



**Agenda**  
**Thirty-first Meeting**  
**Crown Estate Scotland Board**  
**Quartermile Two, Edinburgh**  
**31 August 2022**  
**10am – 3.00pm**

- 1. Standing Items**
    - 1.1 Welcome and Declarations of Interest
    - 1.2 Approval of Minutes of Meetings held 25 May 2022 Attached
    - 1.3 Matters Arising and Action Trackers Attached
    - + 1.4 Papers considered out of meeting BD(2022)31.1
    - + 1.5 Stakeholder meetings BD(2022)31.2
  
  - 2. Board Committees**
    - 2.1 Investment Committee Verbal
    - 2.2 Audit & Risk Committee Verbal
    - 2.3 Remuneration Committee Verbal
  
  - 3. Management Reports**
    - 3.1 Report from Executive Team BD(2022)31.3
    - 3.2 Performance Dashboard (Q1 2022/23 reporting) BD(2022)31.4
    - \* 3.3 Finance Report BD(2022)31.5
    - 3.4 People Report BD(2022)31.6
    - 3.5 *Paper was withdrawn before meeting*
    - 3.6 Rural Condition Survey progress report BD(2022)31.8
- Lunch followed by cyber resilience session (led by Senior IT Manager)**
- 4. Decisions and Discussion**
    - \* 4.1 ITT – Development Services BD(2022)31.9
    - 4.2 Transfers and Delegations – update Verbal
    - \* 4.3 Vision Verbal
  
  - 5. Risk**
    - 5.1 Risk Management BD(2022)31.10
  
  - 6. Governance**
    - 6.1 Board annual appraisal / self-assessment Verbal
    - 6.2 Authorised signatories BD(2022)31.11
  
  - 6. Any Other Business**
  
  - 7. Date of Next Meeting**
    - 28 September (strategy session – Orkney)
    - 30 November (quarterly meeting)

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

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

+ This item is for noting

<b>Minutes for</b>	<b>Thirty-first Board Meeting</b>	<b>BD(2022)31</b>
<b>Meeting date</b>	<b>31 August 2022</b>	
<b>Security classification</b>	<b>Restricted</b>	
<b>This document contains commercially sensitive and confidential information and may relate to the formulation of policy.</b>		
<b>Minutes for the meeting of the Board of Crown Estate Scotland held at Quatermile 2, Edinburgh and by video conference call on Wednesday, 31 August 2022</b>		

**Present:**

Amanda Bryan	Chair
Ann Allen	(to Minute item 3.5)
Katerina Brown	
Dr Michael Foxley	(to Minute item 3.4)
Liz Leonard	
Jean Lindsay	
Robert Mackenzie	
Euan McVicar	
Ailsa Raeburn	

**In attendance:**

Esther Black	Director of Corporate Operations
Oster Milambo	Director of Property
Alastair Milloy	Director of Finance & Business Services
Colin Palmer	Director of Marine
Helen Howden	Governance Manager (minutes)

**By invitation:**

Janne Bruhns	Board intern
Caroline Bell	Built Development Manager (for Minute item 4.1)
Fiona Haywood	Senior HR Manager (for Minute item 3.3)
Tom Mallows	Head of Partnerships (for Minute item 4.2)
Anna Morgan	Financial Controller (for Minute item 3.4)

## 1. Standing Items

### 1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting, noting that it was the first quarterly meeting attended by Katerina Brown and Ailsa Raeburn. Since the last meeting both Simon Hodge and Andrew Wells had retired from their roles within Crown Estate Scotland, the retirements having been marked at an all-staff event in Edinburgh on 11 August.

Ann Allen and Michael Foxley both indicated that they would be unable to stay for the full meeting and offered apologies.

## **1.2 Declarations of Interest**

It was noted that Michael Foxley's register of interests included a declaration of a shareholding in Scotgold Resources Limited (Minute item 3.1) and that Amanda Bryan and Ailsa Raeburn are members of the board of Highland and Islands Enterprise (Minute item 4.2).

## **1.3 Approval of Minutes of Meeting held on 25 May 2022**

The minutes of the meeting held on 25 May 2022 were **approved**.

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

**Noted** that:

- (a) there were no matters arising which were not included on the agenda.

## **1.5 Papers considered out of meeting (paper BD(2022)31.1)**

**Noted** that:

- (a) there was a mistake in the last line of paragraph 2.3 and the organisation referred to should be "Scottish Land Commission".
- (b) members of the Board had received an update on 12 August 2022 from the Director of Marine and the Head of Offshore Wind Development on the outcome of the ScotWind clearing process.

## **1.6 Stakeholder meetings (paper BD(2022)32.2)**

**Noted** that:

- (a) following a change in personnel in the sponsor team several positive meetings had been held with them. Several of the members of the sponsor team had been able to attend part of the recent all-staff event which had helped to further relationship-building. The Framework Document was in the process of being refreshed.
- (b) the Chair had been advised by the Director of Marine Scotland that a timetable and plan for recruitment of the next Crown Estate Scotland Chair would be prepared.

## **2. Board Committees**

### **2.1 Investment Committee – 18 August 2022**

**Noted** that:

- (a) the Committee had received a useful market update report from the Senior Commercial Manager and the Committee Chair recommended that all Members should read it.

- (b) a framework for future investment in energy ports and harbours had been presented and discussed at the meeting. Approval had been given for the use of this framework as had an approach to negotiation of a potential acquisition on the Moray Firth. The Director of Marine advised that following the meeting an approach had been made however the owners had indicated they were intending to develop the site themselves.
- (c) the Committee had received a full presentation of options for investment in energy ports and harbours and an indication of the likely investment required. Opportunities to present to Scottish Ministers the case for Crown Estate Scotland to use revenue from the Estate to invest would be taken however it was important that progress on all aspects of the Corporate Plan, including coastal regeneration, continued to be made.
- (d) Committee members had been requested to indicate to the Investment Committee Chair how they would like future meetings to be structured and to start to consider how the organisation gained a whole portfolio view when taking decisions. The Director of Property was leading on developing this whole portfolio approach and was likely to involve a discussion with the full Board. Initial discussions would include the Board Chair and the Chair of the Audit & Risk Committee.

## **2.2 Audit & Risk Committee – 16 August 2022**

### **Noted that:**

- (a) the Committee had received its regular reports on procurement, finance, and risk. The strategic risk register had been updated and a new risk relating to the property management system added. The Board would be asked to consider this later in the meeting.
- (b) consideration had been given to the draft external audit opinion which would be finalised before the current external auditors stepped down. Audit Scotland would be appointed as the external auditor for Crown Estate Scotland in October and early engagement with them had been sought.
- (c) a strategy for the procurement of an internal audit function had been reviewed and approved. The Committee Chair would participate in the scoring and interviewing of bidders for the contract.

## **2.2 Remuneration Committee – 19 July and 16 August 2022**

### **Noted that:**

- (a) since the publication in December 2021 of the Scottish Government's pay policy for 2022-23 there had been significant changes in the economy and in consequence there had been an update issued by email signifying that bodies could lift the cap on pay increases. However further information was still required on this change to pay policy.
- (b) PCS had submitted their pay claim but negotiations had been paused. PCS have written to the UK Government notifying that they want the pay claim to be met in full otherwise they will be in a trade dispute. It is assumed that a ballot of members on strike action will

be going ahead. The Executive Team were starting to look at planning for potential strike action.

