board that the data could be retrieved in the future and could not be over-ridden once complete.	AW	Before 3 October 2018	The App is still being assessed. The requirement for data to stored for future use and restrictions on over-writing will be factored into the assessment.
<b>Chief Executive's Report</b>				
8/3	Further detail would be provided to the Board on rates of turnover, reasons for turnover and length of service of leavers, as well as distinguishing between planned and unplanned turnover.	EB	By 27 November 2018	Detail to be provided to the Board at the meeting on 27 November 2019
<b>Business Performance</b>				
8/4	The dates on the performance trackers should be reviewed to ensure they were correct.	EB	By end August 2018	Reviewed and corrected.  Action closed
<b>Board Forward Programme</b>				
8/5	The programme should include a plan of engagement associated with Board meetings.	SH	By end August 2018	Note of engagement added.  Action closed
8/6	The Chair to hold separate discussions with members on stakeholder engagement to gauge interest in specific areas	AB		On-going
8/7	A forward programme for the Audit and Risk Committee and the Investment Committee be developed to fit with the Board forward programme.	HH	Before 3 October 2018	Audit & Risk Committee programme reviewed, and draft Investment Committee programme prepared.  Action complete

<b>Public Benefits Analysis – Scope (the Value Project)</b>				
8/8	It was important to capture the baseline evidence and to build on that.	ASH	On-going	Action noted and will form part of the project.  Action closed.
8/9	Board members were keen to engage with the project and would self-select the areas of specific engagement across asset class and contribution type. The project manager would contact Board members once she had started work to discuss this with them.	SH	By 3 October 2018	Board members have been emailed to ask for their selection.
<b>Investment Committee</b>				
8/10	There should be no further active engagement in farm sales in the current financial year and that opportunities to grow the urban portfolio should be refocused towards an analysis of opportunities to realise development potential. The Head of Corporate Operations would liaise with the sponsor team in relation to Corporate Plan aspects.	EB	Immediately following Board meeting	Initial contact has been made with SG to confirm the process. To avoid multiple requests being made to the Cabinet Secretary, this will be progressed as part of the approval process for the 2019/20 Business Plan.  Action closed.

<b>Committee</b>	Ninth Board Meeting	<b>BD(2018)09</b>
<b>Meeting date</b>	3 October 2018	
<b>Paper title</b>	Chief Executive's Report BD(2018)9.1	
<b>Security classification</b>	Unclassified	
<b>Presented by</b>	Simon Hodges	
<b>Author</b>	Simon Hodges	
<b>Annexes</b>	n/a	
<b>Recommendation</b>	The Board is invited to note the content of this Report.	
<b>The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest</b>		

### Meetings / engagement

- Roseanna Cunningham (with Crown Estate Scotland Chair)
- Roseanna Cunningham visit to Bells Brae
- Richard Lochhead, MSP Moray
- Margaret Davidson, Leader and Steve Barron, CE The Highland Council (with Crown Estate Scotland Chair)
- Thomas Pottinger, Chairman, Scrabster Harbour Trust (with Crown Estate Scotland Chair)
- Charlotte Wright, CE HIE
- Stuart Goodall, CE Confor
- Kersti Berge, SG Director Energy and Climate Change
- Chaired SG Env & Economy Leaders Group (10 public body CEs, 4 SG Directors and a range of policy leads in attendance)
- Opening of Aberdeen Bay offshore windfarm (attended by First Minister. Opportunity to connect with Paul Wheelhouse, Cab Sec for Energy, Connectivity and the Islands, Lewis Macdonald MSP NE Scotland, Colin Clark MP for Gordon)
- SCDI H&I Business Excellence awards
- Applegirth visit with Savills – met four agricultural tenants
- Greater Clyde coastal assets visits with Bidwells

### Staff changes

Courtney Peyton, Manager of the Value Project has now taken up post. Recruitment for the new Head of Marine post-holder is in progress.

### Offshore wind

Round 3 Zone 2 (Seagreen) is subject to a Zone Development Agreement between CES and Seagreen Wind Energy Limited. As at September 24, Fluor is expected to sell to SSE Renewable Developments Ltd their 50% share in Seagreen Wind Energy Ltd (SWEL), resulting in a £16.4m capital payment to Crown Estate Scotland. This special coverage is applied to any sale of a Round 3 offshore wind project reflects previous Crown Estate investment in Round 3 development costs.

### Seaweed campaign

Marine Biopolymers submitted a scoping report to Marine Scotland for large-scale harvesting of Kelp off the west coast. Marine Scotland put this out to consultation, which generated a sustained campaign involving NGOs, celebrity chefs and fishing representatives, generating significant media coverage.

Green MSP Mark Ruskell tabled an amendment at Stage 2 of the Scottish Crown Estate Bill proposing an effective ban on CES or any other manager granting right for removal of wild sea kelp that inhibits regrowth of the harvested plant.

Three voted with the amendment and the rest abstained, meaning the amendment was carried. Concern was expressed about the absence of expert witness in earlier stage of the Bill. This may be the subject of further debate at Stage 3.

Some media coverage incorrectly stated that Crown Estate Scotland were proposing large-scale kelp harvesting. We issued a clarification statement on our website and to specific journalists and politicians.

### Scottish Crown Estate Bill

As well as the seaweed amendment above, other notable amendments considered at Stage 2 of the Scottish Crown Estate Bill were:

- Scottish Green MSPs advanced amendments to require devolution of foreshore to local authorities. The Scottish Government noted that this would potentially restrict the role of other potential local managers. The Cabinet Secretary cited the applications to Crown Estate Scotland Local Pilots Scheme as a demonstration of the range of potential future local managers.
- Section 7 has been the focus of debate about whether managers **may** or **must** manage assets in a way that promotes regeneration, environmental, well-being, social well-being etc. A Scottish Government amendment proposed changing the wording to '... the manager must *have regard to the desirability* of managing the assets' in a way that promotes regeneration, environmental well-being etc. This amendment was not agreed and it may be that this issue resurfaces at Stage 3.<sup>1</sup>
- There was an amendment to increase the focus on community benefits. The Scottish Government considered the amendment unnecessary given Ministers have already made a commitment that coastal communities will benefit from assets but would be open to further discussion.

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<sup>1</sup> The briefing on Stage 2 circulated on September 18 to staff and Board stated that this amendment *had* been agreed - apologies for this error.

**Harris Marina**

Correspondence has been received from councillors and the Western Isles MSP raising concerns about Harris Development Ltd's development plans which, they claim, are being hampered by negotiations with Crown Estate Scotland for rent. There has also been media coverage in local newspapers. The recent flurry of negative media and queries appears related to change of senior personnel at Harris Development Ltd.

We have had a long and productive relationship with Harris Development Ltd. Negotiations have thus far, been conducted in an amiable and constructive manner by both sides. Harris Development Ltd signed a Local Management Agreement with The Crown Estate in 2014 which set out why rent needed to be paid for use of the seabed and also the process by which this rent would be agreed.

A meeting is taking place with Harris Development Ltd week commencing 24 September with the aim of concluding negotiations for the installation of pontoon facilities in Tarbert and Scalpay. Depending on the outcome of that meeting, we will work to ensure local politicians and the media are fully aware of our position. A meeting is scheduled in October to meet with the local MSP, Alasdair Allan.

<b>Board</b>	Ninth Board Meeting	<b>BD(2018)9.2</b>
<b>Meeting date</b>	3 October 2018	
<b>Paper title</b>	Pay and Conditions Update BD(2018)9.2	
<b>Security classification</b>	Restricted	
<b>This document contains commercially sensitive and confidential information and may relate to the formulation of policy.</b>		
<b>Presented by</b>	Simon Hodge	
<b>Author</b>	Fiona Haywood	
<b>Annexes</b>	Annex A: Consultant's Biographies	
<b>Recommendation</b>	The Board is invited to note the update on Pay and Conditions	
<b>The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest</b>		

### Background

1. The Pay and Reward paper presented to Board in March 2018 (BD(2018)6.9) outlined the key steps and timeframes to carry out a review of pay and conditions. A subsequent paper to Board in May (BD(2018)7.6) provided more detail around the proposed approach.
2. This paper provides Board with an update on pay and conditions activity since May 2018.

### Key Deliverables and outcomes

3. Activity since May has focussed on:
  - appointing a suitably qualified reward consultancy to support the business throughout this review; and
  - working with staff to raise awareness and engage them on the topic.

### Appointment of Reward Consultancy

4. Since May 2018 we have worked to refine and solidify the project outcomes and requirements to enable the Invitation to Tender (ITT) process to be successfully concluded. The ITT was published on 20 July through the Public Contracts Scotland portal. Interested parties had 2 weeks in which to respond with information in support of their bid for services.
5. We met with shortlisted consultancies to discuss their proposed approach in August. These interviews were important to ensure the consultancy understood both the unique structure and roles within Crown Estate Scotland and the importance of effective consultation and staff involvement in this process.



6. Following this process, we appointed Rosie Docherty HR Consulting, who are recognised industry experts in the development and implementation of new pay and conditions arrangements within public and private sector organisations.
7. Annex A provides some information on the background of the key consultants who will support the business in this review.

### **Staff Engagement Activity**

8. We have worked to keep staff updated and informed throughout the early stages of this review.
9. In June we delivered an all staff briefing session to provide an update on both the pay negotiations for 2018/19 and the pay and conditions review. This session outlined the rationale for and key principles of the review in line with the agreed approach discussed with Board in May 2018. We also outlined anticipated timeframes and opportunities for staff involvement throughout the process.
10. Staff have been kept updated throughout the ITT process via verbal updates at staff meetings and email updates on the tender process, and have been advised of outcome and award of the consultancy contract to Rosie Docherty HR.
11. In September we also provided an all staff update at our quarterly CREST meeting to advise them of activity to date and how they can be involved in the review as we progress.

### **Next Steps**

12. The deliverables which we are now working towards in the Pay and Conditions review are:
  - Further sessions with staff and PCS to ensure the ongoing engagement and that the grading model accurately captures the nature of roles within Crown Estate Scotland.
  - Agree the pay and grading model to be adopted / developed for use within Crown Estate Scotland.
  - Work with staff and line managers to review role profiles and evaluate these in line with the agreed model.
13. Recommendations will be made to board in January 2019 in line with the Board forward planner and agreed project timeframes.

### **Pay Negotiations 2018/19**

14. Following the August Board paper which considered the Bonus approach for 2018/19, we have responded to PCS with details of our proposed pay offer to staff. This proposal was in line with the agreed approach at Board.
15. PCS have responded with requests for additional information and for further discussion on the pay offer. These requests have been progressed by the business.
16. We have kept Scottish Government informed of our pay proposal to PCS in order to maintain open and transparent communication around pay negotiations.

**Annex A**

**Consultancy Biographies**

**Rosie Docherty is a**

[Redacted text block]

**Mo Gill is a**

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<b>Board</b>	Ninth Board Meeting	<b>BD(2018)09]</b>
<b>Meeting date</b>	3 October 2018	
<b>Paper title</b>	Local Pilots Schemes Stage 1 BD(2018)9.3	
<b>Security classification</b>	Restricted	
<b>This document contains commercially sensitive and confidential information and may relate to the formulation of policy.</b>		
<b>Presented by</b>	Tom Mallows	
<b>Authors</b>	Tom Mallows & Andrew Wells	
<b>Annexes</b>	Annex A: Stage 1 application summaries as provided to Scottish Government's Stakeholder Advisory Group on the Crown Estate Annex B: Notes of each Stage 1 Pilot Project application assessment recommendation	
<b>Recommendation</b>	The Board is invited to (a) note progress and the robust assessment process applied to Stage 1 pilots scheme applications and (b) support the recommendations for next steps with each applicant, including five applications to be taken to Stage 2, as set out in this paper.	
<b>The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest</b>		

### Background

1. This paper follows earlier papers to the Board BD(2018)5.05, BD(2018)7.9 and the presentation by Sarah Brown at the meeting held 31 January 2018.
2. The local management pilots scheme Stage 1 application window opened on 20 June 2018 and closed on 16 August 2018.
3. The assessment process set out in our criteria and guidance, commits the Crown Estate Scotland Board to confirm projects progressing to Stage 2, which opens on 15 October 2018.
4. The pilots scheme process has been broadly welcomed by stakeholders and applicants and has already involved direct related contact with almost 80 separate organisations or individuals, generating opportunities for collaboration and partnership with a number of parties beyond those that submitted applications at Stage 1.
5. Of the 13 applications received five are considered suitable for progressing to Stage 2, six meet all or most Stage 1 criteria and are recommended to be progressed under suitable routes or

mechanisms outside the pilots scheme process, and two relate to inshore marine fisheries that do not form part of the Scottish Crown Estate.

