

Agenda
Seventeenth Meeting
Crown Estate Scotland (Interim Management) Board
26 November 2019
10.00am – 2.00pm

A session on Health & Safety responsibilities will be held at 9.00am (led by Jonathan Guy)

- 1. Standing Items**
 - 1.1 Welcome and Apologies
 - 1.2 Declarations of Interest
 - 1.3 Approval of Minutes of Meetings held 24 July and 28 August 2019 Attached
 - 1.4 Matters Arising and Action Trackers Attached
 - + 1.5 Stakeholder Meetings BD(2019)17.1

- 2. Board Committees**
 - 2.1 Audit & Risk Committee Minutes (29 October meeting) Attached
 - 2.2 Investment Committee (5 November meeting) Attached

- 3. Business Management**
 - +* 3.1 Chief Executive's Report BD(2019)17.2
 - +* 3.2 Framework for Management Information Reporting BD(2019)17.3
 - * 3.3 Finance Report (to 30 September 2019) BD(2019)17.4

- 4. Strategy and Planning**
 - ** 4.1 Business Plan 2020/21 EB(2019)17.5

- 5. Any Other Business**
 - 5.1 Scoping discussion for January Board meeting verbal

- 6. Dates of Next Meetings**

29 January 2020 (strategic meeting – no papers)
24/25 March 2020
26/27 May 2020

*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	Seventeenth Board Meeting	BD(2019)17
Meeting date	26 November 2019	
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 Edinburgh on Tuesday, 26 November 2019		

Present:

Amanda Bryan	Chair
Dr Michael Foxley	
Liz Leonard	
Jean Lindsay	
Andrew MacDonald	
Robert Mackenzie	
Richard Morris	
Alister Steele MBE	

In attendance:

Simon Hodge	Chief Executive
Esther Black	Director of Corporate Operations
Lynne Higgins	Director of Finance & Business Services
Colin Palmer	Director of Marine
Andrew Wells	Director of Property
Helen Howden	Governance Manager (minutes)

By invitation:

Madeleine Kemna	Shadowing observer
Anna Morgan	Financial Controller (for Minute item 3.3)

1. Standing Items

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting. It was noted that apologies had been received from Hugh Raven.

The Chair noted that it was the last meeting that Ms Higgins and Ms Kemna would attend and she expressed the thanks of the Board to both for their contributions.

1.2 Declarations of Interest

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

1.3 Approval of Minutes of Meetings held on 24 July and on 28 August 2019

Agreed that:

- (a) the Minutes of the meeting held on 24 July 2019 were approved.
- (b) the words “by a majority decision” be added between the words “Board” and “accepted” in the first line of point 3.1 Agreed (a). With that change made the Minutes of the meeting held on 28 August 2019 were approved.

1.4 Matters Arising and Action Tracker

Noted that:

- (a) no further request had been received to amend the current leasing agreement with MeyGen.
- (b) the responses to the staff survey had been covered in a staff meeting during which the Chief Executive had signposted how to raise concerns about bullying and harassment. No concerns had been raised about bullying and harassment by staff.
- (c) in relation to action 12/5, the Executive Team had had a positive direct engagement with members of the Scottish Government’s property team. It had been established that there were currently no suitable Scottish Government properties available in Edinburgh which were suitable for Crown Estate Scotland use. There was space available in Silvan House, the lease for which is held by Forestry and Land Scotland in the name of Scottish Ministers. The lease is currently due to expire in 2022 and consideration is being given to seeking an extension. The process of appointing search agents was now underway in order to establish other options, including the feasibility of occupying part of 39 George Street should space become available. The project structure for the New Office Project was being established and would include a staff advisory group. Further updates would be provided to the Board by email.

Action: SH (17/1)
- (d) in relation to action 15/7 the Chief Executive advised that he was proposing that during the Board meeting on 28 January 2020 there would be a mapping of Crown Estate Scotland strategies to consider current coverage and any gaps.
- (e) the Director of Property had reported to the Audit & Risk Committee on the work being undertaken to address the safety of vacant and derelict buildings on the rural estate. A copy of the report from the managing agents would be provided to Jean Lindsay who had requested sight of it.

Action: AW (17/2)

1.5 Stakeholder Meetings (paper BD(2019)17.1)

Noted that:

- (a) the Chair, Chief Executive and Director of Marine had held a strategic meeting with the Director of Marine Scotland and the Director of Energy and Climate Change to discuss how the Scottish Crown Estate assets could be used to contribute to Scotland's target of net-zero by 2045. This included the ScotWind leasing but looked beyond the timeline of that project and also included the contribution to be made by wave and tidal and carbon capture and storage. The discussion also explored how Crown Estate Scotland and the two directorates could work together to streamline any response.