- (c) pay progression increases had been implemented for those staff who were eligible for it.
- (d) once the new Chief Executive was in post, he would be fully briefed on the position, a meeting with PCS arranged for him and a further meeting of the Remuneration Committee would be convened.
- (e) the Board asked if there was any indication in the organisation on how staff were being affected by the cost of living crisis and what support was available. Regular communications were being issued to staff about the 2022-23 pay claim and a reminder that advice could be sought from the employee assistance provider would be issued. The Board urged the Executive Team to consider hardship in the round, including the impact on tenants.

*Secretary's note: a reminder to staff about the employee assistance provider was given to staff in the September briefing.*

### **3. Management Reports**

#### **3.1 Executive Team Report (paper BD(2022)31.3)**

**Noted** that:

- (a) an all-staff event had been held in person earlier in August during which staff had participated in an exercise to inform the development of the Vision 2050. A further event was being planned for the spring.
- (b) the third year of the Sustainable Community Fund had been launched. A review of the Fund would be undertaken after the conclusion of this round of applications and award.
- (c) the new H&S Consultants had made visits around the Estate, meeting with key staff and then providing a report on the visits with some recommendations for the organisation to consider.
- (d) the ScotWind clearing process had concluded with the offer of three options being made to applicants and a resulting additional income of c.£50m. The three successful bids in clearing would all involve the continued use of Sullom Voe for energy purposes which was contrary to the proposals being developed under the local management pilot for the site.
- (e) all supply chain development statements made by successful bidders for ScotWind options would be subject to regular monitoring of the commitments made. Option holders were required to provide an update to their statement on the first anniversary of the signing of the option.
- (f) the root and branch review of aquaculture had concluded and the team were engaging with tenants to have leases updated before January 2023. The next stage of the Scottish

Government's review of aquaculture consenting is underway and the incoming Chief Executive will participate in a meeting of the Scottish Aquaculture Council in September.

**Agreed that:**

- (a) the report prepared by the H&S Consultants should be circulated to the Audit & Risk Committee.

**Action: 31/1 (OM)**

- (b) Dr Foxley would like sight of the draft woodland policy which had been prepared by the property team.

**Action: 31/2 (OM)**

- (c) the Board would welcome an aquaculture briefing from the Aquaculture Manager, following up on the output of the Griggs review. The Chair was also requested to consider what engagement Crown Estate Scotland should have with the Task Groups which had been established following publication of the Griggs review.

**Action: 31/3 (CP)**

### **3.2 Performance Dashboard (paper BD(2022)31.4)**

**Noted that:**

- (a) the Executive Team were continuing to work on KPIs for inclusion in the next business plan. As some targets in the Corporate Plan were dependent on third parties for successful delivery a conscious were reminded that there had been a conscious decision taken by the Board not to have KPIs for all business plan targets however for some it was now appropriate to develop KPIs.
- (b) it had been raised at previous Board meetings that aspects of the EDI plan were weak, lacking in ambition and were unlikely to effect change. The Board considered that the plan required to be looked at again.

**Agreed that:**

- (a) consideration should be given to incorporating into the dashboard reporting some leading indicators of future activity.

**Action: 31/4 (EB)**

- (b) the Executive Team should consider the comments of the Board in relation to the EDI plan and should avail themselves of the offer of assistance from Jean Lindsay if required.

**Action: 31/5 (EB)**

*Secretary's note: technical difficulties meant that the Financial Controller was delayed in joining the meeting and so the People Report was taken before the Finance Paper.*

*The Senior HR Manager joined the meeting.*

### **3.3 People Report** (paper BD(2022)31.6)

**Noted** that:

- (a) the paper provided Board with an update on people-related matters across the organisation and incorporated feedback from the previous Board meeting to include a RAG rating on the actions in the People Strategy action plan.
- (b) the Board had previously requested that staff numbers be given in FTE rather than headcount which would align with reporting in the budget. This required to be changed in future reports.

**Action: 31/6 (AM)**

- (c) members felt that future reporting should focus on the development and then delivery of the learning and development strategy rather than the detail currently presented.
- (d) the dashboard which formed part of the report required to undergo further development to ensure that the reporting to Board was relevant, this included reporting on the gender pay gap and the impact of sickness absences on the business. Jean Lindsay offered to work with the HR team to develop the reporting required by the Board.

**Action: 31/7 (AM)**

- (e) the delay in procurement of payroll system did not increase risk to the business.

*The Senior HR Manager was thanked for her contribution and she left the meeting.*

*Michael Foxley gave his apologies and left the meeting. The Financial Controller joined the meeting.*

### **3.4 Finance Report** (paper BD(2022)31.5)

**CLOSED BUSINESS - CONFIDENTIAL**

**Noted** that:

- (a) the Annual Report and Accounts, which had been approved out of meeting by the Board Chair and by the Audit & Risk Committee, had been signed by Simon Hodge on 12 August. These would be laid in the Scottish Parliament later in the year and then published on the Crown Estate Scotland website.
- (b) the finance report had been presented to the Audit & Risk Committee earlier in the month and the capital position had been reported to the Investment Committee, with both committees having noted the underspend in both revenue and capital. A detailed reforecast would be undertaken in September and this would identify what expenditure was delayed and what should be removed from the budget.
- (c) the Director of Property assured the Board that delayed expenditure on the rural estate did not have an impact on compliance or on health and safety .
- (d) although the annual report and accounts provided an explanation for the way in which capital was managed by the organisation there was more which could be done to clearly

explain how it was intended to be used, particularly to support enabling investment to help facilitate the just transition to net zero.

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

*Ann Allen gave her apologies and she left the meeting.*

**3.5** *Secretary's note: this item was withdrawn from the agenda in advance of the meeting.*

**3.6 Rural Condition Survey Repair Programme Update (BD(2022)31.8)**

**Noted that:**

- (a) the rural condition survey repair programme commenced after the preparation of a survey report undertaken in 2018. Repairs were categorised according to priority, with the urgent and priority works being undertaken first.
- (b) the initial intention was for the works to be carried out over a three year period however revisions to works and amendments to the programme have had to be made to take account of the change in managing agent, the pandemic, availability of contractors and materials. The programme is now expected to be completed in the financial year 2023-24.
- (c) the focus of the programme was now to scope and procure the works required to complete the lower priority work. There were continuing challenges relating to procurement and availability of contractors and materials.

*The meeting was adjourned for lunch and before it was reconvened the Board received a presentation on cyber resilience from the Senior IT Manager.*

*The Built Development Manager joined the meeting.*

#### **4. Decisions and Discussion**

**4.1 Procurement of development consultancy services (paper BD(2022)31.9)**

**Noted that:**

- (a) the procurement, which required Board approval due to the value of the proposed contract, was intended to secure consultancy services to provide a range of property and land advice, supporting development, investment, and divestment across the Estate. The ITT had been developed with input from asset managers and the partnerships team.
- (b) the contract did not contain a commitment to spend which could influence decisions of bidders and so an indication of the likely pipeline of work was all that could be given, along with some assumption on what will be required.

**Agreed that:**

- (a) the ITT should be reviewed before it was published to widen the scope of the H&S provisions, ensuring that it was clear where accountability lies; to clarify how fair work

principles would be incorporated in sub-contracts; to ensure that the KPIs used consistent language; and ensure that consultants were required to communicate with tenants in accordance with Crown Estate Scotland values.

**Action: 31/8 (OM)**

- (b) the Board noted the scope of services outlined, the recommended KPI metrics, the fee structure proposed, the approach to using a consortium single appointment and approved the procurement proposed in the paper.
- (c) the Board delegated responsibility for oversight of the procurement to Robert Mackenzie.