### Discussion

6. Thirteen pilot projects applications were received at Stage 1 as follows:
  - 1) Clyde Fishermens' Association & Clyde Fishermens' Trust – a broad application to work with us and communities where possible, but no specific structure proposed;
  - 2) Comhairle nan Eilean Siar – a partnership model with Community Land Scotland and Crown Estate Scotland with enhanced local marine planning and decision making including the foreshore and seabed out to 12nm;
  - 3) Community Inshore Fisheries Alliance – a broad application to work with us and communities where possible, but no specific structure proposed;
  - 4) Findhorn Village Conservation Company – a proposal to take on management of foreshore and seabed in Findhorn Bay, and for funding of a local ranger service;
  - 5) Forth District Salmon Fisheries Board – a proposal to take on salmon fishing rights within the DSFB region and use revenues to improve fisheries;
  - 6) Galson Estate Trust – a proposal for the trust to take on an area of seabed off western Lewis, and existing ports and harbours around the coastline of west and north Lewis;
  - 7) Lochgoil Moorings Association & Lochgoil Jetties Trust – a proposal to take on management of the head of Loch Goil for moorings and a jetty;
  - 8) Mallaig Harbour Authority – management of the Mallaig harbour area including all of the mouth of Loch Nevis, particularly to include the authority's plans for a new breakwater;
  - 9) Orkney Islands Council – marine planning partnership determining leases within scope of the scheme including the foreshore and seabed out to 12nm;
  - 10) Portgordon Community Harbour Group – taking on management of Portgordon Harbour, and seeking funding to reinstate the historic structure;
  - 11) Shetland Islands Council – a focussed marine masterplanning partnership for enhanced local decision making within the Sullom Voe harbour area;
  - 12) St. Abbs and Eyemouth Voluntary Marine Reserve – management of Survey and Monitoring rights within the St Abbs Voluntary Marine Reserve area; and
  - 13) Tay & Earn Trust – integration of Crown and non-Crown tidal riverbed and foreshore management in the Tay, including reedbed harvesting, leisure and housing as part of the Tay Region City Deal, seeking funding for two project roles.
7. Comprehensive summaries of each project application are provided at Annex A.
8. A map illustrating the locations of these applications but not the extent, which will be defined at Stage 2, is shown in Figure 1 below.

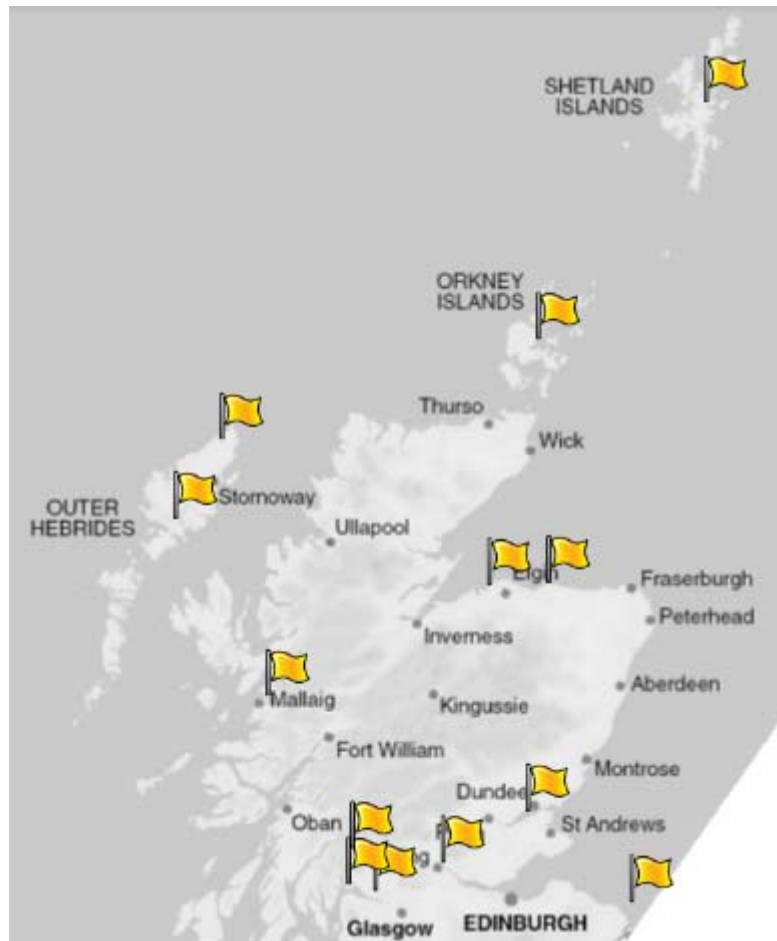


Figure 1 – locations of Stage 1 pilot project applications

9. Crown Estate Scotland asset management teams and managing agents provided detailed input into the Stage 1 assessment process to ensure these were robustly considered against relevant criteria and operational considerations.
10. A dedicated session with a wider internal focus group was carried out on 30 August 2018 where each proposal was discussed, and further comments received.
11. Advice and comments were sought from the Scottish Government’s Stakeholder Advisory Group (SG SAG) on the Crown Estate and have been noted in the detailed recommendations commentary provided at Annex B where they have informed the assessment. Responses were received from the following organisations:
  - a. Association of Scottish Shellfish Growers (ASSG)
  - b. Comhairle nan Eilean Siar (CnES)
  - c. COSLA (high level only)
  - d. Highland Council (high level only)
  - e. RYA Scotland (RYAS)
  - f. Scottish Anglers National Association (SANA)
  - g. Scottish Carbon Capture & Storage (SCCS)

12. The applications were assessed, taking account of internal and external advice set out above, in accordance with the criteria and guidance as follows. Included in the criteria was the decision process flowchart set out in Section 7 of the guidance on whether the project objectives could best be delivered through the pilots scheme or using other mechanisms such as leasing or ownership transfer:

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.

13. The assessment criteria were applied consistently to all applications and where clarification was required direct contact was made with the applicant. In practice this involved dialogue with all thirteen applicants.
14. A summary of recommendations and key areas for consideration by the Board is provided in the table at paragraph 19 below using a 'RAG' indicator to flag where a judgement can be applied. Full information on key issues and considerations underpinning the recommendation associated with each application is provided in Annex B.
15. The three Island Authority applications are recommended to proceed to Stage 2, but it should be noted that despite this conclusion further work to clarify elements of these proposals is required as part of the Stage 2 process.
16. Eight applications flagged as 'Amber' in the table below could not be determined to clearly meet all of the Stage 1 criteria but the proposals seem to be well founded, broadly in line with scheme aims, relate to Scottish Crown Estate assets and have the potential to be taken forward in an appropriate form. This indicated the need for judgement on whether each of these applications should proceed to Stage 2 with further work to address specific issues, or to progress outside the Stage 2 process via more suitable mechanisms that can better facilitate delivery of the project objectives.

17. Of these eight 'Amber' applications it is recommended that five are progressed as collaborations or partnerships using mechanisms that are best suited to meet their stated objectives outside the pilots scheme. The remaining two applications from Galson Estate Trust and the Tay and Earn Trust are recommended to proceed to Stage 2 with support on specific matters to develop their approach as follows:

6) Galson Estate Trust – clarify the scope of the application, which currently includes out of scope “ownership” and “all net receipts” from the Scottish Crown Estate in their area of interest. Galson Estate Trust were asked to reconsider both points and, with the support of their Board, retained these requests at Stage 1. It should therefore be noted that concluding legal agreements for a functioning pilot project that delivers precisely what has been applied for at this stage may not be within Crown Estate Scotland’s statutory capacity; and

13) Tay & Earn Trust – Whilst the Trust’s structure appears to be sufficiently robust to justify proceeding at Stage 1, clarification of how community control and avoidance of conflicts of interest arising from a single adjacent private landowner (Tay Salmon Fisheries) being involved in the Tay & Earn Trust governance can be mitigated will be required during Stage 2.

18. The two sea fisheries applications are not recommended to proceed further within the pilots scheme as they relate to matters that do not form part of the Scottish Crown Estate, but partnership working alongside Marine Scotland’s Inshore Fisheries team is recommended where their proposals have the potential to inform management of the estate such as collection and use of fishing effort data.

19. Summary table of application assessment and next steps:

<b>GREEN =</b>	Application should proceed to Stage 2
<b>AMBER =</b>	Application passes all or most Stage 1 criteria and should be progressed using the most appropriate mechanism
<b>RED =</b>	Proposal objectives should be taken forward outside the Pilots scheme

<b>Applicant Organisation</b>	<b>RAG status</b>	<b>Key points</b>	<b>Recommendation</b>
Clyde Fishermens' Association & Clyde Fishermens' Trust	RED	Relates to marine fisheries which are non-Crown assets	Investigate structured partnership alongside Marine Scotland Inshore Fisheries team
Comhairle nan Eilean Siar (CnES)	GREEN	Conflicts of interest in leasing decisions will need to be managed	Proceed to Stage 2
Community Inshore Fisheries Alliance	RED	Relates to marine fisheries which are non-Crown assets	Investigate structured partnership alongside Marine Scotland Inshore Fisheries team
Findhorn Village Conservation Company	AMBER	Seeks revenues to fund staff, ownership of foreshore and seabed, management of moorings under a separate agreement, and relates to activities beyond Crown control such as access to foreshore	Progress outside pilots scheme to support integrated planning of the bay that exceeds what could be done through delegated management
Forth District Salmon Fisheries Board (FDSFB)	AMBER	Organisational risk as private individuals form Board, seeks funding for activities that may not relate directly to Crown assets	Develop structured partnership with FDSFB to deliver objectives set out in the application by laying foundations for longer term delegated management, in particular developing appropriate organisational structure
Galson Estate Trust	AMBER	Seeks revenues and ownership of seabed	Progress to Stage 2, working in partnership with GET and CnES to ensure no overlap and that Stage 2 proposals are amended to fit within all criteria including treatment of revenues
Lochgoil Moorings Association & Lochgoil Jetty Trust	AMBER	Applicants already have the required rights through area-wide moorings association	Work with applicants to progress objectives of transferring existing moorings association agreement to the Jetty Trust
Mallaig Harbour Authority (MHA)	AMBER	Organisational risk as Board is self-selecting and not compelled to reflect geographical or sectoral community interests	Enter formal partnership with MHA outside Stage 2 to facilitate leasing that delivers masterplan and to develop organisational structure that will allow future management transfers
Orkney Islands Council	GREEN	Conflicts of interest in leasing decisions will need to be managed	Proceed to Stage 2



<b>Applicant Organisation</b>	<b>RAG status</b>	<b>Key points</b>	<b>Recommendation</b>
Portgordon Community Harbour Group (PCHG)	AMBER	Organisational risk as charity is not required to take account of wider community interests, financial risk as seeking funding to develop harbour	Work with PCHG and the wider community outside Stage 2 to explore approaches to ownership of the harbour, and developing ongoing stewardship support
Shetland Islands Council	GREEN	Conflicts of interest in leasing decisions will need to be managed	Proceed to Stage 2
St. Abbs and Eyemouth Voluntary Marine Reserve	AMBER	Relates to survey activities that either do not require a lease or can be consented across whole area already	Develop formal partnership with the applicant to explore and develop their concept outside Stage 2, including offering a Regulating Lease to achieve their immediate aims of managing survey consenting
Tay & Earn Trust (TET)	AMBER	Seeks funding of £75,000 p/a for staff, and potential risks arising from conflicts of interest with private individuals on the TET Board and in taking leasing decisions will need to be managed	Progress to Stage 2, working in partnership with TET to refine their proposals to fit with our budgets, corporate and business plans, and to ensure the final project effectively manages any conflicts of interest arising from TET's existing governance structures

20. Broad implications of projects recommended to proceed to Stage 2 are outlined in the following sections. It is not possible to provide more detail of these implications, particularly financial, until further clarity is developed during Stage 2. However a draft budget estimate for delivery of all five recommended projects as live pilots, and of following up applications that are not recommended to proceed to Stage 2 has been submitted as part of the annual three year budgeting and business planning processes.

### **Financial**

21. There are no immediate financial implications to progressing the five recommended pilot projects to Stage 2 in terms of revenue or capital value.
22. There will be financial implications of supporting these applicants to support the development of their proposals throughout Stage 2, mainly relating to internal resourcing but also potentially the costs of associated legal advice. This has already been considered in the context of the pilots scheme as a whole and has been included with the current budgeting process for financial years 2019-20 to 2021-22 so is not considered in detail here. However the overall cost estimate is in excess of £100,000 a year for the next three financial years.

### **Sustainability**

23. There are no direct sustainability implications arising from these recommendations. However it should be noted that the spread and scope of the five applications recommended to proceed to Stage 2 supports our Corporate Plan objectives relating to community engagement, and is well aligned with the current draft Scottish Crown Estate Bill.

### **Legal implications**

24. See section on Risk below.

### **Risk**

25. In deciding not to proceed with any Stage 1 application there is a risk of procedural challenge by one or more applicants in order to achieve their preferred outcome.
26. The recommendations above relate explicitly to the criteria and guidance that we published, with reasons for progressing along the most appropriate route relating specifically to the Stage 1 Assessment and Scoring (Annex E of the criteria and guidance document), and to the flowchart advising prospective applicants on “Choosing a Management Approach” (Section 7 of the criteria and guidance document).
27. Where it is recommended not to progress applications to Stage 2 a follow up approach is recommended that relates to one or a combination of potential partnership working, alternative mechanisms for achieving the project objectives, or direct assistance from Crown Estate Scotland staff or Managing Agents.
28. The approach taken above is designed to minimise the risk of challenge, and will need to be communicated effectively to unsuccessful applicants

## **People considerations**

29. People considerations relating to the pilots scheme were committed to and taken into account at scheme design stage and are therefore only considered in outline here.
30. Delivery of five pilot projects and of the non-pilots scheme follow up initiatives recommended in this paper has human resourcing implications that include additional burden on existing asset teams, particularly Rural and Coastal, and on the wider business in terms of ensuring cross-cutting capacity to manage and deliver our commitments.
31. There are also potential implications for our managing agents, specifically Bidwells on the coastal estate, but at this stage these appear to be limited in scale as the large geographical pilot projects recommended to proceed to Stage 2 (particularly CnES and OIC) indicate that operational delivery of leasing would remain the responsibility of Crown Estate Scotland. Where this function is delivered by managing agents it is possible this would continue, but further detail is needed to quantify this during the Stage 2 process.