2. Board Committees

2.1 Audit & Risk Committee – 29 October 2019

CLOSED BUSINESS - CONFIDENTIAL

Noted that:

- (a) the Committee had received a financial report to the end of 30 June with a verbal update. The Committee reviewed the position on the variances from budget and had noted that the Finance Manager would be carrying out a reforecast in early January 2020.
- (b) the budget for 2020/21 was being prepared and would be circulated electronically to the Board in January 2020. It was understood that Scottish Government were budgeting on a contribution from the organisation of £8m to the Scottish Consolidated Fund in 2020/21.
- (c) expenditure on work packages, which the Committee had oversight of, had not been near the £1M 'facility' level. The Committee had emphasised to the Executive Team the need to apply the usual clarity of financial management on the expenditure and to identify the outcomes and benefits from the expenditure. Work package activity will be embedded as far as possible into normal business planning going forward.
- (d) following a tender process an offer had been made for the appointment of a new firm of internal auditors.
- (e) the Committee had considered a health & safety management report and made some recommendations for inclusion of other information in future reporting. An e-learning platform had been procured and will be used to deliver some aspects of health & safety training for staff.
- (f) contributions to work package projects was a positive opportunity for the organisation to engage with projects outside of the remit of Marine Scotland and to engage with energy and rural.

Agreed that:

- (a) the Executive Team should make recommendations to the Board on which health & safety modules on the e-learning platform it would be appropriate for members to complete.

Action: EB (17/3)

- (c) to allow all members to review the health & safety reports submitted to the Committee, all committee papers on the VirtualBoardroom portal should be available to all members.

Action: HH (17/4)

2.2 Investment Committee – 5 November 2019

Noted that:

- (a) the Committee had received a report on capital receipts and expenditure. Expenditure of capital was out of sync with budget, a pattern which had been exhibited in the previous year. The Committee had discussed the reasons for this and had noted that more rigour was being applied to the budgeting process, including the creation of a pipeline for capital expenditure.
- (b) a rural land options analysis had been presented to the Committee which identified possible options for how the rural portfolio could contribute to the generation of the £14m capital which the investment strategy had identified required to be raised over the next three years.
- (c) the Committee had reached a consensus view that, although the Board had agreed there were no protected parts of the Estate, Glenlivet should be subject to a moratorium on sales during the next corporate plan period. During this time the current sporting lease would near expiry and the organisation would be in a better position to identify future plans for the estate.
- (d) the Committee had questioned the rationale behind the decision to negotiate on the same basis with the two angling associations on the river Spey. Further information in relation to the proposed sale of fishing rights had been circulated after the meeting and the Committee would meet again immediately after the Board meeting to discuss the position. If the previously agreed position changed materially as a result of that meeting then the Committee would make a recommendation to the Board and a request for a decision be made electronically.

Agreed that:

- (a) the Board accepted that the core Glenlivet estate should be subject to a moratorium on sales during the period of the next corporate plan.

3. Business Management

3.1 Chief Executive's Report (paper BD(2019)17.2)

Noted that:

- (a) there had been seven new starts in the organisation since the last Report in July 2019 and recruitment was in progress for four new roles as well as for a new Director of Finance & Business Services.
- (b) the Chief Executive, Financial Controller and Governance Manager had held a productive meeting with the sponsor team and a Scottish Government finance business partner to discuss revisions to the Framework Document. Subject to ministerial approval, agreement had been reached on significant increases in the limits of delegated authority. It was intended that the Framework Document would take effect from 1 April 2020.
- (c) a number of requests for rent to be set at below market rate were being received from community and other organisations. A letter outlining Crown Estate Scotland's approach had been sent to DTAS and CLS. The intention is to have a policy in place by 1 April 2020 when the next tranche of provisions in the new Scottish Crown Estate Act are expected to be brought in to force. It is important for that policy to align with the Community Empowerment (Scotland) Act 2015 and relevant Scottish Government policy. Bidwells are responding directly to comments specific to them in correspondence with Kate Forbes MSP.
- (d) the Cabinet Secretary for Environment, Climate Change and Land Reform had written to all organisations within her portfolio asking for a summary of each body's climate change policies and the actions planned to achieve zero direct emissions. Work was underway to provide the Cabinet Secretary with a response before 16 December 2019.
- (e) discussions with Scottish Government had been continuing in relation to the contribution by offshore wind to the supply chain in Scotland. This was an issue which the Scottish Government was prioritising. The information used by Crown Estate Scotland to reach its position on supply chain benefit in relation to the ScotWind leasing round was being made available to Ministers through the sponsor team.
- (f) one of the tenants at the George Street property had failed to pay the rent due and a pre-irritancy notice had been issued to them in order to protect the property. The financial position of the tenant had received some press coverage and more might be expected.

Agreed that:

- (a) a report would be brought to the Board meeting in March 2020 setting out Crown Estate Scotland's approach to its duties in relation to equality and diversity.