*The Built Development Manager was thanked for her contribution and she left the meeting.*

*The Head of Partnerships joined the meeting*

#### **4.2 Transfers & Delegations Update**

**Noted that:**

- (a) Scottish Government had opened an application window for the expression of interest by those who wanted to seek a transfer or delegation of management of part or parts of the Scottish Crown Estate. Three expressions of interest, all for transfer of management, were received during the period, from Galson Estate Trust, from Carbost Pier and from Findhorn Village Conservation Company.
- (b) the next stage in the process was for applicants to submit a business case to Scottish Government which must include specific information such as the objectives of the transfer, how it will enhance value and a risk assessment.
- (c) Galson Estate Trust were a party to the proposed local management pilot with Comhairle nan Eilean Siar. The agreement for the pilot had not yet been signed by the local authority although it was understood that the Trust was ready to sign.

**Agreed that:**

- (a) the Board would welcome an update from the partnerships team on the four local management pilots.

**Action: 31/9 (EB)**

*The Head of Partnerships was thanked for his contribution and he left the meeting.*

#### **4.3 Vision 2050**

**Noted that:**

- (a) the Director of Corporate Operations gave a presentation to the Board updating them on the process to date to develop the Vision 2050, including the themes which had been identified during the all-staff workshop earlier in the month. The presentation also set out the assumptions being worked to and proposed next steps.

- (b) the Board encouraged the Executive Team to ensure that there was a wide diversity of views sought as the Vision was developed and to take care to ensure that it did not date quickly.

## **5. Risk**

### **5.1 Risk Management (paper BD(2022)31.10)**

#### **Noted that:**

- (a) the strategic risk register and the risk management policy had been reviewed by the Audit & Risk Committee on 16 August and that it had been concluded by the Committee that the Board should be asked to consider undertaking a review of the organisation's risk appetite following the appointment of the new Chief Executive.
- (b) the risk register was a dynamic document which was actively managed by the Executive Team who undertook a monthly assessment of emerging risks. The cost of living crisis was emerging as a strong risk, both for staff and for tenants, and consideration should be given by the Executive Team to the incorporation of this into the register.
- (c) a request had been made at a previous Audit & Risk Committee meeting for the inclusion of specific risks relating to climate change and sustainability. The Executive Team were asked to look again at this along with the cost of living crisis as it affects staff and tenants.

**Action: 31/10 (AM)**

#### **Agreed that:**

- (a) the strategic risk register did reflect the current key corporate risks and that the updated risk management policy was approved.
- (b) the Board would welcome the opportunity at its meeting on 30 November 2022 to discuss and review risk appetite.

**Action: 31/11 (AM)**

## **6. Governance**

### **6.1 Board Annual Appraisals and Self-assessment**

#### **Noted that:**

- (a) the Chair had completed the annual appraisal process with all members and that the Board had undertaken a self-assessment of performance when members were together in Dumfries in June. The Chair had prepared a note of that self-assessment which had been circulated to members.

## 6.2 Authorised Signatories (paper BD(2022)31.11)

**Noted** that:

- (a) the new Chief Executive, Ronan O’Hara, would take up his role on 8 September 2022 and would at that date become the Accountable Officer for Crown Estate Scotland. The Board were asked to approve the appointment of Mr O’Hara as an authorised signatory of Crown Estate Scotland with effect from 8 September 2022.

**Agreed** that:

- (a) the Board resolved that, with effect from 8 February 2022, for the purposes of paragraph 5(2) of Schedule 2 to the Requirements of Writing (Scotland) Act 1995 (as amended), and for all other relevant purposes, any one of the following individuals, and in the case of any document which requires to be signed in the presence of a witness, any one of the following individuals in the presence of a witness who attests his/her signature, be and is hereby authorised to sign, including by secure electronic means, for and on behalf of Crown Estate Scotland all documents, deeds, certificates or notices in connection with the running of the business of Crown Estate Scotland in accordance with the scheme of internal delegated authorities.

<b>Name</b>	<b>Title</b>
Ronan O’Hara	Chief Executive
Esther Black	Director of Corporate Operations
Oster Milambo	Director of Property
Alastair Milloy	Director of Finance and Business Services
Colin Palmer	Director of Marine

## 7. Any other business

**Noted** that:

- (a) there was no other business and the meeting closed.

## 8. Dates of Next meeting

30 November 2022

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**Amanda Bryan**  
**Chair, Crown Estate Scotland**

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**Date**

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unclassified
<b>Subject:</b>	Papers considered out of meeting
<b>Paper Number:</b>	BD(2022)31.1
<b>Annexes:</b>	n/a
<b>Recommendation:</b>	The Board is invited to note this paper.
<b>Presenter:</b>	Helen Howden
<b>Author:</b>	Helen Howden

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### 1. Purpose and context

This paper, which is for noting, records the decisions taken and matters considered by the Board out of meeting.

### 2. Papers considered out of meeting

#### 2.1 Contribution of farm sales to capital raising (BD(2022)OOM2)

Following the discussion of paper BD(2022)30.7 at the meeting held on 25 May 2022 the Board concluded that it required to specifically consider capital divestment and investment in the context of the farm sales programme. A paper on the Contribution of farm sales to capital raising (BD(2022)OOM2) which addressed the points raised by the Board was prepared by the Chief Executive and circulated on 15 June 2022. The Board held a discussion on the points raised during its visit to Dumfries on 23 June 2022.

During the discussion on 23 June it was noted that:

- a. the design of the pilot farm sales programme did not have a definitive target or cap for the capital to be raised from the programme and that the introduction of a cap would present challenges around the future handling of the programme. When approving the design of the initiative the Board had acknowledged that not all expressions of interest would lead to sales and that a consequence of this programme could be a fragmentation of the land-holdings in the pilot areas.

- b. during the meeting held on 25 May, some members had queried what the capital raised would be used for and the paper sent out of meeting had an annex showing current capital investment proposals.

The Board **agreed** that:

- a. they noted there was no definitive target or cap for the capital release from farms initiative and that none should be set during the current pilot phase.
- b. that a wider discussion on the repositioning of the Estate and the Board's investment aspirations should be held within the next six months to inform decisions about future phases of the capital release from farms initiative. This would involve reviewing or refreshing the Investment Strategy.

**Action: Chief Executive**

## **2.2 Committee Membership (BD(2022)OOM3)**

A paper seeking Board approval for the appointment of Katerina Brown to the Audit & Risk Committee and for the appointment of Katerina Brown, Jean Lindsay and Robert Mackenzie to the Remuneration Committee. The paper was circulated by email on 20 June 2022 and the Board confirmed its approval of the appointments and confirmed that Jean Lindsay should chair the Remuneration Committee.

## **2.3 Facilitating Community Land Transfer (OOM 2022)**

During the Board's visit to Dumfries on 22 June 2022, the Chief Executive gave members a briefing on discussions which he had been having with the Chief Executive of the Scottish Land Commission in relation to a proposed partnership approach to facilitate community land transfer. These discussions were seeking to address the growing barrier to community land acquisition caused by the escalation in land values. The potential partnership would see the Scottish Land Commission taking on a brokering role whilst Crown Estate Scotland would look to acquire and to transfer, both engaging with third parties.

The proposal was in its early stages but there was a desire to move quickly to see if a pilot project could be commenced and the Board were being asked to give initial feedback and to support the furtherance of the discussions. It was noted that there was a risk that Crown Estate Scotland did not currently have capacity to fully support the partnership but this required to be balanced with the risk that communities being unable to acquire land and property. It was also noted that the proposal fitted with the objectives in the current Corporate Plan.

A paper which had been prepared by the Chief Executive with input from the Chief Executive of the Scottish Land Commission was circulated after the initial briefing by email. The Chair confirmed Board support to the principle of developing and piloting an approach to community land transfer in partnership with Scottish Land Commission.