## **Reputational / PR implications**

32. There is a risk arising from the relatively modest number of applications recommended to progress to Stage 2 that wider stakeholders and unsuccessful applicants are critical that our process or approach to assessment has caused a lower number of successful projects than was expected or hoped.
33. Our approach to assessment and recommendations for alternative next steps with each unsuccessful applicant outlined in the 'Risk' section above is designed to mitigate this.
34. There is a risk that existing tenants within the boundaries of projects recommended to proceed to Stage 2 become concerned with the prospect of a new management approach. As part of the pilots scheme process we will be contacting tenants within the areas to ensure they are fully informed of the presence of a potential pilot project relating to their tenancy, that they are provided contact details for the organisational lead of the proposed pilot project, and that they are aware of the Stage 2 process and timescales.
35. In addition to the measures outlined above we will publish summaries of those projects proceeding to Stage 2 on our website along with advice on how any concerned parties, including tenants, can get in touch.
36. During the Scottish Crown Estate Bill Stage 2 debate on 18 September 2018 the pilots scheme was presented as an example of devolution to local levels already being in progress and therefore a level of stakeholder demand already exists around the scale and nature of our commitment. The approach set out above seeking to structure and where appropriate formalise partnership working for any applications not being taken forward under Stage 2 of the scheme is designed to deliver greatest value to us, our tenants and wider stakeholders, and to address this expectation at political level.
37. There is a positive impact to our reputation arising from these recommendations as they deliver on a number of our current corporate plan Strategic Objectives (specifically 1 and 3 but arguably all five) and contribute to the associated National Outcomes.

**Annex A – Stage 1 application summaries as provided to Scottish Government’s Stakeholder Advisory Group on the Crown Estate**

**Crown Estate Scotland Local Management Pilots**

**Stage 1 application summaries**

Provided for comment to the Scottish Government Stakeholder Advisory Group on the Crown Estate

**August 2018**

NOTE: Full application submissions have not been provided in the interests of SAG members’ time, the volume of material being significant. Summaries of applications are taken directly from submissions for “about your proposal” and “Question 2” of the [application form](#) for Stage 1, with minor redactions to remove document references (eg to Appendices etc) and to remove any sensitive information relating to the proposals (for example certain financial information). If the response to these questions provided insufficient information from which to inform SAG members, further wording has been copied verbatim from the wider application to augment this information. Should SAG members require more information about any of the proposals in order to inform their comments please email [pilots@crownestatescotland.com](mailto:pilots@crownestatescotland.com).

What is the name of your organisation / group?	Clyde Fishermen's Association/ Clyde Fishermen's Trust Collaboration
What is the name of your project?	Coastal Fishing Communities Inclusion

## Location

Clyde region

## Please tell us about your project proposal

At CFA/CFT we have previously made contact with the Crown Estate Scotland Team to discuss potential project ideas which included projects such as reseeded scallop areas, developing kelp and various other ideas. We are not adverse to considering ideas/collaborations or suggestions out with normal fishing/science/stocks parameters, but we are unsure what else we could possibly do. We are aware that essentially the idea is to provide a valuable return to the Crown Estate Scotland, and as such we would be happy to assist in this if we could.

We wish to play as active a role in our indigenous coastal areas as we possibly can. We certainly do not want to see exclusion of indigenous activities through other projects which may look to close off areas. We have been assured by Tom Mallows that there should be no closing off of areas to activities like fishing, unless on the rare occasion that a project requires a physical object on the seabed which obstructs access (eg a renewable energy structure etc). We would like to suggest that if this is the case that any obstruction or barrier to fishing is created, that local fishing communities are advised and consulted fully before a pilot proceeds.

We would be happy to consider trialling Anchorlab on an area which is currently closed to fishing to demonstrate sustainability of fishing and ability to avoid features. Any profits made by vessels fishing in an area using the Anchorlab system could return a percentage of profit to the Crown Estate Scotland from the catch. Likewise we would be willing to consider managing a licencing scheme system to fish certain areas sustainably looking at issues such as effort level for both static and mobile gear. However if these ideas are considered fishing related and more suited to fisheries management measures by Crown Estate Scotland then we could not proceed. We remain open to pursuing these ideas.

We were advised by the Crown Estate Scotland if a project could realistically be completed under fisheries measures (such as regulating order or other fisheries mechanisms through the IFG etc) that this would be the correct mechanism for the project to develop instead of under a Crown Estate Pilot Project process. However we remain happy to develop these ideas if the remit allows. We are also happy to consider any community fisheries projects. Our primary concerns are to ensure coastal communities survive and thrive and that coastal fishing is sustainable and not impeded. However we wish to play as supportive a role as possible in any future projects, and are happy to operate our own if appropriate.

We understand this proposal will be a little less descriptive than other applications, but we are keen to ensure the Crown Estate Scotland understand that we wish to be involved as a key stakeholder in marine issues. Fundamentally we feel that this process must link into the wider Marine Plan to ensure any pilot developments work together. We are also very keen that any pilot projects do not disadvantage wider coastal communities. Marine issues can be contentious at times, we would like to see any projects developed positively and inclusively, and where possible we would be willing and able to play a key role.

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

We had considered issues like reseeded of scallop areas and the growing of kelp. We would also consider issues such as the harvesting of starfish in areas where their presence has developed out of balance and there is a commercial need for them. We are very open to having a discussion with the Crown Estate Scotland on possible areas of collaboration and co-operation. We would also be willing to work with other applicants on ideas they may have.

## **'COMMUNITY-LED DECISION MAKING IN THE MARINE ESTATE'**

### **An expression of Interest from Comhairle nan Eilean Siar, Local Authority for the Outer Hebrides**

August 2018

*A proposal for enhanced, community-led decision making across the entire Outer Hebrides foreshore and seabed out to 12nm, delivered by an Outer Hebrides Marine Planning Partnership overseen by a collaboration between Comhairle nan Eilean Siar and Community Land Scotland. This is a local management arrangement only – foreshore and seabed remain in Crown Estate ownership and leases are still issued and managed by Crown Estate Scotland.*

#### **Location**

<http://marine.gov.scot/themes/outer-hebrides>

#### **SCOPE AND TIMESCALE**

3.1 This 'Community-Led Decision Making in the Marine Estate' pilot will include the determination of leases for non-National Interest Scottish Crown Estate assets out to 12nm (as outlined in Crown Estate Scotland's 2017 Consultation Paper). These are:

- Foreshore Rights;
- Aquaculture;
- Small Scale\* Renewables Leasing out to 12nm (Wind, Wave and Tide);
- Land in Local Authority Operated Ports; and,
- Non-Operational Ports and Jetties.

*\* - consistent with its response to the 'Long Term Management of the Crown Estate in Scotland' consultation (2017), the Comhairle believes that commercial scale Offshore Wind installations should be managed at national level but that smaller scale, sub-commercial deployments should be managed at Local Authority level. The Comhairle will engage with Crown Estate Scotland to clarify the definition of 'Small Scale' in terms of the Pilots scheme criteria.*

3.2 Although the retention of lease revenues does not form part of this Pilots scheme submission, the Comhairle and partners will be arguing vigorously for this through Stage 2 of the Crown Estate Bill Parliamentary process. It is assumed that, over time, retained revenues will come under local control and appropriate local socioeconomic benefits will be conditioned in foreshore and seabed leases.

3.3 In terms of implementation timescale, it is envisaged that an Outer Hebrides Marine Planning Partnership will be in place by the beginning of financial year 2019 / 2020 although progress with this is contingent on the timely delegation of Regional Marine Planning powers by Marine Scotland. Local consideration of foreshore and seabed leases could begin during financial year 2019 / 2020.

What is the name of your organisation / group?	CIFA (Communities Inshore Fisheries Alliance (CIFA)
What is the name of your project?	Engagement for Coastal Fishing Communities

## Location

Around Scotland where pilots schemes are identified

## Please tell us about your project proposal

At CIFA we have previously made contact with the Crown Estate Scotland Team to discuss potential project ideas which included projects such as reseeded scallop areas, developing kelp and various other ideas. We are not adverse to considering ideas/collaborations or suggestions out with normal fishing/science/stocks parameters, but we are unsure what else we could possibly do. We are aware that essentially the idea is to provide a valuable return to the Crown Estate Scotland, and as such we would be happy to assist in this if we could.

We wish to play as active a role in our indigenous coastal areas as we possibly can. We certainly do not want to see exclusion of indigenous activities through other projects which may look to close off areas. We have been assured by Tom Mallows that there should be no closing off of areas to activities like fishing, unless on the rare occasion that a project requires a physical object on the seabed which obstructs access (eg a renewable energy structure etc). We would like to suggest that if this is the case that any obstruction or barrier to fishing is created, that local fishing communities are advised and consulted fully before a pilot proceeds.

We were advised by the Crown Estate Scotland if a project could realistically be completed under fisheries measures (such as regulating order or other fisheries mechanisms through the IFG etc) that this would be the correct mechanism for the project to develop instead of under a Crown Estate Pilot Project process. However we remain happy to develop these ideas if the remit allows. We are also happy to consider any community fisheries projects. Our primary concerns are to ensure coastal communities survive and thrive and that coastal fishing is sustainable and not impeded. However we wish to play as supportive a role as possible in any future projects, and are happy to operate our own if appropriate.

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

We had considered issues like reseeded of scallop areas and the growing of kelp. We would also consider issues such as the harvesting of starfish in areas where their presence has developed out of balance and there is a commercial need for them. We are very open to having a discussion with the Crown Estate Scotland on possible areas of collaboration and co-operation. We would also be willing to work with other applicants on ideas they may have.

What is the name of your organisation / group?	The Findhorn Village Conservation Company
What is the name of your project?	Findhorn Bay Collective

Location

<http://www.findhornvillageconservation.org.uk/map.asp>

Question 2: What is the nature of your proposal?

Suggested limit: 800 words The Findhorn Village Conservation Company purchased the holding of the Novar Lands and Foreshore in Findhorn in 2015. It wishes to consolidate the management of the foreshore and standing water. This has involved consulting with Moray Council through Local Nature Reserve, Findhorn Fairway Committee who manage the standing water. Crown Estates. It wishes to move towards owning all the foreshore and standing water in Findhorn Bay.

The Findhorn Village Conservation Company in conjunction with the Findhorn Fairway Committee and the Local Nature Reserve’s plan of management for the Findhorn Bay Area as shown on the plan already provided. This plan aims to demonstrate how by working together with a new post of an independent ranger the management of the bay, standing water and foreshore can operate and become financially viable. The plan accompanies the submission to the Crown Estates Pilot Project to see the safe management of a highly sensitive area.

By combining the income generated by rental of the standing water and the Crown Estates portion of the moorings income it is intended to fund the salary of a Ranger who will implement this plan and report back to a newly formed management group made up of the organisations mentioned above.

The Ranger would be part time appointment and would report to Findhorn Bay Consortium in close co-operation with the community of Findhorn, The Royal Findhorn Yacht Club, Marina and other integrated bodies, to promote and enhance the environment and recreational potential of the area. The Ranger would also link with the Local Authority Ranger Service in order to comply with all necessary codes of conduct. The role is also designed to create an understanding and appreciation of the bay among local people and visitors to the area alike and to undertake environmental education projects with schools, colleges and other institutions. Part of this work is to act as a catalyst within the local community and organisations to instil a desire to care for and manage and develop the area. The consortium actively seeks to work with landowners, land managers and all other interested parties including leisure/sporting organisations, businesses and conservation bodies.

As part of this community consortium the Ranger will work with other volunteers and specialist environmental education bodies drawn from the community to assist in running events , work with school projects, advise and help visitors and undertake practical tasks to manage the area for access, public enjoyment and protections of wildlife and forest habitats.



What is the name of your organisation / group?	Forth District Salmon Fishery Board
What is the name of your project?	Fishing in the Forth

#### Location

<http://www.fishforth.co.uk/fdsfb/>

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

The Forth Fishery is a diverse fishery which includes a wide range of species and types of fishing. Whilst the Forth DSFBs main focus is its remit under legislation, it acknowledges that salmon and sea trout fishing is only one aspect of the fishery as a whole. The most popular and economically valuable fishing is 'put and take' fishing and there is an established and growing body of coarse fishing as well as traditional brown trout fishing. The Forth DSFB had welcomed the changes previously proposed under the Scottish Government Wild Fisheries Reform for 'all species' management proposals as this would more accurately reflect the realities of the District.

When founded in 1868 the Forth District although covering the whole of the current area, didn't interest itself in the smaller rivers below the Forth/Teith/Allan sub system and the estuarine and coastal netting. The other rivers within the District had little or no salmon or sea trout, being highly impacted by nineteenth century agricultural and industrial pressures. As the twentieth century progressed the improvements to water quality and the removal of some of the barriers to fish passage enabled salmon and sea trout to run these rivers again. However, these rivers are still impacted. This historical context has led to the Forth District developing in a different way to other areas. One of the main differences is that the Forth has a large number of CES fishery tenants both as individuals, clubs/associations and vacant fisheries. As the default owner of salmon fisheries there are significant areas currently under-utilised. This is mainly on smaller rivers although not exclusively so. CES has (one may argue) managed the fishery conservatively, leasing to clubs and riparian owners as a priority. Whilst admirable, this has led to parts of the fishery being un-fished (as some riparian owners have no interest in the fishing) or poorly managed by some (but certainly not all) clubs and associations. The policy to lease to clubs has allowed there to be good access to local inexpensive fishing but has also restricted the development of these fisheries (which has also restricted the income of the Forth DSFB and in part CES). The income of the Forth DSFB is not sufficient for it to be proactive in its support of the existing tenants or to develop new fisheries. This is preventing these fisheries (and the Forth Fishery as a whole), from developing new ideas and developing the resilience of these fisheries for the future. Many clubs are in financial difficulties and we believe this requires active local management to ensure they have a sustainable future. The Forth DSFB is best placed to undertake this as its own future is so closely linked to the sustainable development of the fisheries within its geographic remit.