Action: EB (17/5)

3.2 Framework for Management Information Reporting (paper BD(2019)17.3)

Noted that:

- (a) during the session held in Elgin on 26 September the Board had invited the Executive Team to set out the essential, core information required for effective management. The new reporting framework would be implemented by 1 April 2020.
- (b) in addition to the information identified, individual Board members also suggested information on cost behaviour, progress in implementation of people strategy, equality

and diversity, carbon reporting, non-financial outcomes identified by or arising from the Value Project, and management of outsourced activity.

Agreed that:

- (a) prior to the next Board meeting, the Executive Team would consider whether the additional information requested by the Board could be effectively reported on within the current organisational capacity. Andrew Macdonald would liaise with the Director of Corporate Operations on reporting cost behaviours.

Action: SH/EB (17/6)

The Financial Controller joined the meeting.

3.3 Finance Report (BD(2019)17.4)

Noted that:

- (a) until recently resourcing in the Finance team had been a challenge. With the Q2 reporting and VAT returns completed, work was now underway on the budgets for 2020/21. The budget for 2020/21 will include resource requirement for the relocation of the Bell's Brae office. The move would also have an impact on performance of staff during that period.
- (b) The payroll budget for 2020/21 had been drafted by the Director of Finance & Business Services and was with HR for review. The staff team headcount had grown from 35 in April 2017 to 51 now with budget for an additional 9 to join the organisation in 2020/21.
- (c) a budget reforecast would be carried out in early January 2020 and circulated to the Board electronically.
- (d) there had been delays in capital expenditure being incurred but the budgeted activity was now underway. Provision was made in the budget for anticipated capital receipts. This cannot be made entirely property specific as it will depend to some extent on the circumstances and decisions of tenants.

The Financial Controller was thanked for her contribution and she left the meeting.

4. Strategy and Planning

4.1 Business Plan 2020/21

Noted that:

- (a) as the Corporate Plan consultation had not yet closed the draft business plan might be subject to further change to reflect consultation responses. The business plan would not be consulted on this time as the actions in it were covered in the draft Corporate Plan .
- (b) Crown Estate Scotland's response to the climate emergency requires to be given more prominence in the draft, including the work towards zero carbon emissions.

- (c) as well as commenting on the content of the draft business plan, the Board were being asked to agree a process for approving and finalising the plan.
- (d) work was continuing to develop the Value Project and to develop an internal evidence-based decision-making process which would allow the organisation to deliver the obligations contained in the Scottish Crown Estate Act 2019. The Chief Executive had engaged with other public bodies on decision-making and the aim was to have a revised process in place by 1 April 2020.

Agreed that:

- (a) the draft plan could say more on developing our people, including the implementation of the People Strategy.
Action: EB (17/7)
- (b) the business plan might benefit from the inclusion of note on the delivery challenges facing the organisation, including the relocation of Bell's Brae, resourcing and capacity and the climate emergency.
Action: EB (17/8)
- (c) the final draft of the business plan should be circulated to the Board electronically for final comment and the Chair would have delegated authority to approve the final version on behalf of the Board. The Director of Corporate Operations would provide the Board with a timeline for the approval process.
Action: EB (17/9)

5. Any other Business

5.1 Scoping discussion for January Board meeting

Noted that:

- (a) it was anticipated that the Cabinet Secretary would be able to meet with the Board during its meeting on 29 January 2020.
- (b) items to be considered for the meeting in January included the draft Corporate Plan (including consultation responses), an early discussion on the outcome of the Outsourced Services Review, the geographical implementation of the investment strategy, strategy mapping and the revised Framework Document.
- (c) members should hold the whole day in their diaries.
- (d) a briefing on the Proposed Remote Rural Communities (Scotland) Bill would be prepared and circulated to the Board.
Action: EB (17/10)

Agreed that:

- (a) if members had any other thoughts on the content of the meeting they should contact the Governance Manager as soon as possible.

6. Dates of Next meetings

29 January 2020
24/25 March 2020
26/27 May 2020

Amanda Bryan
Chair, Crown Estate Scotland (Interim Management)

Date

Board	Seventeenth Board Meeting	BD(2019)17
Meeting date	26 November 2019	
Paper title	Stakeholder Meetings BD(2019)17.1	
Security classification	Unclassified	
Presented by	Amanda Bryan/Simon Hodge	
Author	Helen Howden	
Annexes	None	
Recommendation	The Board is invited to note this paper.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. This Paper is to ensure the Board is aware of the meetings with Crown Estate Scotland stakeholders which the Chair, the Chief Executive and members of the Executive Team have held during the period from 12 July 2019 to 15 November 2019.