#### **2.4 Final INTOG Leasing Design (BD(2022)OOM4)**

The Board received a paper seeking consent for the final INTOG leasing design by email on 25 July 2022. The Director of Marine subsequently provided some additional information on the roles of Crown Estate Scotland, Marine Scotland and the North Sea Transition Authority in relation to CCS and oil & gas developments.

The Chair emailed members on 1 August 2022 confirming that a majority of members had responded giving their consent to the design.

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Stakeholder Meetings
<b>Paper Number:</b>	BD(2022)31.2
<b>Recommendation:</b>	The Board is invited to note this paper.
<b>Presenter:</b>	Amanda Bryan
<b>Author:</b>	Rebecca Finnie

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### 1. Purpose and context

This paper provides the Board with details of the meetings and events which the Chair and the Chief Executive have held with stakeholders during the period from 19 May 2022 to 12 August 2022.

### 2. Meetings and Events attended

The Chair and Chief Executive both attended or met:

- A meeting with Marine Scotland on 21 July 2022.

The Chair attended or met:

- Jo Blewett, of Transport Scotland on 4 July 2022.
- A meeting of Chairs to discuss safe transition to net zero on 4 July 2022. Arranged by the HSE.
- A quarterly catch-up meeting with the Marine Scotland Director on 3 August 2022.

The Chief Executive attended or met with:

- An NDPB Forum Information Session on 19 May 2022.
- An offshore wind liaison group with various Crown Estate Scotland employees and Scottish Government representatives on 20 May 2022, 14 June 2022, 11 July 2022 and 9 August 2022.
- The Marine Scotland sponsor team on 8 June 2022.

- A lunch with the Marine Scotland sponsor team and the Crown Estate Scotland Executive Team on 9 June 2022.
- A Highlands & Islands Regional Economic Partnership Meeting on 9 June 2022.
- A delegation from the New Zealand government, including the Energy Minister on 13 June 2022. Colin Palmer and Colin Maciver also in attendance.
- Dean Lockhart MSP on 15 June 2022. Colin Palmer also in attendance.
- A meeting of the Environment and Economy Leaders Group on 16 June 2022 which included a site visit to Whitehill Estate, with Caroline Bell and Oster Milambo also in attendance. The EELG meeting was hosted at Quartermile 2.
- An SFW Awards Ceremony and Cabinet Secretary Reception at the Royal Highland Show on 24 June 2022.
- The first meeting of the Scottish Aquaculture Council on 27 June 2022.
- The Chief Executive of the Scottish Land Commission on 4 July 2022.
- A meeting with the Chief Executive of the Scottish Land Commission, the Policy Director and a Board member of Community Land Scotland on 27 July 2022. Katie Alexander also in attendance.
- The Chief Executive of Scottish Futures Trust on 10 August 2022.

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Report from Executive Team
<b>Paper Number:</b>	BD(2022)31.3
<b>Annexes:</b>	n/a
<b>Recommendation:</b>	The Board is invited to note the report which covers activity up to mid-August.
<b>Presenter:</b>	Alastair Milloy
<b>Author:</b>	Esther Black with input from all Directors.

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### 1. Overview

Delivery on the 2022-23 Business Plan is covered in the quarterly dashboard. People and HR developments are covered in the separate People report.

Our all-staff event – called CREST – took place in Edinburgh on 11 August, focusing on gathering staff ideas and input into the Vision 2050 exercise. It also gave a valuable opportunity to reconnect with colleagues, meet new team members, and say farewell to Simon and Andy. Three Board members – Amanda, Ailsa, and Katerina – attended, helping the team catch up with / get to know our non-executives. Another all-staff event is planned for Spring 2023.

The team are looking forward to welcoming Ronan in early September and work is underway to coordinate his induction and orientation.

INTOG and ScotWind both reached milestones in August (see section 8 below) and the Property team's engagement work across the rural estates continues apace. In the corporate teams, colleagues are delivering on various Memoranda of Understanding (MoU) commitments across a range of place-based partnerships, developing our procurement champions and continuing to review and refine cyber security measures.

## **2. Meetings / engagement / events**

We have a busy event schedule this year, with almost 20 events / conferences where we will be sponsoring, speaking, or exhibiting.

Events coming up include:

- Holyrood Climate Emergency Conference Series: Next Steps in Scotland's Energy Transition, 1 September
- DTAS Annual Conference, 4 & 5 September, Cumbernauld
- SCDI H&I Business Awards, 9 September
- Scottish Renewables Floating Offshore Wind, 12 & 13 October, Aberdeen
- World Energy Council's Energy Trilemma conference, 13 October, Aberdeen
- Exhibition stall at Scottish Parliament, Garden Lobby, 8-11 November. Our access is limited to three people. A parliamentary reception is now likely to take place in spring 2023.
- Scottish Green Energy Awards, 1 December, Edinburgh.

We are also scheduling 'speaker series' events for Board Members and staff and preparing for the Board visit to Orkney in September.

A separate list of engagement and meetings by the Chair and (now former) Chief Executive has been provided to the Board.

## **3. Health & Safety**

Since their appointment as Crown Estate Scotland's new Health & Safety Advisors in April, EDP Health and Safety Environment Consultants (EDP) have completed their initial site visits to the Quartermile Two office, Tomintoul (estate office plus adventure playground), Lecht Mine, the Fochabers team base and Portgordon Harbour. They have also done virtual meetings with each of the Managing Agent (MA) teams and a handover meeting with Greens of Haddington.

They have prepared a report following their site visits which includes 12 recommendations that are now been reviewed and followed up by staff and MAs. EDP have also provide specific advice relating to the fire incident at Stynie Farm and issues relating to the former airfield at Montrose i.e. unexploded ordnances (UXO).

A total number of circa 30 members of staff across the business have successfully completed the Emergency First Aid Training at Work training.

## **4. Risk Management**

The risk register is reviewed and updated for each Audit & Risk Committee meeting. Asset management processes, handling risks for E&I, property management system capability, and H&S are a current focus.

## 5. Procurement

The Property team have developed a scope of service for a framework to provide services not currently covered under the managing agents which is currently set at a maximum capital outlay of £350k. An Executive Team and Board paper has been submitted to secure approval for a maximum capital of £3,350,000 to give the business much needed headroom to call off services to support various project delivery going forward.

Ongoing training and development for Procurement Champions has included more advanced areas (e.g., specification writing, sourcing, selection and evaluation criteria, development of SMART key performance indicators and service levels) and Procurement Champions will be able to use the Quick Quote facilities on the Public Contracts Scotland Portal. This further reduces risk to the organisation.

A revised Procurement Policy has been published internally. In addition, the 2-year forward plan of regulated threshold procurements has been published externally and a revised contract strategy model template and a new version of the ITT template with user guidance have been made available.

Crown Estate Scotland will undertake a "Lite" assessment for Cycle 3 of PCIP (Procurement Capability Improvement Programme) during Q4 of 2022-3. This will be our first PCIP assessment. Revisions to the programme and modified PCIP questions are currently being developed. Further information will be made available to us and the Central Government sector as the programme develops.

## 6. IT and Cybersecurity

Following a series of improvements, we reran our Social Engineering Penetration test. During the first test 6 users revealed their password and 3 approved MFA access and testers had full access to our system for as long as they wished. During the repeat test 3 users revealed their password and 1 user revealed their MFA code. However, the user in question realized their mistake immediately and reported it. Access was shut down within 8 minutes which would have limited the impact in a live scenario. While not perfect this is a significant improvement on the previous result. As a follow up a 1-hour training video has been created focused specifically on the tools Crown Estate Scotland has invested in. All staff are being asked to watch this video.