Whilst currently many of the rivers systems are deemed to be failing to meet conservation limits for salmon, as set by Marine Scotland, and at less than good status under the Water Framework Directive, they have the potential to significantly improve over the next decade and the development of the fisheries needs to go hand in hand with this. The Forth Fishery has approx. 25% of the population of Scotland within its boundaries as well as the capital city, main airport, cruise liner ports and currently two city/regional deals in place. Therefore, there is greater potential for development than other areas of Scotland.

The proposal is that the management of the fisheries currently in the ownership of CES be managed by the Forth DSFB. This would include all fishings which by default are owned by CES, fishing's leased, fishing's owned but not currently leased, and areas not currently marketed as available. The Forth DSFB would include the following services:

Leasing: negotiation of new and existing leases, including setting of rents and terms;

Development of new fisheries: proactively work with existing and new groups and individuals to release fishing which is currently not available (or is used illegally), including options to make these more publicly available where possible;

Conservation: work with CES tenants (existing and new) to support national conservation measures as well as formally setting aside areas for conservation and providing information on these, and assisting tenants with compliance on local measures and other restriction such as catch and release;

Fisheries support: actively work with CES tenants to help them develop plans, find funding, support training, to undertake physical improvements and to promote and manage their fisheries;

Developing all species capability: whilst the Forth DSFB and CES remits relate primarily to migratory species, the

Forth District fisheries provide both challenges and opportunities. The salmon rights held by CES also have subsidiary freshwater species rights. There is potential to use these subsidiary rights to support and promote fishing other than salmon and sea trout where it is considered appropriate. This would support more inclusivity and provide permitting opportunities for anglers for brown trout, grayling, pike and other coarse fish where this is currently missing or difficult.

Develop innovative ways of permitting fishing: such as setting up a passport scheme, working with clubs and association to sell enhance guided fishing to assist them financially and promote their fishings, and setting up an online platform for Fishing in the Forth to allow a central location for the promotion of the CES fishings (this would be undertaken in partnership with the other fisheries within the Forth).

Data collection and management: support national initiatives and local buy-in of providing accurate data on which national and local decision making relies, such as assisting in the piloting of website base reporting, and other incentives to encourage anglers to report their catches.

Engagement and sharing good practice: provide a platform for tenants to share experiences and good practice for running of fisheries, this would be in the form of a Fishing in the Forth Forum, which would be a mixture of an annual get together and other networking platforms (the Forth DSFB already contacts all the main fisheries in the District monthly as part of the promotion of the Forth Fishery via 'Trout and Salmon').

The Forth DSFB is keen to work with CES on the development of fishing and fisheries for the benefit of both organisations.

What is the name of your organisation / group?	Urras Oighreachd Ghabhsainn
What is the name of your project?	Galson Estate Marine Energy Zone

## Location

NW Lewis (tbc)

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

Suggested limit: 800 words

The western seaboard of the Outer Hebrides offers an abundant wave energy regime, with Atlantic swells travelling for thousands of miles before landfall, estimated as a massive 4.8GW resource. Consequently, private-sector wave developers have previously been granted options to lease across seabed areas in North-west Lewis and have secured consents to install wave energy devices. Despite significant public sector and utility company investment, these developments did not proceed to implementation stage due to various impediments, primarily the lack of a route to electricity markets and a suitable incentive mechanism. After considerable delay, Scottish and Southern Energy Networks has submitted a Needs Case to Ofgem for a 600MW radial connector between the Isle of Lewis and mainland Scotland that will provide the required route to market, if approved. Developers will require to bid through a future Auction for Price Support to secure incentives and contracts. Success on both these fronts will create a transformational renewable energy industry in the islands.

Comhairle nan Eilean Siar (CnES) has created a vision for renewable energy which is summarised in its 2014 Energy Strategy : period, UOG is already planning and delivering significant community investments. Renewable energy profits are critical to UOG's resource base and, whilst onshore wind profits form the core income, marine energy income has been long anticipated to enable further development effort.

UOG seeks the ownership, management and net income receipts for the foreshore/seabed within areas previously designated as a Marine Energy Zone and for existing piers/slipways around its Estate to assist in maximising supply-chain activity. This is essential to maximise income and community benefit for the Galson Estate and Outer Hebrides region. It is hoped that wave energy devices could be attracted to create up to 50MW of capacity over the longer term.

UOG is a company limited by guarantee with charitable status. It has a board of directors comprising 13 volunteers from the Galson Estate community plus a staff complement of 13 in a mix of full-time and part-time positions. UOG is a mature social enterprise with robust governance arrangements, operating through a number of subsidiaries and providing management services to related organisations. It is experienced in partnership working with many public agencies and local stakeholders. It currently carries out a range of functions involving estate administration, commercial lease management, wind energy operations and community investment. It has delivered key projects such as a business centre and a 2.7MW wind energy park.

Organisation name	Lochgoil Mooring Association and Loch Goil Jetty Trust
Name of project	Lochgoil Jetty Trust and mooring association

**Location**

<http://www.lochgoil.co.uk/moorings.php>

**What is the nature of your proposal?**

We intend to revert back to the origins of the Jetty Trust which would be responsible for both the Jetty and moorings. Loch Goil has many water based users from visitors, locals, caravan and chalet centre, Scout Centre and commercial which includes the MOD base at Douglas Pier. Over the years we have cooperated well with all and will continue to progress this. We need a new Jetty due to the increase in traffic, aesthetic view and the old one has served us well but sadly has seen its best. This has been highlighted in the Community Action Plan 2018

**How does your project maintain and enhance the value of the estate and the return from it and support sustainable development of Scotland?**

We wish to replace the pontoon and manage our area and moorings to the benefit of all.

What is the name of your organisation / group?	Mallaig Harbour Authority
What is the name of your project?	Mallaig Master Plan Implementation

#### Location

Mallaig Harbour Empowerment Order boundaries – available on admiralty charts and expected to be on [MHA website](#) in due course.

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

#### Background

In January 2017 Mallaig Harbour Authority (MHA) completed a master-planning study which identifies the long term strategy for development of the Harbour. The vision identified for Mallaig Harbour in the Master Plan is *“To safeguard and enhance Mallaig Harbour as a thriving and diverse hub of marine activity for the benefit of harbour users, residents and visitors”*. That vision is underpinned by a commitment by the Board to maintain a financially stable business with a diverse base; to contribute to the socio-economic prosperity of the area; to provide a safe environment for all harbour users; and to support strong environmental stewardship. The principal conclusion of the master planning exercise was that *“without the proposed masterplan developments, the potential for socio-economic benefits is severely limited, and gradual decline is the most likely consequence of adopting a do-nothing or do-minimum strategy”*.

An Outline Business Case study in support of the Master Plan was undertaken during 2017 and published in January 2018. MHA are now entering the feasibility and funding stage of their Master Plan project. The largest element of the Master Plan proposals is the creation of a new North Breakwater to improve access conditions and wave climate within the harbour and to allow construction of new berthing space, re-organisation of existing berthing arrangements and expansion of the marina. Additional land (seabed) is required to allow construction of the new breakwater and associated structures, and that land belongs to the Crown Estate.

MHA currently control navigation and mooring of vessels across an area within Statutory Harbour limits which comprises the Inner, Middle and Outer Harbour basins at Mallaig, together with an area around the harbour entrance and Outer Breakwater, and an adjacent portion of Loch Nevis

MHA currently lease the seabed beneath and adjacent to the existing Inner Harbour Marina, Linkspan Ferry Berth (Middle Harbour), and Outer Harbour Basin, from Crown Estate Scotland.

#### The Proposal

The conventional approach to procurement of land from Crown Estate Scotland for the proposed Mallaig Master Plan project would be for MHA to negotiate the lease of the further area of land necessary for the developments with Crown Estate Agents. However, after review of the information available on the Crown Estate’s Pilot Project aims, MHA foresee that if management of Crown Estate assets is to change in future, that change could well include management of seabed by Harbour Authorities such as Trust Ports, as well as management by other local interest and single or multiple project groups.

Recognising that:-

- the Harbour Authority currently controls an area larger than its immediate harbour structure boundaries within its Harbour Limits;
- the Harbour Authority has management structures, governance and financial reserves well suited to management of Crown Estate assets within their Harbour Limits;
- the area controlled by the Authority includes a small number of Crown Estate tenants with whom the Authority do not in any way compete;
- the Authority propose to expand their facilities in the next few years, leading to increased use of Crown Estate seabed and increased revenue to Crown Estate;

- the Authority are fully supportive of local community, economic and environmental enterprise and will, wherever possible, support appropriate use of Crown Estate Scotland assets in line with Crown Estate principles and guidance;  
then MHA consider that they are well placed to offer Crown Estate Scotland the opportunity to trial the management by the Authority of that area of seabed within their Harbour Limits, offering the chance through the Pilots scheme to identify in practice what benefits may accrue and what obstacles may need to be overcome for such schemes, as an exemplar project, with a view to determining a model of best practice in the event that permanent transfer of management of any of the Crown Estate Scotland assets to Trust Ports or Harbour Authorities is to be considered in the future.

Accordingly, rather than adopting the conventional route of approaching the Crown Estate's Agents in due course for negotiation of a lease for the additional land/seabed necessary for their Master Plan "North Breakwater" Project, MHA wish to be considered for inclusion on the Pilots scheme trial as managers of the Crown Estate's assets within their Harbour Limits.

What is the name of your organisation / group?	Orkney Islands Council
What is the name of your project?	ORKNEY ISLANDS LOCAL MARINE ASSET MANAGEMENT AND LOCAL GOVERNANCE PILOTS SCHEME

Location

<http://marine.gov.scot/themes/orkney>

Question 2: What is the nature of your proposal?

Suggested limit: 800 words

Orkney is an innovative and forward-thinking island community with abundant natural resources and rich cultural heritage. Its exceptional coastal and marine environment co-exists alongside a vibrant and diverse marine economy which is imbedded within the local community. A clustered approach to marine activities and management is the norm with local expertise and experience driving innovation in marine energy, fisheries, aquaculture, marine planning and resource management. We also have extensive experience in local governance having been a unitary Authority with responsibility for a wide range of public services for our community since 1974. Under the Orkney County Council Act 1974 we also have relatively unique experience of managing our marine service activities in a manner which has ensured environmental and economic security of our community over many decades. Orkney Islands Council (OIC) believes that Orkney is uniquely positioned to deliver world leading marine estate management and governance alongside regional marine planning to empower the local community to unlock the estate’s full potential.

The Empowering Islands Communities Prospectus reaffirmed the Scottish Government commitment to the principles of subsidiarity and local decision-making, not least in the area of marine resource management and utilisation. The Prospectus recognised that the marine assets of island communities are key to their future and the wealth that is generated should be reinvested to safeguard that future. The Scottish Government therefore committed to ensure that 100 per cent of the net income from the islands seabed is passed to island communities and that decisions on sea bed leasing are taken at a local level.

OIC’s proposal is to deliver enhanced local decision making through an Orkney Islands Marine Planning Partnership “MPP” for sea bed leases in the Orkney Islands Scottish Marine Region from the Orkney Islands coastline at Mean High Water Springs out to 12 nautical miles. The boundary coordinates are defined within The Scottish Marine Regions Order 2015 section 8.

Section 27 of The Islands (Scotland) Act will enable OIC to deliver regional marine planning as a single public authority. OIC awaits confirmation from Scottish government when this section comes into force. OIC has had discussions with Marine Scotland regarding the process for an application under Section 27. As noted above, we have direct experience of operating as a unitary Authority and Harbour Authority since 1974.

A direction from Scottish Ministers under sections 12 and 13 of the Marine (Scotland) Act 2010 would also be necessary in the formal establishment of the MPP and the delegation of regional marine plan functions. Formal notice is required giving 28 days for representations stating reasons

for supporting or objecting to the intention by Scottish Ministers to delegate regional marine plans functions to a delegate.

Orkney Islands MPP could be operational by the beginning of financial year 2019/20. Although a formal MPP has not yet been established, the proposed pilot would operate as if it does, with OIC as a single partner and the lead delegate. Decisions would only be taken after consultation with designated stakeholders through an advisory group.

It is anticipated that the OIC pilots scheme would in effect provide a pilot within a pilot in so far as the role of the Marine Planning Partnership advisory group would inform the governance and democratic accountability of the formal Marine Planning Partnership. This is considered to be a major benefit of trialling the Marine Planning Partnership model within this scheme.

The aim of Crown Estate Scotland's pilots scheme is to achieve a set of pilot projects which will test new or innovative approaches to asset management. OIC believes that its proposal is innovative and an excellent fit for the aim of the scheme.

The initial scope of the proposed pilots scheme would be:

- That it covers all marine assets within Orkney Islands SMR not specifically excluded by the scheme This would include developments on the foreshore and seabed but not any land-based assets (It would not appear that there are currently any land-based assets in Orkney).
- It would not be concerned with the level of income from leases and rental levels, provided that there is a mechanism in place to at least cover the costs of the Council delivering the administrative systems associated with these responsibilities.
- It would be concerned with enhanced local decision making and not any other administrative arrangements (for example, the collection of rents or the issuing of leases).
- OIC would make, after consultation with its MPP stakeholders, a decision on whether to grant a new lease option and any special conditions that should attach to the grant of the lease.
- OIC would make, after consultation with its MPP stakeholders, a decision pertaining to existing leases. For example; an assignation or enforcement of an existing lease condition.
- For the avoidance of any doubt, in all cases OIC would, after consultation with its MPP stakeholders, be making a decision for implementation by Crown Estate Scotland and not a recommendation.
- Crown Estate Scotland would be responsible for implementing the decision made (for example, the issue of a lease).

It is understood that at present there is no formal appeal process where Crown Estate Scotland decide to refuse a lease, but rather this is done on an ad hoc basis. It is anticipated that if the OIC stage 1 application is successful, then OIC would consult further with stakeholders on a formal appeals process which may be to Marine Scotland or Scottish Ministers. It is anticipated that the various review/ appeals processes which are familiar to land-based planning would be explored in this regard.