Meetings held

2. The Chair and Chief Executive jointly attended or met:
 - Marine Scotland (regular bi-monthly meetings) on 14 August and 9 October 2019.
 - Meeting of public body Chairs, Convenors and Chief Executives with Cabinet Secretary for the Environment, Climate Change and Land Reform and the Minister for Rural Affairs and the Natural Environment at the Scottish Parliament on 1 October 2019.
 - Convention of the Highlands and Islands on 28 October 2019.
 - Council Leader and Chief Executive, Moray Council on 6 November 2019.
 - Graham Black, Director of Marine Scotland and Kersti Berge, Director of Energy and Climate Change on 13 November 2019. Also attended by Colin Palmer.
3. The Chair attended or met:
 - Graham Black, Director of Marine Scotland on 26 August and 13 November 2019.
 - SCDI Dinner on 6 September 2019. Also attended by Esther Black and Andrew Wells.
 - Atholl Duncan, Chair, SSPO on 13 November 2019.
4. The Chief Executive attended or met with:
 - Fort William 2040 Project meeting with Highland Council on 16 July 2019. Also attended by Alister Steele and Esther Black.



- Scottish Government Land Reform Policy network meeting on 18 July 2019.
 - Meeting with North Ayrshire Council to discuss regeneration and investment on 31 July 2019.
 - Marine Conservation Society on 1 August 2019.
 - Katy Hughes, Director of Estates, Scottish Canals on 12 August 2019
 - Paul Cooley (SSE, Director of Capital Projects), Mike Seaton (SSE, Director), Brian McFarlane (SSE, Head of Projects – Offshore Development) on 20 August 2019. Also attended by Colin Palmer.
 - Catherine Topley, Chief Executive, Scottish Canals on 22 August 2019.
 - Environment and Economy Leaders Group Meeting on 4 September 2019.
 - Liam McArthur, MSP, on 3 October 2019.
 - Sarah Thiam, Chief Executive, SCDI on 3 October 2019.
 - HIE: CES workshop 8 October 2019 in Inverness – also attended by Colin Palmer, Andrew Wells and wider other Crown Estate Scotland staff.
 - COSLA Annual Conference on 10 October 2019. Also attended by Esther Black.
 - Cllr Adam Wilson, Deputy Leader, Dumfries & Galloway Council on 10 October 2019.
 - Scottish Crown Estate Advisory Group on 11 October 2019.
 - Ports Workshop (Crown Estate Scotland, Scottish Government, Transport Scotland, Marine Scotland, Highlands and Islands Enterprise and Scottish Enterprise) on 22 October 2019. Also attended by Andrew Wells and Paul Bancks.
 - Crown Estate Scotland Farm Tenants Meeting on 23 October 2019. Also attended by Andrew Wells and Fiona Simpson.
 - Chair, Infrastructure Commission on 4 November 2019.
 - Meeting with Marine Scotland, Scottish Government state aid team and Scottish Government supply chain on 12 November 2019 in relation to supply chain. Simon Hodge, John Robertson and Colin Maciver also attended.
 - Isla Developments Ltd, Montrose on 15 November 2019. Also attended by Andrew Wells and Paul Bancks.
5. The Director of Corporate Operations attended or met with:
- Business in the Community Scotland Advisory Board on 3 September and 13 November 2019.
 - Director, Business in the Community Scotland on 1 October 2019.
 - Assistant Chief Planner, Scottish Government on 30 October 2019.
 - Scottish Leaders forum on 15 November 2019.
6. The Director of Finance & Business Services met with:
- Alison Baker of Forth District Salmon Fisheries Board (and Tom Mallows) on 28 August to discuss implementation aspects of their pilot project.
 - Judith Shaw, Scottish Government property team, on 29 August and 14 November, to discuss future accommodation requirements for Crown Estate Scotland.
7. The Director of Marine attended or met with:
- Meeting with Leanne Dobson (SG Special Adviser), Helena Gray (Deputy Director – Marine Scotland), David Pratt (Marine Scotland), David Stevenson (Scottish Government – supply chain) on 25 July 2019 in relation to supply chain.