In July we renewed our Cyber Essentials Plus certification and passed first time with no corrective actions required. While this is a renewal it is based on an updated set of requirements.

iPads have been deployed to all board members. However, this has highlighted some inconsistencies in the way some user accounts have been created leading to some challenges for some members. Corrections are under way, and we aim to ensure all board member accounts are setup consistently to avoid future issues.

## 7. Corporate Operations

### **Corporate Affairs and Governance (see also section 2 on engagement etc above)**

Implementation of the communications and engagement strategy is ongoing.

On offshore wind, our updated communications plan focuses on framing the debate around wider value (the annual return once projects are generating, the socio-eco benefit through supply chain, tackling climate crisis and increasing domestic generation).

The launches of both INTOG and Clearing (see section 8 below) were well-received with no unexpected negative responses or reactions. Internal Q&As have well-developed, robust lines that are updated on an ongoing basis, and digital activity has been carefully designed to target specific audiences thereby avoiding CES being drawn into wider debates about energy costs, fuel poverty etc. Coverage statistics for these launches will be available at the end of Q2.

Upcoming activity includes working with SOWEC, Scottish Government and other key partners to ensure joint-working, consistency in messaging etc.

We continue to work through FOIs relating to ScotWind and to liaise with our advisors to establish what documentation regarding internal decision-making can be published now. We will soon turn our attention to internal papers on INTOG, the first step being engaging with colleagues to understand volume and content and key considerations relating to publication.

In September, Laura Collins (Corporate Affairs Manager) goes on maternity leave and Amal Palin will join us to cover her role. In September we will re-advertise a coordinator role that will provide much-needed support to Governance and the wider Corporate Operations team.

To reflect changing business needs in relation to Corporate Affairs – which covers media, social and digital, internal communications, public affairs, publications, and brand – a consultant recently conducted a review of the function's processes and capacity. The consultant's report is due in late August and recommendations will be considered in due course.

## **Policy**

Year 3 of the Sustainable Communities Fund launched on 18 August, with £100k available in Environment Grants for tenants and £250k available through the Community Capacity Grants. Successful projects will be announced in Q4 2022-23.

We have a rolling programme of stakeholder and tenant surveys. The results of the stakeholder survey (carried out by Axiom Research and Consultancy) were presented to Board in June and are being fed into the Vision 2050 exercise. The next survey will be Property tenants in autumn 2022; then Aquaculture tenants in early 2023; and Energy & Infrastructure tenants in February 2024.

Tenders are currently underway to i) progress work on a Value Reporting Framework and develop our understanding of the carbon emissions associated with our assets and ii) explore community aspirations to develop marine natural capital projects.

The review of Less than Market Value policy is nearly complete with the outgoing CEO approving the key revisions.

Through Climate 2050, we are funding a 6-month leadership training course for a care experienced young person to help equip them with the skills to take action on climate change. We are in touch with the successful applicant to explore what added value may be delivered e.g. through linking with our Children and Young Person's forum or inviting them to speak to some CES colleagues about their learning experience.

## Partnerships

### Challenge Funds update

The Partnerships team has continued to support the Challenge Funds programme, including assessment and development of Strategic Outline Business Cases (SOBC) for all three funds, taking on board advice from asset teams. The funds are generating wide interest, positive reputational impacts and improved stakeholder understanding of how the Scottish Crown Estate is managed and Crown Estate Scotland's role, our purpose and values. Updates on each fund are as follows:

- Boat Based Tourism Stage 2 (SOBC) window closed 31 March 2022 with six applications received, circa £5m capital applied for, of which £0.5m is already committed (Corpach Marina). In addition to Corpach Marina, five SOBCs have been completed and authorised for individual investments totaling £3.7m. These are now progressing to Full Business Case development. The Partnerships team continue to assist Bidwells and Anderson Strathern in implementing the investment agreed for Corpach Marina for which legal agreements are currently being finalised. Installation of the marina is expected to now be completed in mid-November.
- Local Partnerships Stage 2 window closed on 8 June 2022 with six SOBCs being developed for projects totaling £2.076m. All six SOBCs have been completed, with two having been authorised and more information being sought from applicants for the remaining four.
- Innovation with Natural Resources Stage 1 window closed on 3 June 2022. Nine Expressions of Interest have been approved to proceed to Stage 2 (SOBC submission) with total of £3.471m. One further application will be invited to submit more information before a decision is made, and if approved to proceed to Stage 2 will take the projects to 10 and a total of £3.971m proceeding to SOBC development.

### Pilots update

- The Forth District Salmon Fishery Board pilot first year review was completed with Director of Property and the FDSFB clerk and chair. Significant progress and success was recorded, including both operational (such as rent accounting, leasing procedures), and in wider value (e.g. events supporting gender diversity in salmon fishing activity around the Forth). The full annual report is available on request from Katie Alexander.
- Orkney Islands Council (OIC) pilot is live and in pre-operational setup phase. OIC continue to work through draft procedures within the council, taking significant advice and coaching from across Crown Estate Scotland, particularly the Partnerships and Wave & Tidal teams.
- Comhairle nan Eilean Siar (CnES) and Galson Estate Trust pilot has had draft implementation agreement ready for their sign off since May 2021. Galson Estate Trust has expressed interest in formal transfer through the Scottish Government's transfer & delegations process and we are providing support and advice as appropriate. CnES has not expressed interest at this stage. Both parties indicate willingness to complete the pilot agreement setup, but progress with CnES is slow due to local authority resource limitations.
- Shetland Islands Council (SIC) finalised its [Sullom Voe Masterplan](#) in July 2022 and have continued with slow engagement on development of the Delegation Agreement Heads of Terms. We continue to respond to the Council's timescales and have been in touch with SIC's

relevant Director to facilitate greater engagement from SIC to Crown Estate Scotland in relation to media announcements.

### **Other Partnerships update**

Scottish Land Commission (SLC): we are continuing to work more closely with SLC as follows:

- In line with Board paper OOM 2022, CES and SLC are in the early stages of a joint project to explore potential mechanisms whereby Crown Estate Scotland can pro-actively facilitate greater community ownership of land and enable greater land diversification where existing processes are proving challenging to achieving public aspirations. We are currently finalising a project plan and hope to be able to share details of a pilot in coming months.
- We completed an internal workshop with SLC on Good Practice in Land Rights and Responsibilities, with a focus on developing our approach to community engagement.

North Ayrshire: progress continues on four investment opportunities including:

- Two Boat Based Tourism Challenge Funds SOBCs being agreed to proceed to FBC (Ardrossan and Millport Marinas).
- A draft SOBC for investing c £1-3m in redevelopment of the Puffers Gallery/ Scottish Maritime Museum as part of the wider Irvine Great Harbour Growth Deal regeneration scheme
- Recent meetings with Peel Ports Group and NAC continue to clarify the investment opportunity at Hunterston, with significant Blue Economy activity being led by PPG on the site such as the recent [planning consent for XLCC's offshore power cable manufacturing facility](#). We are also finalising details of a focused MoU to underpin joint working arrangements for the Hunterston PARC redevelopment alongside NAC, PPG and Scottish Enterprise.

Portgordon: we are funding 50% of a community Development Officer post alongside HIE. An MoU review and Harbour Management Group meeting was held in June with further progress made on the West High Street lease signing and confirmation of Scottish Land Fund funding for Portgordon Community Trust to purchase the building from Crown Estate Scotland. Procurement for the agreed H&S harbour works went live at beginning August with the aim of works starting late 2022. Local engagement via information leaflets and in-person drop-ins is being prepared to raise awareness of the programme of work, including discussion with harbour users regarding boat removal. Sourcing additional grant funding remains a priority for Trust as part of their overall plans.