OIC would also wish to retain the option of extending the initial scope of its pilots scheme after one year. The extension of the pilots scheme may include, for example, the granting of leases and other administrative arrangements.



What is the name of your organisation / group?	Portgordon Community Harbour Group Ltd
What is the name of your project?	Portgordon Harbour Regeneration

Location

<http://ports.org.uk/port.asp?id=656>

Question 2: What is the nature of your proposal?

Suggested limit: 800 words

Portgordon Harbour was officially closed in 1947. Since then, with the exception of some remedial work carried out by the Ghurkhas in the 1980's, it has been left to the rigors of the weather and, as such, has deteriorated over the years.

The Portgordon Community Harbour Group (PCHG) was formed primarily to purchase, renovate and develop the harbour as a marina for recreational sailing and safe haven for local creel boats. Thus developing an economic platform for the benefit of the village community and providing a stop-off for tourists, walkers, and cyclists travelling the Speyside Way and the Moray Coastal Path; and the No1 National Cycling Route, all of which pass through Portgordon adjacent to the harbour.

The harbour is currently in the ownership of the Crown Estate, Scotland. The PCHG Ltd has been offered ownership of the harbour but to date we have been unable to raise the necessary funding to cover the liabilities associated with direct ownership. Thus our proposal, under the new Local Asset Management Pilots Scheme, is that we (PCHG) be allowed to manage the harbour on behalf of the Crown Estate, Scotland.

A comprehensive Feasibility Study into the harbour regeneration project was carried out and published in 2005 by consulting engineers Halcrow Ltd on behalf of PCHG. Following this, detailed Business Plans were published by PCHG and are currently undergoing and update.

While we would effectively be operating as unpaid volunteers we would never the less be seeking a budget from Crown Estate, Scotland to enable us to repair and maintain the fabric of the harbour and to work toward developing it into a marina with the attendant amenities of electricity and fresh water.

What is the name of your organisation / group?	Shetland Islands Council
What is the name of your project?	Sullom Voe Harbour Area Crown Estate Management Pilot

#### Location

<http://marine.gov.scot/themes/shetland-isles>

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

The Sullom Voe Harbour Area Crown Estate Management Pilot (the Pilot) would be a step beyond a Local Management Agreement. It would offer a fresh perspective on management of the seabed in this key area, engage with the varied current and potential activity in those waters and offer community engagement. It would add value and offer advanced local decision making. It would inform future management options for other areas of Shetland and for other coastal communities around Scotland.

The project will build on the very successful marine planning and management arrangements which have been implemented and developed in Shetland over a considerable period of time, this includes implementation of the Zetland County Council Act 1974 through to the selection of Shetland for a pilot regional marine planning partnership. The production of a Shetland Regional Marine Plan is currently being delivered by the Shetland Islands' Marine Regional Planning Partnership, guided by the Shetland Islands Marine Planning Partnership Advisory Group (SIMAG). The pilot would advise on the production of a more detailed Masterplan and operate as a sub-group of SIMAG, with enhanced local stakeholder and community representation, as well as local and central government organisations, industry (including aquaculture, fisheries, oil and gas) and relevant support from Shetland Islands Council staff. The pilot would report to SIMAG and from there onwards to Shetland Islands Council, Marine Scotland and Crown Estate Scotland.

Shetland is also currently consulting on final drafts of its new Shetland Partnership Plan, goals and objectives include;

- Shetland will be attracting and retaining the people needed to sustain our economy, communities and services.
- All areas of Shetland will be benefiting from a more resilient low-carbon economy underpinned by a culture of innovation, inclusion and skills development.
- Communities will be actively involved in shaping their own future resilience, creating positive places that are economically, socially and environmentally sustainable.

All of these need effective use of local assets and opportunities and active community engagement and participation. Inshore waters are one of Shetlands most significant assets contributing significantly to the local communities.

The designation of Shetland as a trailblazer in regional marine planning has been welcomed and embraced by the Community and stakeholders. This project will extend and build on that successful track record by bringing the management of inshore seabed Crown Estate assets firmly within the Marine Planning partnership for a manageable but meaningful area of Shetland coastline and inshore waters.

The pilot area proposed is as defined in the relevant Harbour Designation Order. The Sullom Voe Harbour Area is defined in 'The Sullom Voe Harbour Revision Order 1980' as:

*"The entire area of Yell Sound and Sullom Voe and adjacent inlets within a line commencing at Ell Wick hence in a northerly direction along the line of low water mark on the west side to a point in latitude 60 deg 38.27' north, longitude 01 deg 18.27' west on the line of low water mark at the northern extremity of the Point of Fethaland, thence in an easterly direction following a straight line to a point in latitude 60 deg 38.23' north, longitude 01 deg 11.13' west on the line of low water mark at the northern extremity of Fogla Lee on the Island of Yell, thence generally in an southerly and easterly direction along the line of low water mark on the east side to a point of latitude 60 deg 29.15' north, longitude 01 deg 05.80' west on the line of low water mark at the south-eastern extremity of the Ness of Copister, thence in a southerly direction to a point in latitude 60 deg 28.68' north, longitude 01 deg 05.97' west on the line of low water mark at the south-eastern extremity of the island of Orfasay thence in a south-westerly direction following a straight line to a point in latitude 60 deg 27.73' north, longitude 01 deg 08.37' west on the line of low water mark at the southern extremity of Samphrey Island, thence in a westerly direction following a straight line to a point in latitude 60 deg 27.75' north longitude 01 deg 10.82' west at the root of Mossbank Pier and thence generally in a northerly and southerly direction following the line of low water mark to the point of commencement. All positions given above are in OSGB36 datum."* A map showing the Sullom Voe Harbour Area (the proposed pilot area) can be viewed at the end of this document.

The area is critical to the environmental, economic and social wellbeing of the North of Shetland and North Isles and the inshore waters and seabed will have to be managed sensitively and responsibly to achieve maximum community benefit and maximum protection.

There are a wide range of activities currently carried out within this area, their competing needs have to be managed actively and new innovation and developments balanced between commercial, social and environmental considerations. The pilot would propose a series of integrated planning and development activities across the inshore marine area to essentially "masterplan" the balanced and sustainable use of those resources. That activity would be supported by Shetland Islands Council and its Community Planning partners but would fully engage local communities and other stakeholders in the marine environment.

This area would represent a meaningful pilot with high significance to local communities and offer the potential to help empower them and give local people more say in decisions that impact the land, coastline and sea near where they live and work. This real devolution of input and influence over a key local asset to local communities would also contribute to Scotland's overall economic, social and environmental well-being.

The project may lead to further "masterplans" and / or management agreements in other relevant marine areas around Shetland.

What is the name of your organisation / group?	St. Abbs and Eyemouth Voluntary Marine Reserve (VMR)
What is the name of your project?	“SeaLAB”

#### Location

<https://www.marine-reserve.co.uk/welcome/extent.htm>

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

The St. Abbs and Eyemouth Voluntary Marine Reserve (VMR) propose to take on the management of the seabed asset within its boundaries, implementing a management approach that will benefit primarily the environmental improvement of the area, but will have subsequent social and economic benefits. In acquiring control of the asset the VMR will be able to administer leases and rents for survey, monitoring and research purposes, which ties in to the VMR’s aim “to conserve the biodiversity of the coastal waters”. In the development of the survey, research and monitoring projects, alongside a number of citizen science projects, the VMR will become a “SeaLAB” or an open water research laboratory where real time data collection will be happening, building an in-depth picture of the state of our coastal waters and its biodiversity, along with promoting the stunning underwater topography and habitats for which the area is famous. Outcomes from this research will inform sustainable management and development decisions along with highlighting the quality of the VMR as a marine resource. The need for this project to be undertaken in terms of natural heritage protection, enhancement and promotion is reiterated by the numerous local businesses, economic gains and social impacts supported by heathy, thriving coastal waters.

This is an innovative approach to seabed management, as it will allow the VMR, in collaboration with communities, other relevant organisations and research institutes, to encourage in depth research and monitoring of the biodiversity and condition of the coastal waters using survey and monitoring instruments within the VMR’s boundary. Having robust scientific data, collected with common protocols, and systems in place to check data quality, will support informed sustainable development decisions that need to be made. Having systems in place enabling data sharing and good data management will ensure that any data collected within the VMR has the potential to be used for reporting and assessment within a national framework.

This project will use a collaborative approach in management, ensuring all decisions and resolutions are in alignment with the organisation’s constitution and good governance procedures as stated in our policies and procedures handbook. Currently the organisation is run as an unincorporated charity, bound by the organisation’s constitution updated on 16/05/2012. The organisation is in the process of updating its legal status to a two-tier Scottish Charitable Incorporated Organisation (SCIO) as agreed and passed by an overwhelming resolution at the committee meeting on 19/04/16.

The pilot would be carried out within the distinct boundary of the VMR. It extends along 9km of the Berwickshire coastline in south east Scotland, between Thrummie Carr in the north (NT901691) to Hairy Ness in the south (NT941651) and includes coastal waters out to the 50m depth contour, a distance of about 1.5 km. The VMR covers an area of 1,030 hectares in total. Please refer to the document showing the extent of the St. Abbs and Eyemouth Voluntary Marine Reserve.

The VMR would like the opportunity to oversee the decision making and permissions process of managing the seabed asset within its boundaries. This will allow the organisation to allocate rights for survey, monitoring and research work that use the seabed for installation or sampling methods. Having control of the asset for these purposes will allow the VMR to develop and compliment projects

that are currently in progress or development. This has not been carried out by the VMR previously as the foundations have not been in place to take a project such as this forward. Having secured funding in February 2018 from the Scottish Borders LEADER and the Blue Marine Foundation to carry out a high-resolution 3D mapping exercise of the extent of the VMR, a benchmark has been created for research, monitoring and socio-economic purposes. With other funded research and interpretation projects going ahead, alongside strong collaborations with relevant organisations such as the Blue Marine Foundation, the St. Abbs Marine Station, Scottish Natural Heritage and the Marine Nature Partnership further development of potential research and monitoring projects within its boundaries is now possible.

Timescale – This will be an ongoing project with no specific end point as it is hoped that further research and monitoring projects will be created from previous ones.

- LEADER April 2018- April 2020.
- Local Asset Management Pilots Scheme start April 2019.
- Office and staff already in place to administer to the management of the assets
- The Marine Reserve Coordinator will deal with acquisition and leasing requests as and when required.

What is the name of your organisation / group?	The Tay and Earn Trust
What is the name of your project?	Preserving the Past...Promoting the Future of the Tay

### Location

Tay Estuary foreshore and bed from Mugdrum Island to Dundee Airport

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

Suggested limit: 800 words

### Preserving the Past...Promoting the Future of the Tay

#### SUMMARY OF TAY AND EARN TRUST PROPOSAL

Delegation of authority and revenue funding support for a 3-5 year period for management of river coastal assets from the Crown Estate to the Tay and Earn Trust on behalf of participating partners. The aim is to rationalise management structures associated with coastal river asset management. Revenue funding support for staffing resources for a 3-5 year period to develop opportunities for enhanced use and development of coastal, river and other water bodies as an alternative sustainable development location for renewable energy from bio fuels and potentially floating residential or tourist accommodation.

The Tay and Earn Trust was established as a charitable management and development vehicle to promote the social, economic and environmental regeneration of the Tay. The primary objectives of the Trust proposal are to seek revenue and capital funding support from the Crown estate and other partners for enhanced and integrated management and development of coastal assets. The aim is to regenerate the Tay for greater use by communities, visitors and business.

The Trust produced the Inner Tay Masterplan 2012-22 as the initial framework for future development along the River Tay consistent with strategic and local planning and economic development frameworks. <https://www.tayandearntrust.org/projects/inner-tay-masterplan/> The Trust's objectives to regenerate the Tay and its environs support the ambitions for growth of Perth and Dundee and the surrounding region set out in the Perth City Plan <https://www.investinperth.co.uk/invest/perth-city-plan/perth-city-plan/> and Tay Cities Economic Strategy <https://www.taycities.co.uk/>. These promote smarter and fairer growth focused on inclusion, innovation and enhanced connectivity

To date, the Trust in collaboration with both public and private partners has concentrated on regeneration of the Tay through the development of property at Willowgate and shore and river based infrastructure along the Inner Tay estuary. Partners support has been provided by the Coastal Communities Fund, Perth and Kinross Council, Tay Salmon Fisheries, SSE, Perth College UHI and others. Infrastructure projects include establishing the Willowgate Activity Centre, Willowgate Riverside Café and Fishery and Tay Pontoons/landing stages. Community and education projects relating to local built and natural heritage and recreational use of the river have been delivered as part of the Tay Landscape Project with support from the Heritage Lottery.

At the national and regional level there are ambitions to enhance the role of the east coast as a strategic marine tourism asset. The National Marine Tourism Strategy promotes increased participation levels and new and innovative businesses investing in the marine tourism sector.

Within this national context, the Tay Adventure proposal within the Tay Cities deal centres on the opportunity of the River Tay to support regional economic growth through further investment in marine infrastructure along the estuary. This would be supported by complementary funding for investment in on-shore recreational tourism, transport and accommodation infrastructure.

The key objectives of Tay Adventure proposal are to:

- Invest in enabling infrastructure to offer improved service provision for key and new market

segments, to generate longer visits in the region, delivering increased economic spend and job creation/sustainability.

- Improve accessibility to key natural and built assets in the region, linking together key cultural attractions across the Tay Cities region.
- Ensure inclusive growth across the Tay Cities region by aligning education resources with opportunities generated by an expanding supply chain on the back of tourism growth, through collaborative partnership working.