- Opening of Beatrice offshore wind farm on 30 July 2019.
 - David Pratt and Helena Gray, Scottish Government and Christopher Bryceland, Scottish Enterprise on 12 August 2019 to discuss blue economy.
 - Gillian Murray & Simona Foscarin (Heriot-Watt University), Gareth Williams (SCDI), Chris Bryceland (Scottish Enterprise), Morven Cameron (Highlands and Islands Enterprise) 13 August 2019 to discuss Blue Economy.
 - Fife Renewables Innovation Centre visit on 19 August 2019 – E&I team hosted by ORE Catapult.
 - Scottish Government and Scottish Enterprise on hydrogen and offshore wind on 9 October 2019.
 - Scottish Enterprise and Highlands and Islands Enterprise on blue economy on 9 October 2019.
 - Quarterly Crown Estate Scotland and Marine Scotland aquaculture meeting with Alistair Mitchell (Marine Scotland) on 24 October 2019.
 - Meeting with Brenda Calder (Scottish Government Economic Development) on 1 November 2019.
 - Meeting with Andy Hogg (Deputy Director – Energy Industries, Scottish Government) on 1 November 2019.
 - Meeting with David Macintosh (Scottish Futures Trust) on 6 November 2019.
8. The Head of Property attended or met with:
- Scottish Crown Estate Tenants Group meeting on 26 July 2019.
 - Grant Moir, Chief Executive, Cairngorms National Park Authority on 29 July 2019.
 - Audrey Mcivor, Highlands and Islands Enterprise on 7 August 2019.
 - East Cairngorms Moorland Partnership on 8 August 2019.
 - “Maximising grass and health for profitable lamb production” event, Ruthven Farm on 14 August 2019. Held in partnership with Moredun Research Institute and attended by Richard Lochhead MSP.
 - Scottish Government to discuss Energy Efficient Scotland (Sue Kearns (Deputy Director Consumers and Low Carbon), Anna Kynaston and Craig Frew) on 19 August 2019.
 - SURF Board on 21 August 2019.
 - David Michie, Head of Farming and Land Use, Soil Association on 27 August 2019.
 - Portgordon Community Harbour Group on 30 September 2019.
 - Cairngorm Nature Strategy Group on 10 October 2019.
 - Jim Booth, Head of Co-operative Development, SAOS on 16 October 2019.
 - Cairngorms National Park Authority, Glenlivet masterplan on 21 October 2019.
 - University of Highlands and Islands on 13 November 2019 (skype meeting).
 - Speyside Landowners meeting on 13 November 2019.
 - Harris Development Limited on 14 November 2019.

Board	Seventeenth Board Meeting	BD(2019)17
Meeting date	26 November 2019	
Paper title	Chief Executive's Report BD(2019)17.2	
Security classification	Unclassified	
Presented by	Simon Hodge	
Author	Renée Lefrançois	
Annexes	n/a	
Recommendation	The Board is invited to note this Report	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

1. Meetings/engagement

A separate list of the engagement and meetings has been submitted to the Board (BD(2019)17.1)

2. Q2 Business Plan Progress Tracker – Exceptions (Amber & Red)

No	Action	Measure	%	Status	Comments
1	Prepare to implement the Local Management Pilot Projects (likely to involve design and integration of financial, spatial and property systems and data considerations)	Systems and processes ready for implementation	60%		Amber status due to delayed progress on CnES/ Galson Estate Trust, not having yet closed out 'Interim Status' issues. Actively proposing and seeking solutions to resolve and mitigate this, expected to bring back to green. All other projects on track.
6	Support the 2020 Year of Coasts and Waters	Develop support programme for coastal communities; support awareness-raising campaign	20%		Stakeholder engagement nearing end. Procurement for third party provider in progress. Launch now summer 2020/21 due to delay in securing staff resource.

No	Action	Measure	%	Status	Comments
		with tenants and suppliers			
39	Promote use of estates to support physical and mental health and well-being	Develop partnerships with at least two regional organisations promoting well-being in the outdoors;	20%		Initial contacts made but delivery at risk of delay until 2020/21
		Pilot a minimum of four health and wellbeing events			

3. Risk Management

- **Health and safety:** Overall review of all the health and safety policies – basis for the development of audit schedule and a resumption and recording system.
- **Financial:** Developing decision procedure for transactions and investments which will include refining our approach to business case development around the Treasury Green Book five case model. New risk relating to requests for below market value transactions as a response to the new balancing duty laid out in the Scottish Crown Estate Act 2019.
- **Staff:** Creation of new middle management roles and a People Committee.
- **ScotWind:** New risk for interaction with Scottish Government and Scottish Ministers and the critical stage of ScotWind development.

4. People

- Developed our behavioural competency framework which is based on our four organisational values. Included staff workshops.
- Staff working group set up to help develop new performance management framework for 2020/21 onwards.
- Appeals process for Pay & Conditions review is in progress and expected to end January 2020. This has involved panel training, sifting and hearings.
- Ongoing recruitment in progress for new roles and maternity cover for existing roles. New staff in post since my last report are:
 - Alex Collins, Business Support Assistant (Modern Apprentice)
 - Polly Freeman, Countryside Management Assistant
 - Campbell Gerard, Senior Policy Manager
 - Anneli Hill, Aquaculture Planning & Engagement Manager
 - Anna Morgan, Financial Controller
 - Scott Ross, Leasing Coordinator
 - Daniela Thiele, Forestry Intern.
- Recruitment of Director of Finance and Business Services underway.

5. IT Review

Progressing IT review recommendations:

- Senior IT Manager role job profile complete, going through the JEGS process.
- Early technical actions implemented.
- Action plan being developed for other recommendations from the review.

6. Annual Report & Accounts

- Net revenues from 0-12nm distributed to local authorities by Scottish Government.
- Accounts laid in Parliament.
- Tendering for new internal auditors.