Glenlivet Future Plan: Progress continues to be made with this project by Partnerships and Property. Cumulus and Aecom are contracted to deliver Stage 1 of the project, focusing on scoping and early-stage engagement to ensure the planning work itself is delivered collaboratively with tenants and local stakeholders including under-represented groups such as young people. We have held an early engagement session with local stakeholders, including councillors, Cairngorm National Park Authority, HIE and the Tomintoul & Glenlivet Development Trust, to discuss emerging themes and opportunities and to gather feedback on how best to take the conversation forward. This has helped inform priorities for further engagement, including with tenant farmers, in September.

Orkney Research & Innovation Centre (ORIC) and Heriot-Watt University: we have signed an MoU with ORIC (a Limited Liability Partnership between HIE and Orkney Islands Council) and Heriot-Watt University committing the parties to collaborate in developing an investment case for the provision of much-needed student and worker accommodation in Stromness. This sits within our commitment to 'place-based' activities and is highly complementary to the Islands Growth Deal.

Fort William: The FW2040 Programme Manager is organising a community consultation event to be held at the Nevis Centre on 2 November 2022 to update attendees and set out next steps for the Programme.

## **8. Energy and Infrastructure**

Seventeen project kickoff meetings have now been held with successful ScotWind applicants. Meetings with unsuccessful applicants have been held to provide detailed feedback. Ongoing management and enabling activities associated with Supply Chain Development Statements (SCDS's) along with wider stakeholder engagement to help enable and progress ScotWind, such as on OTNR (the Offshore Transmission Network Review) and on the Ministerial Offshore Wind Acceleration Taskforce (OWAT) is being undertaken. In particular, Crown Estate Scotland is playing an integral role in relation to SOWEC (Scottish Offshore Wind Energy Council) and supporting collaboration amongst stakeholders such as developers and the public sector to help realise the offshore wind development opportunity in Scotland. This includes financial support, such as funding for a Strategic Investment Assessment (SIA) Co-Ordinator to focus on the Collaborative Framework (note all ScotWind developers have signed up to this) and having a key role in organising and contributing to the Supply Chain Summit in Aberdeen (22 August).

Following a team update to Board, Clearing outputs were published on 22 August. Three new projects were announced with a total estimated capacity of 2.8GW, bringing the total ScotWind leasing offering to 20 projects totalling 27.6GW with summaries of initial commitments indicating an average of £1.4bn investment in Scotland per gigawatt of capacity. The opportunity for green hydrogen in Shetland is of particular interest with these projects. Option agreements should be signed by the end of Autumn 2022 resulting in a further £56m in option fees.

At the point of writing all vacant E&I team positions have been filled, with our new E&I Coordinator now having started and Development Managers for both gas storage and pipelines and transmission expected to start over the coming months.

The team developed the leasing offer for INTOG following feedback to our Leasing Information Document from interested parties. The Board approved this, following which the leasing registration and application window opened in August, with the window closing and applications due to be received in November 2022.

There were positive results for Scottish projects that applied for Contracts for Difference (CfDs) including Inch Cape, Moray West (both offshore wind) and Orbital and MeyGen (both tidal) being offered CfDs, which increases the probability of these projects moving through to lease. As well as having implications for the Crown Estate Scotland team in our requirement to manage these agreements as they progress, the offshore wind projects offer significant revenue increases, whilst further development of the tidal projects would be important steps in the development of tidal energy in Scotland, and indeed globally. There was further positive news when Seagreen achieved the milestone of first electricity generation in August.

Investment proposals are being investigated for opportunities at Scapa flow, Nigg and Ardersier, and were discussed at Investment Committee in August along with an Energy Ports & Harbours Investment strategy. Further investigating and progressing these three opportunities is anticipated to be the core focus for Energy Ports & Harbours investments over the remainder of the financial year.

We have a continued focus on helping to enable carbon storage in Scottish Waters, and have now established regular meetings with NSTA (North Sea Transition Authority) and Marine Scotland (MS) regarding co-ordination of the NSTA CCS (Carbon Capture and Storage) licensing round (which has now launched and applications for which are due to NSTA in September) and Crown Estate Scotland leasing for CCS. Regarding terms for CCS leases, an internal workshop was undertaken in August with a focus on agreeing updated Ts and Cs next year to align with licence awards by NSTA.

## **9. Aquaculture**

Preparations for the implementation of Crown Estate Scotland's review of aquaculture lease terms are well advanced. Minutes of Variation to bring existing agreements into line with revised terms were issued in June and approximately 50% have been returned. Reminders are being sent out this month. There have been some issues raised, primarily in relation to the reporting requirement for management of plastics. These are being addressed through meetings with tenants supported by the consultants we commissioned to develop guidance and templates for this obligation.

Associated supporting documentation and updating of Propman, as necessary, will take place over the next few months. This is anticipated to include new lease formats to reduce the amount of paper requiring printing.

The next stage of Scottish Government's review of aquaculture consenting - which will follow up upon the recommendations of Professor Griggs - is underway. Simon Hodge attended the first meeting of the high level Scottish Aquaculture Council in July. The next meeting in September will be attended by our new Chief Executive, Ronan O'Hara, which will follow meetings of the Consenting Task Group and the Consenting Task Group sub-group for Regulators both of which we are represented at.

Aquaculture team members have attended several conferences over the past few months following the relaxation of lockdown restrictions which has proved a very valuable opportunity to improve acquaintance with industry participants for those who joined us during and just before the pandemic.

Our aquaculture Planning & Engagement Manager continues to focus on stakeholder relations and has met recently with Fisheries Management Scotland and Salmon Scotland representatives with a view to implementing a planned area management pilot for the finfish sector if willing industry participants can be confirmed.

While the focus for this year has very much centered on our review preparations, we continue to be engaged with Marine Scotland on two collaborative multi-year projects, and the co-funded Business Development post for the Scottish Seaweed Industry Association is expected to begin imminently.

We have also spoken very recently with Marine Scotland and Fisheries Management Scotland (FMS) on the future of the co-funded Interactions Manager position at FMS. This is in its final year and has proved a very valuable resource and very likely to offer even further benefit with proposals emerging from the regulatory review. As such we have undertaken to examine prospects for its continuation beyond the original period.

## 10. Property

### Overview

Crown Estate Scotland is undergoing a period of growth and the demand on the property team's expertise to manage all terrestrial assets to deliver lasting value to Scotland is correspondingly increasing. We continue to steadily grow the team's capacity to deal with immediate staff pressures and also pre-emptively to support the growing business in a challenging employment market. We have successfully recruited our new Senior Built Development Manager and PMO Manager both due to start in October 2022.

### Managing Agents

Q1 Contract performance meetings are progressing with MA teams, building on the annual performance review meetings held in April 2022 focusing on areas of improvement, lessons learnt and pipeline of new work. There are some changes underway within the Strutt & Parker (S&P) Rural team to strengthen the portfolio administration, building surveying/management work, and asset management on the ground. This additional capacity to S&P team will help support the farm sale pilot discussions and negotiations with tenant farmers over the coming months. The capital release from farms pilot initiative and its overwhelming uptake from tenant farmers is stretching resources for S&P, Crown Estate Scotland teams and Anderson Strathern (our lawyers) and will need careful monitoring in the next 15 months.