The key objectives of Tay Adventure will be achieved by delivering the following elements:

Marine tourism infrastructure including marina, pontoon and moorings facilities on the river Tay and surrounding coastline

Provision of unique tourism accommodation based on the River Tay

Provision of a new River Tay Heritage Centre

Provision of cycling path connecting Perth and Dundee

Enhanced heritage provision at the Arbroath Signal Tower

Supporting Inclusive Growth.

The Tay and Earn Trust is assisting the delivery of the Tay Adventure proposal in partnership with the constituent Tay Cities local authorities of Angus, Dundee, Fife and Perth and Kinross. The Trust's role relates to ongoing management and promotion of coastal river based assets and development of on shore recreational and tourist accommodation assets.

Potential exists to rationalise management structures associated with coastal river assets structure to reduce duplication and increase efficiency and effectiveness. Delegation of authority for management of river coastal assets from the Crown Estate to the Trust could form part of this process with agreement of other constituent partners. It is anticipated revenue funding for a 3-5 year period would be required to secure either in house staffing resource or consultancy services to provide coastal property management services and advice. An individual or coastal management services would be secured on the basis of market availability and price to maintain services in relation to the integrated management of coastal assets to enhance income in dialogue with all existing and potential tenants. Advice would also be sought to assess potential variations to property structures to facilitate and secure income and re-investment on a partnership basis in the longer term through charitable or locality structures.

In addition to assisting the delivery of the Tay Adventure proposals, the Trust is seeking to develop additional business strands relating to coastal river based assets to generate income and support ongoing development and re-investment in the regeneration of the Tay. These relate specifically to the potential for the development of bio fuels derived from the environs of the Tay and the development of floating housing and tourist accommodation adjacent or on the river.

The Trust with support from partners and from the Scottish Bio-fuels Programme undertook a feasibility study in 2014 <https://www.tayandearntrust.org/projects/biofuels/> into the potential use of the Tay to:

- harvest the reed beds on the Tay and using the product as a biofuel;
- harvest and re-plant willow trees to provide biomass/bio fuel;
- collect driftwood for chipping and mixing with the harvested reeds and willow

The study explored the potential to harvest the bio-mass material on the river, transport it on the river and market it to customers in close proximity to the river. It concluded that there are two distinct approaches relating to a model involving both harvesting of biofuel and supply of heat to customers or alternatively supply of biofuel to a large Combined Heat and Power plant

To implement the findings of the feasibility report, additional revenue and capital are required to develop a detailed proposal, secure funding, develop a delivery and management model, design specification of all major civil engineering and plant items for procurement, commissioning and putting into service.

The Trust is also seeking to develop designs and construct floating housing and tourist accommodation on the coastal foreshore or river to test and refine the concept for further development. The Trust supported by Tay Salmon Fisheries has reviewed the current design and construction market and held initial dialogue with a potential architectural practice to produce concept designs for different kinds of housing and tourist accommodation; associated off grid energy and waste disposal; and civil engineering requirements

to secure and maintain locations within the coastal river environment.

Revenue support for staffing resources for a 3-5 year period is required to develop opportunities for enhanced use and development of coastal, river and other water bodies as an alternative sustainable development location for renewable energy from bio fuels. Floating residential or tourist accommodation is also under consideration. An individual with appropriate development knowledge and project management skills would be employed within the Trust following competitive recruitment. This would provide capacity to engage with all potential stakeholders and end users to develop detailed proposals, establish management and investment frameworks and secure participation and use to generate enhanced economic, social and environmental benefits from coastal assets and monitor and evaluate outcomes.



## Annex B – Notes of each Stage 1 Pilot Project application assessment recommendation

It is recommended that the following applications **are progressed outside the pilots scheme** using mechanisms that best achieve the project objectives stated in the applications (numbering as per alphabetical list above). Reasons for each recommendation are summarised including reference to the Stage 1 Questions listed in paragraph 12 above, key comments from the internal teams, and notes of SG SAG comments. Next steps beyond the current pilots scheme are also included for each application:

<b>Applicant organisation</b>	<b>Assessment notes</b>	<b>Internal comments</b>	<b>Scottish Government Stakeholder Advisory Group Comments</b>	<b>Next steps</b>
<u>1) and 3), Clyde Fishermens' Association/ Clyde Fishermens' Trust and the Community Inshore Fisheries Alliance</u>	The applications relate to functions that do not form part of the Scottish Crown Estate as set out in Questions 2-4 of the criteria and guidance. Wider benefits could be realised through partnership working where it relates specifically to our business such as sharing infrastructure relating to shellfish landings, data collection and sharing, and the broader marine planning partnerships.	Applications do not form part of the Scottish Crown Estate.	SCCS, ASSG, RYAS and CnES have general consensus that the proposals don't relate to Scottish Crown Estate but could be delivered through partnership and marine spatial planning.	A structured approach to partnership should be explored with CIFA and with regional Inshore Fisheries Groups through contact with Marine Scotland, which has been enhanced through the pilots scheme.
<u>4) Findhorn Village Conservation Company</u>	The application objectives could best be achieved through direct leasing and integrated planning of the bay where the proposals relate to activities within Crown control – it is relatively straight forward, affecting a limited area and number of assets and people, including Crown Estate	The project could be achieved by direct leasing, and has been under discussion with the applicant for a number of years.	CnES question the financial viability of this application but are generally supportive of the application. SCCS commented that the proposal appears to be appropriate for local management.	Liaison and suggestions for collaboration have been made over recent years by the coastal team. Follow up discussion is needed to refine options for potential partnership or assistance in the future,

<b>Applicant organisation</b>	<b>Assessment notes</b>	<b>Internal comments</b>	<b>Scottish Government Stakeholder Advisory Group Comments</b>	<b>Next steps</b>
	Scotland tenants, and has been tried elsewhere in the form of Regulating Leases. It also does not clearly demonstrate the maintenance or enhancement of value of the Estate in accordance with Question 4.			this should include future leasing options.
<u>5) Forth District Salmon Fisheries Board</u>	The applicant organisation appears to sit outside the scope of the eligibility guidance in Question 1 as it is not controlled by the relevant community and has governance-related challenges that give rise to the potential conflicts of interest between our statutory objectives and the proprietorial interests of private DSFB board members.	Concerned that the Board is not representative or controlled by the relevant community, and that conflicts of interest arising from determining leases cannot be mitigated in this structure.	CnES are generally supportive of this application. SANA noted a potential conflict of interest associated with increasing DSFB income at the expense of local angling clubs, and that Crown Estate Scotland is highly regarded as being sensitive to local needs and to public angling access through local clubs.	Further partnership working will be investigated and developed as a matter of priority given the quality of the Stage 1 application.
<u>7) Lochgoil Moorings Association &amp; Lochgoil Jetty Trust</u>	The objectives are to move the existing Lochgoil Moorings Association Agreement to the Lochgoil Jetty Trust and to replace the Lochgoil jetty. Whilst this project meets many of the Stage 1 criteria it can best be achieved through existing mechanisms such as leasing as it is relatively straight forward, affecting a limited area and	The objectives could be achieved by changing the existing moorings association agreement.	RYA Scotland noted the impact of the proposal on local boating interests as likely to be entirely beneficial.	Further collaboration or assistance should be explored directly including additional leasing or migrating the moorings association agreement to the Lochgoil Jetty Trust, building on support offered both directly and through Bidwells to date.

Applicant organisation	Assessment notes	Internal comments	Scottish Government Stakeholder Advisory Group Comments	Next steps
	<p>number of assets and people, including Crown Estate Scotland tenants, and has been tried elsewhere in the form of Leases and Moorings Associations. In fact Lochgoil Moorings Association already has an agreement with Crown Estate Scotland through which further moorings could be laid, and this agreement could easily be mirrored with the Lochgoil Jetty Trust. This approach has been discussed with the applicant who is keen to progress the route with least legal and administrative burden.</p>			
<p><u>8) Mallaig Harbour Authority</u></p>	<p>Whilst stakeholder views have been sought to inform the Mallaig Masterplan, the applicant organisation is unable to clearly demonstrate control by the relevant community in terms of overall aims of the pilots scheme to delegate management to communities. The core objectives of the proposal set out in the Masterplan (specifically to add a new 'North Breakwater' to the harbour) could be achieved through</p>	<p>The core Masterplan objectives could best be met through leasing, and the MHA is not clearly controlled or accountable to the local or sectoral community nor is its governance open to all.</p>	<p>ASSG, CnES, RYA Scotland and SCCS are all supportive of this application.</p>	<p>Further partnership work relating to management of the wider Harbour Authority area should be investigated as a priority given the general support for this proposal seen from SG SAG comments and the positive offer from the Harbour Authority to test approaches to management of Crown</p>

Applicant organisation	Assessment notes	Internal comments	Scottish Government Stakeholder Advisory Group Comments	Next steps
	existing mechanisms such as leasing. Lastly the application does not recognise the potential conflicts of interest arising from the Harbour Authority becoming both landlord and tenant required in Question 6.			seabed involving Trust Ports. This should include investigating longer term approaches to addressing the governance issues relating to community control underpinning the recommendation not to proceed to Stage 2 – this might include development of new collaboration between the Harbour Authority (as a Trust Port) and an appropriate community organisation such as a Development Trust, Community Interest Company of Community Benefit Company.
<u>10) Portgordon Community Harbour Group</u>	The project objectives could be achieved through existing mechanisms – it is relatively straight forward, affecting a limited area and number of assets and people, including Crown Estate Scotland tenants, and has been tried elsewhere in the form of ownership transfer. The application does not	Concerns that the applicants do not fully appreciate the financial scale and liability associated with their proposals, and that the project objectives could best be met through existing mechanisms – particularly ownership transfer – should	CnES is broadly supportive of the application, noting challenges around capital investment.	Bilateral assistance such as continuing to assist the Group and wider community with their aims, and exploring ongoing stewardship support should be explored further.

Applicant organisation	Assessment notes	Internal comments	Scottish Government Stakeholder Advisory Group Comments	Next steps
	appear to meet the statutory aims of the scheme which include enhancing the value of the estate as it is seeking significant funding that has already been explored in the context of our wider business, including an offer to transfer ownership for £1.00, set out in Question 3.	the significant financial support requirements be met.		
<u>12) St Abbs and Eyemouth Voluntary Marine Reserve</u>	The application objectives to take on management of rights for survey, monitoring and research purposes cover activities that generally do not require Crown Estate Scotland's consent. Where they do (for example placing physical monitoring equipment on the seabed, taking grab samples or seabed cores) this could be met using existing mechanisms such as leasing therefore does not fit with the aims of the scheme in terms of choosing the most appropriate management approach – it is relatively straight forward, affecting a limited area and number of assets and people, including Crown Estate Scotland	The project objectives could best be achieved through a Regulating Lease.	CnES and SCCS are supportive of this application.	Partnership working should be explored to develop this concept further including exploring whether a Regulating Lease could be put in place.

<b>Applicant organisation</b>	<b>Assessment notes</b>	<b>Internal comments</b>	<b>Scottish Government Stakeholder Advisory Group Comments</b>	<b>Next steps</b>
	tenants, and has been tried elsewhere in the form of Regulating Leases.			

It is recommended that the following applications **proceed to Stage 2**. Reasons for each recommendation are summarised, and notes of SG SAG comments (where relevant) are provided:

<b>Applicant organisation</b>	<b>Justification, SG Stakeholder Advisory Group comments, and next steps</b>	<b>Internal comments</b>	<b>Scottish Government Stakeholder Advisory Group Comments</b>	<b>Next steps</b>
<u>2) Comhairle nan Eilean Siar</u>	This application overlaps spatially with the Galson project area, but discussion with CnES indicates they would consider amending their boundary to allow Galson Estate Trust to proceed. The proposals meets all the Stage 1 criteria, and cannot be delivered using existing mechanisms.	Recognised likely to proceed to Stage 2, further detail on process for managing spatial conflicts and to manage any conflicts of interest arising from both regulating and taking leasing decisions was requested.	ASSG and SANA expressed concerns relating to granting aquaculture rights, specifically the existing ability for Local Planning authorities to regulate aquaculture through Town & Country Planning, concerns about lack of national coordination and ongoing environmental impacts of marine finfish farming. SCCS express concerns about ongoing ability for Crown Estate Scotland to 'cross-subsidise' across the estate in future should net	Proceed to Stage 2

			revenues be hypothecated/ transferred to future managers. RYA Scotland indicate the need for a coherent national overview of moorings rights and charges	
<u>6) Galson Estate Trust</u>	Note the spatial overlap above. The proposal meets all the Stage 1 criteria and cannot be delivered using existing mechanisms. The applicant is ultimately seeking ownership and net revenues from the Scottish Crown Estate, and decided to retain those requests in their application following dialogue, but this is a consideration that can be discussed in more detail at Stage 2 before both parties taking a final decision on whether to finalise delegated management.	Internal advice (coastal) suggested this project should proceed to Stage 2 only if the requests for seabed ownership and net revenues are removed, so this will need to be addressed at Stage 2.	CnES flags that ownership and net revenues are beyond the pilots scheme scope, but are generally supportive of this application and confirm they will carve relevant areas out of their own proposal to allow this application to proceed. SCCS notes that ownership and revenues are not being offered through the Pilots scheme. ASSG raises concerns that ownership could prevent alternative uses.	Proceed to Stage 2
<u>9) Orkney Islands Council (OIC)</u>	The proposal meets all the Stage 1 criteria and cannot be delivered using existing mechanisms.	Recognised likely to proceed to Stage 2, further detail on process for managing spatial conflicts and to manage any conflicts of interest arising from both regulating and taking leasing decisions was requested.	ASSG and SANA expressed concerns relating to granting aquaculture rights, specifically the existing ability for Local Planning authorities to regulate aquaculture through Town & Country Planning, concerns about lack of national coordination and	Proceed to Stage 2

			ongoing environmental impacts of marine finfish farming. SCCS notes that the application does not seem like a fair balance, with OIC wish to take decisions on leases without responsibility for optimising revenue or administration.	
<u>11) Shetland Islands Council</u>	The proposal meets all the Stage 1 criteria and cannot be delivered using existing mechanisms.	Recognised likely to proceed to Stage 2, further detail on process for managing spatial conflicts and to manage any conflicts of interest arising from both regulating and taking leasing decisions was requested.	CnES is supportive of this application. SANA expressed concerns relating to granting aquaculture rights, specifically concerns about lack of national coordination and ongoing environmental impacts of marine finfish farming. ASSG and SCCS noted that the application intentions are not wholly clear, whether solely a planning exercise or management measures are intended.	Proceed to Stage 2
<u>13) The Tay and Earn Trust</u>	The Tay & Earn Trust were asked whether they could achieve their aims via leasing alone but advised their proposals are wider than this as demonstration of a discrete	Internal advice (coastal and Bidwells) suggested that this project could be delivered using existing leasing mechanisms and raised	CnES is supportive of the application. Noting potential challenges around financial sustainability. SCCS noted concerns about sustainability	Proceed to Stage 2