7. New Office Accommodation

- Search initiated for a property agent to be appointed to assist in sourcing suitable office accommodation in 2020 that would suit our criteria.
- Planning for new year formation of a working group and securing a project manager to manage the process.

8. Consultation on Draft Corporate Plan and Strategic Environmental Report (31 August to 25 November)

This has included:

- Events in Inverness and Edinburgh.
- Stalls / workshops / submissions etc at COSLA, Scottish Renewables, Convention of Highlands & Islands, tenants working group, DTAS, and Scottish Land Commission events and conferences.
- Research with children and young people to understand their views on the use of land, coastline and seabed (survey plus workshops).
- Survey with coastal tenants.
- Letters to community councils and key MSPs, as well as key coastal organisations
- Ongoing media and social media activity.

Impact assessments currently being carried out include child rights & wellbeing, equalities and islands communities.

Initial results from Corporate Plan consultation are expected in December with full report to Board in January, including recommendations for changes/amendments to the Corporate Plan.

9. Research

- Tenant satisfaction survey in progress for rural (agricultural and residential) as well as coastal (tenants, community councils, key MSPs and coastal organisations).
- MSP annual survey (results expected early January).
- Commissioned research to test the words and phrases we use across our communications to ensure we are communicating effectively.

10. Local Management Pilots

Comhairle nan Eilean Siar & Galson Estate Trust – “Interim Status” not yet fully resolved. Issues:

- Clarifying decision making process in relation to new Options and Lease/licence agreements.
- Ensuring local tenant concerns are addressed and pilot visibility is improved.

A range of solution alternatives have been presented at workshops and meetings; action sits with Comhairle nan Eilean Siar & Galson Estate Trust to respond on detailed proposals.

11. Rural & Coastal Update

- Condition survey works programmed in for the current financial year are progressing well.
- New super silage pit at Wester Manbeen farm and the new major sewage treatment works at Spey Bay Dolphin Centre completed on time and within budget.
- Agricultural land letting policy document published on our website in September and has been well received. This policy covers the range of letting from whole farms let on the open market down to smaller annual grazing agreements for a single field.
- At Portgordon we are continuing assist the community to progress with their plans for the harbour area. Our consultant has completed further feasibility work and a meeting was held with the group to discuss some new ideas and suggestions for them to consider.
- The recent accident at Portgordon has been investigated with no liability attributable to Crown Estate Scotland. We are acting on our Safety Adviser’s recommendation to improve fencing. Temporary fencing has been erected on the east pier while we await permission from authorities to remove the build-up of shingle. We are taking further advice specifically related to harbour safety to ensure further proposed actions are proportionate in connection with future intentions.
- Currently in final negotiations with a potential new tenant for the mountain bike trails. Heads of Terms are being progressed and it is proposed the tenancy will include the operation and responsibility for the trails. It is proposed a new Orange Trail (planning permission is already in place) will be constructed in time for reopening of the facility March 2020.
- The initial community partnership application for funding for an Observatory on Glenlivet Estate was unsuccessful, but the project was placed on the reserve list. SNH have made us aware of a potential additional ERDF funding stream that could be available.

12. Marine update

- The draft Sectoral Marine Plan (SMP) is now anticipated to be released for consultation by Marine Scotland between 12 December and Christmas. Subject to the final content of the SMP, it is feasible that ScotWind could launch in February 2020, assuming the supply chain aspects of ScotWind remain as agreed at the September Board call.
- There has been further engagement with the Scottish Government State Aid team, the Crown Estate Scotland’s sponsor team and other Scottish Government officials regarding the supply chain aspects of ScotWind. This is to ensure robustness of work undertaken to date and alignment across these stakeholders for any paper being passed to Ministers. The next offshore wind summit is expected January 2020, so we anticipate the discussions with Ministers will occur before this. We will work closely with the Chair and keep the Board briefed should Ministers seek further action from Crown Estate Scotland.
- There is currently some competing interest in seabed for small tidal turbines off the coast of Islay. The team are preparing the process and associated documentation to resolve this, with a decision anticipated to be made mid-2020.

- Pipeline Terms and Conditions review is nearing completion with the only significant change proposed being an additional term which would allow a lower payment of rent if there is evidence that the asset is viable for re-use. We are liaising closely with the UK Government, aligning to UK re-use policy for extending asset life, for example to enable future carbon capture and storage.
- The 'root and branch' review of aquaculture lease terms will be conducted by a consortium led by Stephen Pollock a director of Avison Young. This has been communicated to stakeholders. Our new Aquaculture Planning & Engagement Manager, Anneli Hill, will help input to this review as we consider how best Crown Estate Scotland adds value.
- The Critical Mass shellfish project for the Clyde has now reported and we will publish this on the Crown Estate Scotland's website.