### COVID-19

The rise and prevalence of COVID-19 cases throughout Scotland has continued to impact on aspects of the portfolio, particularly on absences within the contractor, managing agent and staff teams. Some work has had to be re-arranged where our tenants and their families have been affected which has hampered the condition survey works particularly.

### Rural

On the Capital release from Farms pilot initiative, the Board discussed and reviewed the high level of interest and approved the team's approach to progress all 22 Expressions of Interest to Stage 3 at their meetings in May and June 2022. A revised timetable has now been agreed with input from Strutt & Parker, Anderson Strathern, GIS and Property teams. This has been communicated to all 22 tenant farmers along with a copy of the detailed timetable explaining what is involved within stage 3. Strutt & Parker has initiated meetings with tenant farmers at their kitchen tables in August with their agents to discuss what is included in the farm sales. The team has issued a press statement to that effect that has been well received in the press.

The Rural Condition survey category A repair work contracts are 99% complete on Fochabers & Glenlivet and expected to complete by Sept 2022. The remaining 5 individual farm projects are being project managed by Savills Buildings team. Those remaining are a combination of 3 (2 large-scale) projects where the team is working to resolve sensitive tenant issues. 1 large farm building that has started on site and due to complete by end September 2022 another with extensive decorations to be completed following subsidence treatment works. At Applegirth, final category A works were completed in July. S&P are progressing the planning, phasing and implementation of the category B & C repair works.

The team is continuing to market 7 The Square, Fochabers which has planning for conversion to residential with some renewed interest and viewings. The sales of the Old Post Office at Applegirth and 6 Gorton loan at Whitehill completed.

Farm tenant forum – work to agree proposed new format involving all farm tenants is ongoing. A letter explaining our proposals with the terms of reference and a questionnaire, looking for their views on location venue and topics for the agenda, was issued to all 200+ farm tenants on the first of August.

Incidents reported include:

- A significant fire took place at Stynie cold store Fochabers in June. Although thankfully no injuries were sustained, the building was damaged to such an extent that demolition is required. Work is being procured. Actions to make the site as safe as it can be in the meantime and cordon it off from access have been put in place. Local residents have also been reassured that there is no ongoing danger from the asbestos roofing.
- A wildfire on moorland on one of our farms at Glenlivet in July involved significant fire response including arrangements for a helicopter. Strutt & Parker co-ordinated and there were no injuries. Locals including tenants, gamekeepers and retained firefighters were involved in assisting with putting the fire out during the evening were formally thanked for their support by the team. A watching brief continued due to a high risk of reignition. Thankfully rain did help with that later that week.

The team has continued to work on revising the draft woodland policy. The draft policy has since been circulated for consultation to all farm tenants and wider key stakeholders in August.

On 10 August the team responded to an urgent request from the Scottish Government to all departments and public bodies for any available properties to help accommodate those fleeing the war in Ukraine. Three potential residential properties were suggested and submitted to Scottish Government for consideration – two in the North and one in the South. The submitted properties need some upgrading but could be available in a reasonably short timescale. It is unknown whether their rural location away from public transport connections and unfurnished state will rule them out.

### **Salmon Fishing Rights**

The team has been working to assist our angling association tenants (United Clyde Angling Protection Association) in preserving access to some valuable salmon fishing rights which are part of the Scottish Crown Estate at the Holm Road development near to the junction of the River Clyde and the River Nethan. We were previously in communication with the original landowner trying to organise an arrangement before the development layout was finalised but this was unfortunately not successful. Planning permissions issued for the residential plots do not go far enough in maintaining provision for access. In addition to reserving strips along the riverbank where construction is not permitted, there also needs to be defined access into the area to get to the riverbank at all times. Due to steep banks or for other reasons it is not always possible for anglers and bailiffs to walk in along riverbanks to gain access and this is the case at this location. Access for these rights can be legally enforced, even through the property of another party, we are attempting to meet with property owners to try to agree an amicable solution which will be least inconvenient to all parties, while preserving the necessary rights. Access is required to fish, to monitor for poaching activity, and to clear & maintain vegetation as required to facilitate the rights being exercised. There are also a number of other upcoming developments where it would be very helpful to have a strategic view taken by planners to preserving access for the rights of salmon fishing.

### **Countryside Management**

The team has delivered multiple events in May and June with Moray Wellbeing Hub, Cairngorm's BIG Nature Weekend and Moray Walking Festival. These walks brought nearly 100 people out – a good mix of residents and visitors with some walk attendees booking accommodation and purchasing food in Tomintoul.

The Jubilee Weekend was supported at three locations across Moray by Crown Estate Scotland. Several different Crown Estate Scotland teams worked together to successfully deliver these with over 400 people attending and positive feedback received. It was also a good opportunity to work with partners including the Lord Lieutenancy of Banffshire, Tomintoul and Glenlivet Development Trust, Glenlivet and Inveravon Community Association, local businesses and local schools.

Planning for future events is under way with two Bumblebee Identification and survey training days taking place in late August/early September. These are in conjunction with the Bumblebee Conservation Trust and aim to increase the number of biological records for bees on the Estate with a particular focus on rare species. Later in September there is a four day 'Star Party' – a series of events, activities, walks and talks aimed at promoting the area's International Dark Sky Park status.

A new grass cutting contract has been in place for Glenlivet since May and we continue to work closely with the contractor to ensure our sites are welcoming and safe for visitors. Work has also been started by contractors on repairing damage to the Achlichnie suspension bridge on Glenlivet. The annual Countryside Site Risk Assessments are complete and checks on all the waymarked trails are now being undertaken by the team.

### **Forestry**

Harvesting works at Applegirth Estate to remove diseased larch under Statutory Plant Health Notices completed in February 2022. Further works due to start in the summer/autumn 2022 to remove remaining larch at Wamphraymoor Plantation these works were delayed due to badger setts and red kite nests.

Forest restocking programme completed at Glenlivet Estate with erection of 4500m of deer fencing and 100,000 trees planted over four sites. Recertification audit (with Soil Association) completed July 2022.

The Forest Intern finished her fixed term contract in July 2022. Following interviews, the next intern will take up post in September.

Two successful volunteer tree planting days held in May 2022 at Glenlivet Estate advertised through the Volunteering Cairngorms website.

### **Estate Maintenance Team**

Since May 2022 the team have installed four new springs / water supplies, fixed numerous burst pipes, unblocked sewage pipes and tanks as well as field drainage pipes. The team also contributed to the Jubilee events that were organised on the estates at Tomintoul, Land Girls Memorial and Glenlivet Hall. They also removed washed up tyres, power hosed the pier and removed pebbles from the East pier at Portgordon harbour.

The team have also built-up good relationships with groups within the local community including Portgordon Harbour group, Fochabers Heritage group and the Whale and Dolphin Centre at Speybay.

### **Minerals & Mines Royal**

Wardell Armstrong carried out a full inspection of the Cononish gold mine in July which is now fully operational. ScotGold reported good results for the half year ending 30 June 22 amounting to £6.3 million in gross sales. This resulted in a return of £251,792 and following deductions of accrued overworkings, resulted in a first royalty payment of £17,998 to CES.

### **Urban**

39 George Street – we are continuing to work with EPC Associates Ltd on agreeing & costing a draft Section 63 Action plan programme of energy efficiency recommendations to improve the building EPC. It is hoped that some can be arranged alongside the repair works previously identified for which we hope a contract is soon to be awarded for building services consultant being procured through our Managing Agents (London & Scottish Property Asset Management).

### **Coastal**

Scottish Government is still considering the proposal for an efficient process for handling the application of Section 10 of the Scottish Crown Estate Act 2019 (i.e. Ministerial approval for sales of the seabed). We will keep pressing the sponsor team regarding our proposals.