	<p>geographically integrated management model is a component of their objective.</p>	<p>concerns over potential conflicts of interest arising from private individuals represented on the Trust board and of the Trust potentially taking management of their own leases. These issues will be explored during Stage 2 as the application appears to meet all the Stage 1 criteria and cannot be delivered overall using existing mechanisms.</p>	<p>of the development examples in the application and that it appears to be a request for funding.</p>	
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<b>Board</b>	Ninth Board Meeting	<b>BD(2018)09</b>
<b>Meeting date</b>	3 October 2018	
<b>Paper title</b>	Risk Management Policy and Risk Register BD(2018)9.4	
<b>Security classification</b>	Unrestricted	
<b>Presented by</b>	Simon Hodge	
<b>Author</b>	Simon Hodge	
<b>Annexes</b>	Annex A: Risk management policy Annex B: Revised risk register	
<b>Recommendation</b>	The Board is invited to approve the proposed risk management policy and provide feedback on the revised risk register.	
<b>The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest</b>		

#### Background

1. A revised risk management policy and risk register have been developed in consultation with the Crown Estate Scotland Audit and Risk Committee.

#### Discussion

2. The revised risk management policy is at Annex A, and revised risk register at Annex B.

#### Financial

3. The risk management policy is designed to manage financial risks in line with the defined risk appetite.

#### Sustainability

4. n/a

#### Legal implications

5. n/a

#### Risk

6. This paper presents the core risk management policy and approach for Crown Estate Scotland.

## **Board paper**

### **People considerations**

7. n/a

### **Reputational / PR implications**

8. Reputation is one of the risk categories identified in the risk management policy.

## **Introduction**

This document sets out Crown Estate Scotland's risk management policy and practice.

The Framework Document prepared by the Scottish Government sets the context for risk management in Crown Estate Scotland. The Crown Estate Scotland approach to risk management aligns with the Scottish Public Finance Manual<sup>1</sup>. It takes a risk management approach that demonstrates clearly the key stages of the process in a way that:

- facilitates identification of risk priorities (in particular to identify the most significant risk issues with which senior management should concern themselves);
- captures the reasons for decisions made about what is and is not tolerable exposure;
- facilitates recording of the way in which it is decided to address risk;
- allows all those concerned with risk management to see the overall risk profile and how their areas of particular responsibility fit into it; and
- facilitates review and monitoring of risks.

Crown Estate Scotland's vision is to "innovate with land and property to create prosperity for Scotland and its communities". Within this context risk appetite is an important consideration, and risk includes missing opportunities to secure benefits.

## **Risk management roles and responsibilities**

Crown Estate Scotland's Framework Document requires that the Accountable Officer ensure that a system of risk management is embedded in the organisation to inform decisions on financial and operational planning and to assist in achieving objectives and targets. The Crown Estate Scotland Board is expected to assure itself on the effectiveness of the internal control and risk management systems. The Accountable Officer is supported in this role by Crown Estate Scotland Audit and Risk Committee.

In accordance with the Scottish Public Finance Manual, Crown Estate Scotland will introduce an Assurance Framework<sup>2</sup> to provide the basis for the annual Certificate of Assurance from the Accountable Officer. This assurance framework will incorporate risk management, requiring the Crown Estate Scotland Executive Team to provide evidenced assurance of appropriate risk management in each function in accordance with this risk management policy. The operation of the Assurance Framework will be tested by Crown Estate Scotland's internal and external auditors.

The Crown Estate Scotland Board will review and approve risk management policy after seeking advice from the Audit and Risk Committee. The policy will be formally reviewed and approved on an annual basis.

## **Risk management processes**

Crown Estate Scotland maintains a Strategic Risk Register which identifies and records response to risks that are significant at an organisational level. The objective is to treat, transfer or terminate risks to achieve a residual risk toleration in accordance with risk appetite. The risk register format is at Annex 1.

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<sup>1</sup> <http://www.gov.scot/Topics/Government/Finance/spfm/risk>

<sup>2</sup> <http://www.gov.scot/Topics/Government/Finance/spfm/assurancecerts>

Inherent and residual risk is rated in accordance with the risk heat-map process at Annex 2.

The risk register is reviewed at monthly Executive Team meetings. The risk register is revised on a 6-monthly cycle, although earlier revision will be undertaken if circumstances dictate. Revisions will be put to Audit and Risk Committee for formal adoption. Emerging risks (worries) are also raised and reviewed at each Executive Team meeting to ensure issues are captured and managed as early as possible. Those emerging risks that are not rapidly resolved are added to the risk register at the next 6 monthly revision.

### **Risk appetite**

Crown Estate Scotland's risk appetite is the level of risk that the Board is willing to take in order for the business to meet its strategic objectives. The risk appetite is informed by the governing principles and strategic objectives in our 2017-20 Corporate Plan.

Our risk model uses a four-category risk appetite classification:

- **Averse.** Avoidance of risk and uncertainty is a key organisational objective.
- **Cautious.** Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.
- **Open.** Willing to consider all options and choose the one that is most likely to result in success, while also providing an acceptable level of reward.
- **Hungry.** Eager to be innovative and to choose options offering potentially bigger rewards despite greater inherent risk.

For risk categories where our appetite is averse, mitigation is required to achieve a Manageable (green) residual risk rating. For risk categories where our appetite is cautious, open or hungry, toleration of Material (amber) residual risk rating may be appropriate. (See Annex 2 for explanation).

Our approach uses five categories into which our business risks fall: People; Finance; Reputation; Environment; and Social.

**People:** Excellent health, safety and wellbeing management is fundamental to the values and success of the organisation. We work to meet all relevant health and safety requirements, to continually improve our approach health, safety and wellbeing management, and to embed a positive health and safety culture throughout the business. We are committed to creating a positive equality environment for our staff and agents. We will develop an approach to staff reward and conditions appropriate to our public body status and our business activity. Our risk appetite is cautious.

**Finance:** Crown Estate Scotland is a public body and works to apply exemplary standards of strategic and operational financial governance and management. We are closely scrutinised in relation to financial probity, financial sustainability and meeting our statutory financial obligations. Crown Estate Scotland has a statutory duty to maintain and enhance the capital value of the Crown Estate in Scotland on behalf of the Monarch. Net revenues from the Crown Estate in Scotland are transferred to the Scottish Government. Our risk appetite is cautious.

Crown Estate Scotland is mandated to increase the social value of the Crown Estate in Scotland. Our business mandate and capability provide unique opportunities to support emergent sectors such as marine renewables and participate in ventures with communities and other partners to secure social and financial value. In this respect our risk appetite is open.

**Reputation:** Crown Estate Scotland works to meet the high governance standards required of Scottish

## Annex A: draft Risk Management Policy October 2018

Public Bodies. We are respected for our expertise and business focus. As a new public body we are strengthening our reputation for practical delivery of value to society. We recognise that boldness and innovation to deliver value increases the requirement for careful management of communication and stakeholder engagement. Our risk appetite is open.

**Environment:** A goal of Crown Estate Scotland is to 'enhance and develop natural resources through sustainable investment and management'. We aim to contribute to environmental quality and sustainability through our direct activities, and to reflect these considerations in agreements with leaseholders. We undertake environmental assessment as a tool in decision-making recognising that trade-offs are sometimes required between environmental factors (such as renewable energy generation and local environmental impacts) and with other socioeconomic considerations. Our risk appetite is cautious.

**Social:** Crown Estate Scotland's vision is to 'innovating with land and property to create prosperity for Scotland and its communities' - value to society is a key driver for the organisation. This involves the need to balance local and national value and impacts. It is also important that we retain a strong social licence to operate, particularly amongst the rural communities we serve. Our risk appetite is hungry.

**Annex A: draft Risk Management Policy  
October 2018**



**Annex 1: Crown Estate Scotland risk register format**

No	Category	Risk definition	Risk owner	Likelihood	Impact	Risk rating	Control strategy	Residual likelihood	Residual impact	Residual risk rating	Further mitigation (SMART) (terminate, treat, transfer, tolerate)	Change since last revision
												↑
												↓
												↔

## Annex A: draft Risk Management Policy October 2018



### Annex 2: Crown Estate Scotland risk rating

**Likelihood:** Five possible levels of risk likelihood are:

Score	Definition
5	Highly probable
4	Probable
3	Possible
2	Unlikely
1	Remote

**Impact:** the possible levels of impact are rated on a scale of 1-5 for each of five categories of impact:

- People health and wellbeing;
- Financial;
- Reputational;
- Environmental; and/or
- Social.

Impact materiality is determined in relation to the scale and type of activity, and Crown Estate Scotland's risk appetite. The highest score given across the categories determines the overall impact score.



**Annex A: draft Risk Management Policy**  
**October 2018**



Score	Impact rating	People	Financial	Reputational	Environmental	Social
5	Extreme	Fatal or life-altering injury – staff or directly resulting from management of the Estate.	>10% gross income (£1.5M) or >3% capital value (£10M).	Permanent reputational damage; government ministers criticised, and/or parliament involved.	Permanent environmental damage covering significant area.	Structural failure to meet organisational objectives to benefit Scotland’s people, and/or permanent detriment to and alienation of significant interface communities.
4	Major	> 3 days work absence or RIDDOR reportable injury or occupational illness – staff or directly resulting from management of the Estate.	5-10% gross income (£0.75 - 1.5M) or 1.5-3% capital value (£5-10M).	Sustained criticised nationally, long-term damage to partnerships and stakeholder relations.	Serious but recoverable environmental damage covering significant area.	Failure to deliver significant social benefit commitments, and/or significant detriment to and alienation of significant interface communities.
3	Moderate	1-3 days injury, RIDDOR reportable incident or significant near miss - staff or directly resulting from management of the Estate.	2-5% gross income (£0.3-0.75M) or 0.5-1.5% capital value (£1.5-5M).	National or sectoral criticism, government ministers involved, significant effort needed to repair stakeholder relations.	Recoverable localised environmental damage.	Failure to deliver locally important social benefit commitments, and/or recoverable detriment to and alienation of localised interface communities.
2	Minor	No absence injury or near miss with lessons to be learned - staff or directly resulting from management of the Estate.	1-2% gross income (£0.15-0.3M) or 0.2 -0.5% capital value (£0.6 -1.5M).	Local issues raised in media; partners and/or stakeholders raise concerns.	Temporary localised environmental damage or significant near miss.	Locally important social benefit commitment under threats, and/or localised concern about potential detriment to interface communities.
1	Low	Minor near misses and incidents.	<1% gross income (<£0.15M) or <0.2% capital value (<£0.6M).	No significant impact on reputation or relationships.	Minor environmental impact recoverable through immediate response, or moderate near miss.	Minor and localised concerns about detriment or benefit delivery, readily allayed through engagement.

**Annex A: draft Risk Management Policy  
October 2018**



**Risk heat map**

Impact						
Extreme	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Low	1	1	2	3	4	5
Likelihood		1	2	3	4	5
		Remote	Unlikely	Possible	Probable	Highly probable

**Risk ranking**

1-6	<b>Manageable risks.</b> Monitor. No further risk responses required.
7-14	<b>Material risks.</b> Need to be actively managed. Further response usually required to treat, transfer or terminate. Where risk appetite indicates, can tolerate, but keep under review.
15-25	<b>Significant risks.</b> Need to be mitigated - treat, transfer or terminate. Requires immediate and sustained focus. Tolerate is not an option.