13. Investment

Exploratory discussions are underway to explore potential investment opportunities and partnerships. This includes with North Ayrshire Council, The Highland Council at Fort William, Moray Council, Isla Developments at Montrose, and Mallaig Harbour Authority. In collaboration with Scottish Enterprise and Highlands and Islands Enterprise we are looking at blue economy investment priorities and, in a separate study, reviewing port infrastructure around Scotland to support the offshore wind sector.

An evaluation of development opportunities on the existing estate has been received from Savills as a basis to form the first portfolio of investment projects. We are working with the Investment Committee on this.

We are working with the Investment Committee to determine our approach to rural asset sales. Detailed consideration is being given to our strategy for the sale of specific river salmon fishings prior to settling our approach with the parties involved.



Board	Seventeenth Board Meeting	BD(2019)17
Meeting date	26 November 2019	
Paper title	Framework for Management Information Reporting BD(2019)17.3	
Security classification	Unclassified	
Presented by	Esther Black	
Author	Esther Black / Renée Lefrançois	
Annexes	Annex A: Management Information Reporting Framework	
Recommendation	The Board is invited to note this paper.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

The Reporting Framework summarises how Management Information reporting across Executive Team, Committees and Board is managed. It gives an overview of the what, who, when and how of reporting.

The Framework reflects the outcome of the discussions at the September Board meeting when Board concluded that the Executive Team should identify the relevant Management Information to be captured on the main dashboard for operational management which would, as far as possible, also meet the critical information needs of Board and its Committees.



Board	Seventeenth Board Meeting	BD(2019)17
Meeting date	26 November 2019	
Paper title	2020/21 Business Plan BD(2019)17.5	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Simon Hodge	
Author	Simon Hodge / Esther Black	
Annexes	n/a	
Recommendation	The Board is invited to agree priorities for the 2020/21 Business Plan and the approval process.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

2020/21 will be the first year of the new corporate plan and the next significant opportunity to present new priorities and directions.

Whilst there is still some work to be done on organisational formation, the focus is increasingly on what we will deliver through the asset manager, investors and enabler roles, and how we will develop our capability to achieve this.

The business plan will feature information and detail similar previous ones (the 2019-20 one is published on the Crown Estate Scotland website) and will set out our work in the context of the new strategic framework in the 2020-23 Corporate Plan.

Financial

Financial goals: revenue, capital. High-level budget trends, including:

- Revenue:
 - Table showing (by asset class) budgeted turnover, direct expenditure, gross profit, indirect expenditure, net profit, transfer to capital and net profit after transfer.
- Capital:
 - Tables showing budgeted capital income, expenditure and net position by asset class.

In May 2019, Board approved an approach to funding new work packages. This arrangement involves the Scottish Government making a provision of up to £1m of revenue in 2019/20 for Crown

Estate Scotland to fund joint projects, the nature and detail of which are developed with our sponsor department, Marine Scotland.

It was agreed that this mechanism could be extended into subsequent years, and that this would be increasingly incorporated into the budgeting process. The Board delegated oversight of the programme, funding and project delivery to the Audit & Risk Committee and confirmed that, within delegated limits, the Executive Team should agree the work packages and financing arrangements.

Work package programmes (i.e. projects initially developed with Marine Scotland, some of which are co-funded some are funded solely by Crown Estate Scotland revenue) currently anticipated for 2020/21 are included in the following sections and marked 'WP'.

Below we have outlined the key projects for 2020/21 (based on the draft 2020-23 Corporate Plan) by strategic objective, incorporating investment activity. Once these are agreed, a budgeted plan with defined actions and targets / milestones will be developed.

1. **Support the sustainable expansion of Scotland's blue economy, focusing on marine and coastal development**

Energy & Infrastructure

- Play a leadership role in creating a vision and plan for growing Scotland's blue economy.
- Implement seabed agreements for offshore wind schemes as they progress through development and towards operation.
- Advance ScotWind leasing, in alignment with Scottish Government's Sectoral Marine Plan for Offshore Wind, helping Scotland attract investment and realise socio-economic benefits.
- Explore options and commit to opportunities to maximise and enable the full potential of offshore wind in Scotland (for example, through enabling environmental studies, engagement with stakeholders on key policy issues or involvement with SOWEC).
- Identify opportunities to advance Scotland's leadership role in emerging areas (for example, floating wind, CCS, wave & tidal, energy systems) and progress through collaboration with partners as appropriate.

Aquaculture

- Review aquaculture leasing to promote optimisation, sustainable growth and sharing of benefits. Share recommendations with industry & Government.
- Contribute to R&D on sustainable finfish production and further development of shellfish and seaweed cultivation industries in Scotland.
- Contribute to the Scottish Government review of the regulation of seaweed harvesting.
- Work on developing knowledge database to help inform pre-application consultation and development prospects with and by developers.

Coastal

- Identify opportunities for ports and harbours investments that release economic potential and meet financial criteria.
- Review and publish revised summary of charges for coastal infrastructure, aligned with the Scottish Crown Estate Act 2019
- Explore new commercial arrangements and business models for ports and harbours investments.

- Establish a new framework for asset agreements with community bodies.
- Complete voluntary registration of uncontested Crown foreshore.
- Launch a 'package' of support for sustainable development at community level, with a focus on coastal areas. (WP)

2. Develop built environment that strengthens communities and benefits businesses

On the existing estate

- Advance development plans for four significant sites on the Whitehill and Fochabers estates.
- Seek developer commitment to a PV site at Nether Dallachy on the Fochabers estate.
- Conclude a review into the development potential of property at Rhu.
- Explore new commercial arrangements and business models appropriate to increasing our role in development.
- Identify built environment assets for sale to allow reinvestment in built development, including opportunities to increase the value of assets for sale through consenting or preliminary site works.
- Invest in our rural estates to make improvements to homes, buildings and infrastructure including:
 - Programme of priority and urgent works identified in the Rural Condition Survey
 - Farm infrastructure capital investment projects in line with Rural business plan.
 - Planned investment in residential portfolio to improve property standards.

Regeneration partnerships

- Identify priority locations to participate in regeneration partnerships – particularly where coastal regeneration is a key objective.
- Identify specific built environment investment opportunities in these key locations.

3. Invest in innovation and work with tenants to enable sustainable natural resource use

- Work with Cairngorms National Park and local stakeholders to develop a plan for the Glenlivet Estate.
- Deliver agreed sales of rural assets to raise capital for reinvestment
- Establish a scheme to provide capital investment into projects on the Scottish Crown Estate that improve the environmental, social and economic sustainability of natural resource use.
- Work with willing farm tenants to pilot the creation of productive woodland on tenanted land to deliver both forestry and agricultural benefits.
- Substantially complete land registration of the rural estate.
- Support research into wild Atlantic salmon conservation, management and ecology (including possible shared funding to support wild fisheries sector) (WP)
- Support the creation of new market opportunities for farmed shellfish.

4. Build partnerships for people and the planet

- Implement agreements for new local management pilots with island authorities and other partners.
- Strengthen our capacity to support coastal and other community partnerships where this can help release the potential of the Scottish Crown Estate to deliver local benefits.

- Develop a community engagement strategy as part of wider refresh of working practices, and start to implement outsourcing review recommendations in relation to role of rural and coastal managing agents
- Support regional marine planning and Regional Marine Planning Partnerships (WP)
- Trial new scheme to tackle marine litter, working with the aquaculture industry (WP)

5. Develop and deploy our people's expertise to deliver value and success

- Establish a basis for monitoring and managing our response to the 'climate emergency'.
- Mainstream the management and use of the value evidence base and how this is used in decision making and business case development.
- Grow our skills and capacity in key areas of focus, particularly built environment and coastal regeneration.
- Implement a new health and safety resumption and recording system.
- Ensure clarity of health and safety responsibilities with all tenants, including those with historic agreements.
- Build health and safety culture and responsibilities into our 2020/21 assurance framework and performance management process.
- Establish a new basis for considering sustainable development alongside financial requirements in our decisions, in line with the Scottish Crown Estate Act 2019.
- Develop and start to implement a communications strategy, including enhanced use of digital communication tools.
- Introduce a new performance management system developed with staff, incorporating a new competency framework to promote staff development and opportunity.
- Start to implement recommendations of our 2019/20 IT infrastructure review, including planning the migration of our ERMS to SharePoint.
- Secure and move into suitable office accommodation.

KPI targets

Targets will cover

- Net profit against target
- Capital valuation
- Ob1: Blue economy - GW renewables in seabed agreements; new and modified finfish development agreements (where related to increased production); investment capital committed
- Ob2: Built environment - Capital committed to place-based projects / activities
- Ob3: Natural resource use - Number of projects promoting sustainable natural resource use and aligned with strategic outcomes
- Ob4: People & Planet - Number of projects supported (revenue, capital, staff resource) and aligned with strategic objectives
- Ob5: Team and organisation – staff, tenant & stakeholder satisfaction / feedback

Business plan development and sign-off process

The current corporate plan indicates we will consult on our business plans. The new corporate plan will have been subject to a substantial formal consultation (with various associated impact assessments) during 2019, alongside the Scottish Government's Strategic Management Plan. Hence, we do not propose a separate engagement exercise for the 2020/21 Business Plan.

Board paper



**Crown Estate
Scotland**

Oighreachd a' Chrùin Alba

It is recommended that the detailed Business Plan and budget, based on the priorities agreed with the Board, is subsequently reviewed by the sponsor department and by Board (by email) then signed-off by the Chair prior to submission to the Cabinet Secretary, with the aim of publishing the final document in early April 2020.