## Annex B: Crown Estate Scotland Risk Register

	Category	Risk definition	Risk owner	Likelihood	Impact	Risk rating	Control strategy	Residual likelihood	Residual impact	Residual risk rating	Further mitigation in light of risk appetite (terminate, treat, transfer, tolerate)	Change since last revision
1	People	Accident on the Scottish Crown Estate leads to fatality or serious injury.	SH	4	5	20	<ul style="list-style-type: none"> <li>H&amp;S expertise and capacity sourced.</li> <li>Risk management policies and risk assessment processes in place.</li> <li>Active programme of H&amp;S culture development, induction and training programmes.</li> <li>H&amp;S integrated into governance, reporting and all meeting agendas.</li> <li>H&amp;S appropriately reflected in contract and tenancy arrangements.</li> <li>Implement MoP safety management for in-hand land, particularly where CES provides recreation facilities.</li> <li>Reporting, inspection and monitoring systems for directly managed facilities and by managing agents.</li> </ul>	2	5	10	Treat <ul style="list-style-type: none"> <li>Clarify role of managing agents in managing Fochabers staff.</li> <li>Strengthen flow of compliance evidence and incident reporting from managing agents.</li> </ul>	↔
2	Finance	Poor financial planning leads to cash-flow crisis and failure as a going concern.	LH	2	5	10	<ul style="list-style-type: none"> <li>Robust budgeting, forecasting and cashflow planning is in place.</li> <li>Transaction tracking is effective, accurate and timely.</li> <li>Regular financial reporting is in place with variances identified and investigated.</li> <li>Cross business communication to assist in early identification of financial challenges.</li> </ul>	1	5	5	Transfer <ul style="list-style-type: none"> <li>Ability to manage timing of payments to SG and to borrow if required</li> </ul>	↔
3	Finance	Lack of skills and capacity leads to failure of financial management and accounting.	LH	3	5	15	<ul style="list-style-type: none"> <li>Specification and recruitment of additional resource requirements</li> <li>Documentation of financial processes and systems</li> <li>Knowledge sharing to reduce exposure to information 'islands'</li> </ul>	2	5	10	Treat <ul style="list-style-type: none"> <li>Ensure staff are motivated, valued, appropriately rewarded and have clear career development opportunities.</li> <li>Ensure effect success planning and implementation.</li> <li>Close working with internal audit providers.</li> </ul>	↔
4	Financial	Failure of asset management processes leads to poor decision-making and sub-optimal transactions / deals	AW- r&c H o Marine	3	4	12	<ul style="list-style-type: none"> <li>Regular monitoring of asset manager/managing agent/legal teams.</li> <li>Staff training and development.,</li> <li>Effective team working practices</li> <li>Ensure adequate reporting mechanisms in place</li> <li>Appropriate audit processes.</li> </ul>	2	3	6	Tolerate	↔
5	Finance	Brexit results in lease defaults leading to loss of revenue, reduced capital valuation and increased liabilities.	AW – r&c H o Marine	3	4	12	<ul style="list-style-type: none"> <li>Monitor Brexit arrangements and sector indicators.</li> <li>Prepare cautious 2019/20 budget to accommodate payment deferrals and defaults.</li> <li>Avoid concluding major capital deals around Brexit date.</li> <li>Facilitate provision of support for farm business planning / development of integrated land management plans (ILMP's) by tenants.</li> </ul>	3	3	9	Tolerate <ul style="list-style-type: none"> <li>Maintain readiness to manage financial impacts</li> <li>Maintain readiness to work with tenants if markets collapse (farming likely to be most affected by trade barriers and tariffs, and aquaculture by export delays)</li> </ul>	↔

	Category	Risk definition	Risk owner	Likelihood	Impact	Risk rating	Control strategy	Residual likelihood	Residual impact	Residual risk rating	Further mitigation in light of risk appetite (terminate, treat, transfer, tolerate)	Change since last revision
6	Finance	Pest or disease outbreak results in lease defaults leading to loss of revenue, reduced capital valuation and increased liabilities.	AW – r&c H o Marine	3	5	15	<ul style="list-style-type: none"> <li>Work with aquaculture sector on control strategies for pest and disease threats – currently especially sea lice.</li> <li>Encourage and facilitate high standards of biosecurity amongst farming tenants.</li> <li>Rapid response to tree disease threats in CES woodlands.</li> <li>Knowledge exchange events/information with relevant scientific research centres/ agencies</li> <li>Maintain Corporate membership of Moredun Research Institute for farm tenants</li> </ul>	3	3	9	Tolerate	↔
7	Environment	Failure to tackle pollution or environmental degradation results in significant long-term environmental damage.	AW- r&c H o Marine	3	4	12	<ul style="list-style-type: none"> <li>Lease terms identify responsibilities for environmental management.</li> <li>Managing agents actively monitor and manage compliance.</li> <li>Engagement with licencing authorities on efficacy of consenting regimes.</li> </ul>	2	4	8	Treat <ul style="list-style-type: none"> <li>Strengthen flow of compliance evidence and incident reporting from managing agents.</li> <li>Ensure establishment of appropriate environmental management systems for emerging sectors such as seaweed harvesting.</li> <li>Work with marine consenting authorities to evolve licencing regimes, including monitoring of operating requirements.</li> </ul>	↔
8	Reputation	Loss of systems, information and business continuity results in organisational failure.	LH	3	5	15	<ul style="list-style-type: none"> <li>Independent IT systems and infrastructure audit to identify areas for attention/improvement.</li> <li>Implementation of recommendations from above.</li> <li>Detailed IT disaster recovery plan in place to underpin business recovery planning.</li> <li>Dry run of IT DRP.</li> <li>Contract management of IT providers.</li> <li>Documentation of inventory, processes and systems.</li> <li>Knowledge sharing to reduce exposure to information 'islands'.</li> <li>Implementation of Records Management Plan.</li> </ul>	2	3	6	Tolerate	↔
9	Reputation	Loss of skills, expertise, morale results in loss of relevance and failure to create new opportunities for future delivery.	EB	3	4	12	<ul style="list-style-type: none"> <li>Annual staff survey with resultant action plan implemented.</li> <li>Pay and conditions review to implement appropriate equality-proofed reward structure</li> <li>Staff handbook developed.</li> <li>Comprehensive induction process.</li> <li>Monitor FTAs and consider moving to permanent when appropriate.</li> <li>Skills &amp; capacity planning including identifying business areas where delivery expertise is overly concentrated and succession planning.</li> <li>Proportionate processes in place to encourage innovation and exploit opportunities.</li> <li>Maximise opportunity for staff input into development of plans and strategies.</li> </ul>	2	3	6	Tolerate	↔

	Category	Risk definition	Risk owner	Likelihood	Impact	Risk rating	Control strategy	Residual likelihood	Residual impact	Residual risk rating	Further mitigation in light of risk appetite (terminate, treat, transfer, tolerate)	Change since last revision
10	Reputation	Failure to meet governance and regulatory requirements results in legal challenge or special measures.	EB	3	5	15	<ul style="list-style-type: none"> <li>Regular and mandatory staff training on all relevant statutory and regulatory requirements.</li> <li>Regular review and updating of policies and procedures to reflect changes and ensure adoption of best practice.</li> <li>Take legal advice as appropriate.</li> <li>Robust monitoring of third party contracts</li> <li>Effective internal audit.</li> <li>Robust assurance framework and internal controls process.</li> <li>Be proactive in approach to reporting and transparency.</li> </ul>	1	3	3	Tolerate	↔
11	Reputation	Condition/liability surveys expose an unaffordable scale of exposure to liabilities	AW- r&c H o Marine	4	5	20	<ul style="list-style-type: none"> <li>Undertake condition survey of rural estate properties.</li> <li>Identify potential liabilities and work with lease process to manage risk.</li> <li>Consider potential for liability creation when agreeing lease proposals.</li> <li>Maintain contingency resources to deal with liabilities.</li> <li>Completion of Rural strategy.</li> </ul>	3	3	9	Treat/transfer/tolerate <ul style="list-style-type: none"> <li>Undertake desk review of potential liabilities beyond the scope of current condition survey.</li> <li>Determine management strategy for significant potential liabilities.</li> <li>Prepare for likely requirements of the Scottish Crown Estate Act, including ensuring clarity on risk transfer in relation to other managers.</li> </ul>	↔
12	Social	Risk aversion stifles business innovation and opportunities to contribute to the public good.	SH	4	3	12	<ul style="list-style-type: none"> <li>Ensure risk appetite is actively considered and managed through governance processes.</li> <li>Work to ensure Framework Document reflects agreed risk appetite.</li> <li>Understand scope to innovate within current vires.</li> <li>Take an open stance with management pilot and other partners on the possibilities for adding value through greater CES involvement.</li> </ul>	3	3	9	Treat <ul style="list-style-type: none"> <li>Develop next corporate plan to reflect a vision for proactive and innovative working to unlock value for Scotland, and to lay out areas of proposed activity.</li> <li>Establish clear business rules to manage accountability and risk, whilst allowing innovation and appropriate risk taking.</li> <li>Identify any specific requirements for legislative amendment to enable specific proposals as they emerge.</li> </ul>	↔
13	Social	Inappropriate culture or poor engagement results in lack of trust and confidence with sponsor and external stakeholders.	EB	3	4	12	<ul style="list-style-type: none"> <li>Awareness raising ref. Engagement Charter</li> <li>Mapping exercise with asset teams feeding into engagement plan up to March 2020</li> <li>Training for staff and agents.</li> <li>Track stakeholder perceptions through ongoing independent research; adapt engagement accordingly to strengthen social license to operate.</li> <li>Consultation process for CES plans etc developed according to best practice; staff training.</li> </ul>	2	2	4	Tolerate	↔

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<b>Board</b>	Ninth Board Meeting	<b>BD(2018)09</b>
<b>Meeting date</b>	3 October 2018	
<b>Paper title</b>	2019/20 Business Plan: scoping BD(2018)9.5	
<b>Security classification</b>	Restricted	
<b>This document contains commercially sensitive and confidential information and may relate to the formulation of policy.</b>		
<b>Presented by</b>	Simon Hodge	
<b>Author</b>	Simon Hodge/Esther Black	
<b>Annexes</b>	n/a	
<b>Recommendation</b>	The Board is invited to provide advice on the content of the 2019/20 Business Plan	
<b>The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest</b>		

### Background

1. 2019/20 will be the 3rd and final year of the current corporate plan. As well as completing delivery commitments from the current corporate plan, the 2019/20 business plan provides the opportunity to flag emerging workstreams that will inform the next corporate plan. It is anticipated that the 2019/20 business plan will identify delivery actions against both the corporate plan and draft investment strategy.
2. Crown Estate Scotland has been successfully established. There is still much formative work in the current business plan, but much of this will be well advanced going into 2019/20. This provides the opportunity to build our outward-facing focus both at a corporate and portfolio level.
3. To the credit of the team, we have been diligent in implementing the current corporate plan. This provides good opportunity to build on work delivered so far and for Crown Estate Scotland to exceed expectations and further build for the future.
4. Agreement of a Board Forward Programme in August is a significant step. This lays out many of the key deliverables for the coming year.

### Discussion

5. This paper identifies four categories of content:
- A. Related to the current corporate plan.
  - B. Preparatory to the next corporate plan.
  - C. New actions.
  - D. Opportunities to reflect emerging priorities.

#### **A. Content related to the current corporate plan**

In this section I have picked out existing corporate plan commitments that could feature in the 2019/20 business plan:

- Better understand, measure and monitor our economic, social and environmental impacts.
- Review how we use agents (now framed as part of a skills and capacity review).
- Pilots.
- Seabed leasing for new energy assets (offshore wind focus).
- Invest in our rural assets to support sustainable business (focus on farm building condition survey).
- Raise capital by selling non-core assets.
- Engage tenants and stakeholders.
- Marine litter.
- Land registration.
- HLF Landscape Partnership Project at Glenlivet.

A few corporate plan commitments will not be taken forward as described given the evolution of our corporate priorities:

- Develop funding partnership to secure investment for Rhu Marina (p27 of corporate plan).
- Identify, scope and, where appropriate, make urban acquisitions (p29).
- Publishing KPIs for investment in terms of ROI, ability to cross-fund etc in 2018/19 (p11)
- Maintaining unplanned staff turnover at no more than 10% (p12)

#### **B. Preparatory to the next corporate plan**

These are items are captured in the Board Forward Programme:

- Prepare a rural strategy
- Prepare an aquaculture strategy
- Prepare a coastal plan
- Prepare a marine energy and infrastructure plan

#### **C. New actions**

In addition to these plans and strategies, these are significant actions required for next year that were not identified in the corporate plan:

- People strategy and skills / capacity planning
- Implementing outcomes of the pay & conditions review
- Work with SG on new duties and actions required by the Scottish Crown Estate Bill including preparation of strategic management plan

- Stage 2 of work on local energy systems (following on from 2018/19 activity – see p12 action 15 of 2018/19 business plan)
- Actions that emerge from the rural conditions survey, and work to prepare for new energy efficiency standards in residential properties

### **D. Opportunities to reflect emerging priorities**

Some thoughts/ideas emerging from discussions with non-execs and team members around future directions are outlined below. If the Board was so minded, the 2019/20 business plan provides an opportunity to flag emerging priorities and open up dialogue – using the development of the plans in B above – in advance of the new corporate plan:

- Aquaculture. Intention to review our approach, including, how we manage new opportunities, sustainability requirements, and lease financial terms.
- Blue economy. Signal our ambition and role in realising the huge potential of Scotland's blue economy, including continuing work on the offshore wind sector deal and exploring opportunities related to data and connectivity
- Ports and harbours. Explore new ways of engaging with proposals to improve ports and harbours including scoping a ports and harbours investment challenge fund.
- Development. Exploring / scoping development opportunities on the Scottish Crown Estate and engage with potential development partners.
- Farmed estate. Finding a financially sustainable approach for both tenants and Crown Estate Scotland.
- Forestry. Scope options for recycling woodland investment into new planting.
- Selling. Flagging the intention for continued divestment and reinvestment to increase benefit delivery.

### **Development process**

6. The corporate plan indicates we will consult on our business plans. The new corporate plan will be main focus for formal consultation over the coming year. For the 2019/20 business plan we propose targeted engagement with key stakeholders to help shape specific content.
7. We will want to take the opportunity in the 2019/20 business plan to strengthen the consistency and clarity of our terminology both in relation to how we describe and classify the portfolio, and our language around finance and public benefits.
8. The draft business plan is to be approved by Board and then Cabinet Secretary, with the aim of publishing the final document in early April.

### **Financial**

9. Capital and revenue budgets for 2019/20 will be submitted to Board at the November meeting.

**Sustainability:** n/a

**Legal implications:** n/a

**Risk:** n/a



## Board paper



### People considerations

10. Section 2C above notes that there will be significant people-related projects in 2019/20.

**Reputational / PR implications:** n/a