Missives were concluded with Stornoway Port Authority to enable the deep-water quay project to progress.

Agreement has been reached with North Harris Trust on the approach to settle a long running title issue at North Harris and on the island of Scalpay. This is progressing well, with both parties working towards completion by the end of August 2022. The solution will result in Crown Estate Scotland retaining areas of foreshore adjacent to the Trust's land which are currently let by us, the remaining foreshore passing to the Trust. We are meeting the Trust's reasonable legal fees as a goodwill gesture.

Marine leisure reviews: the two exercises to review the seabed moorings licence fee and Shetland marinas' seabed lease rent are on track. The Valuation Office Agency has been appointed to undertake the independent valuation work and two socio-economic impact studies being undertaken be done by Aquatera (Shetland marinas) and Tourism Resources Company (moorings) are also on track.

### **Montrose ZeroFour**

Design works are underway following completion of a challenging procurement process where inadequate response rate through frameworks led to major delays. A revised procurement strategy was a great success with a depth of applications to review and select from. Selected and now onboarded are:

- Architects – NORR

- Planning Consultant – Ironside Farrar
- Infrastructure Design – Cundall Johnston & Partners
- Landscape Architects - Ironside Farrar
- Cost Consultants and Project Management – Turner & Townsend

Design development and outputs set to accelerate over next quarter and integration to align with statutory bodies such as Angus Planners is happening through regular meetings. Infrastructure meetings under way with developer of significant local source of renewable energy and telecoms infrastructure providers to form Energy and Communications Strategy.

Meetings were held with stakeholders such as Countryside Access Officers, Montrose Air Station Heritage Centre and Airfields of Britain Conservation Trust undertaken as part of maintaining good relationships with forthcoming meetings with Montrose Port on collaboration and Montrose Park Run (~150+ runners attending) on land use.

Montrose Air Station Heritage Centre have requested the Sommerfeld Tracking - currently protruding in several places - from the former runways to create a Spitfire Statue. This currently poses a health and safety risk and would have to be removed to progress development and as such steps are underway to procure a team to remove it and preserve it with the Heritage Centre. The team will include an Unexploded Ordinance Engineer to partake in a watching brief, set the H&S tolerances of works to remove material and scan the area afterwards. This function has been out to tender and the responses are currently being reviewed.

Other meetings have included the Robert Gordon University's Energy Transition Institute on wider North East Scotland's offering and prospects for offshore wind, Drone Technologies Limited on the Port (now expected in 2023) and several meetings and site visits with two separate developers interested in delivering industrial, amenity and hotel assets at ZeroFour.

The next quarter will see design works developing, baseline cost plans being established, further engagement with the community and work with the local planners on the Environmental Impact Assessment refreshed and new consents for new assets classes such as the hotel.

### **Whitehill Estate 2030**

The feedback from adult stakeholder engagement refined and reinforced the key themes of phase one consultation. The young people's consultation provided inspiration for the future, reinforcing the desire to create a sustainable and resilient place for the future. The development Framework is in early draft and is reflective of the stakeholder engagement summary narrative and theme interpretation methodology, planning policy landscape and interpretation. Over the coming months, we will be finalising the place-based review and visioning, refining the Development Framework and developing a draft delivery strategy, to be presented to Investment Committee.

Developing an MoU - Since inception, nurturing of the project as an exemplar of progressive land development and stakeholder management has resulted in the opportunity to structure a strategic partnership with Midlothian Council (MLC), through which the Development Framework (DF) may find a streamlined and risk-mitigated route to delivery. The draft MoU will be a key strategic piece that will shape the approach to the introduction of the DF into more detailed discussions with MLC Place Directorate. The delays to National Planning Framework 4 have delayed the development of

MLC Local Development Plan. These delays have resulted in a proactive approach to potential development by council leads. The updated timescales are as follows and will be monitored:



MLC Tourism Action Group were identified as a potential collaborative partner to explore the opportunities and benefits tourism across Midlothian and the benefits of membership in the context of the Whitehill Estate 2030 Development Framework and across our estate. Working with Midlothian Councils Economic Development team we have had initial discussions around the development and expansion of community-based enterprise which support active travel and sustainable food production. These are seen as a positive and enriching developments which enhance and develop a sustainable resilient place in terms of food security, natural approach to farming, sustainable use of natural resource, positive opportunities to develop tourism offering of the area, active travel whilst enhancing health and wellbeing.

### **Economy and Environment Leadership Group Site Visit 16 June 2022**

The team had the pleasure to showcase the work at Whitehill Estate 2030 to the leaders of economy and environmental based public sector organisations. Presentations/discussion include:

- an introduction to Crown Estate Scotland and the Scottish Crown Estate.
- an introduction to Whitehill, the story so far and how its managed.
- Our approach to placemaking and engagement, including examples from around the Scottish Crown Estate.

- Whitehill Estate 2030 place making initiative.
- Working with partners.
- Opportunity for housing and our role in housing delivery.
- Our capabilities and vision to join the dots in integrated placemaking and land use going forward.
- Opportunities for the future and to develop an exemplar development.

The site visit was well received and asked to share lessons learned and project updates as it developed.

### **Green Action Trust**

The property team met with Derek Robertson of the Green Action Trust on 1 August, a charity dedicated to work with a range of private, public and third sector partners across Scotland to turn ideas into real change, to build more sustainable communities and a greener Scotland. They work with partners to create an environmentally just and climate resilient Scotland where communities flourish and the economy prospers.

The Green Action Trust are also responsible for driving forward the delivery of the Central Scotland Green Network which

- Is developing and delivering the largest green infrastructure programme in Europe with an investment of £2.4billion between 2010 and 2050
- Covers an area of 10,000km<sup>2</sup>, which includes 19 of Scotland's 32 local authorities
- Work with a range of private, public and third sector partners across Scotland to turn ideas into real change, to build more sustainable communities and a greener Scotland.

Recognising the synergies between our two organisations, the property team are working to explore collaboration and partnership opportunities as part of the development proposal across the portfolio of built development projects.

### **Mosstodloch Masterplan 2040**

This launched in April 2022 with engagement from local, regional and national stakeholders as part of an informal consultation and evidence gathering. During the early stage, we made contact with local groups and key stakeholders who could help the team structure and organise the first round of engagement events. A launch event supported by a website, in person drop-in sessions and targeted 1-2-1 discussions was a positive opportunity to raise awareness of the project and engage with the community and stakeholders about how they can meaningfully inform a shared plans for the future. This engagement was also undertaken to help with 'community capacity building' in that it could provide information and understanding around the local planning context and how a masterplan might fit with that process going forwards. Phase 2 will commence in September 2022 with consultation and engagement that will explore and develop outcomes from the phase one feedback whilst testing the community's appetite to develop a community owned local place plan.

The development proposals for James Jones is yet to be submitted until the Traffic Assessment is finalised and further pre-application consultation is completed, the property team will continue to work collaboratively with James Jones to facilitate the expansion of a notable local business and ensure that outcomes and benefits are maximised as part of the Masterplan.

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	2022-23 Q1 performance dashboard
<b>Paper Number:</b>	BD(2022)31.4
<b>Annexes:</b>	Annex A: 2022-23 Q1 performance dashboard Annex B: Dashboard notes
<b>Recommendation:</b>	The Board is invited to note the dashboard.
<b>Presenter:</b>	Esther Black
<b>Author:</b>	Rebecca Finnie / Esther Black

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### 1. Purpose and context

The annexes to this paper provide an overview of key metrics for 2022-23 Q1.

# Board Dashboard – Q1 2022-23

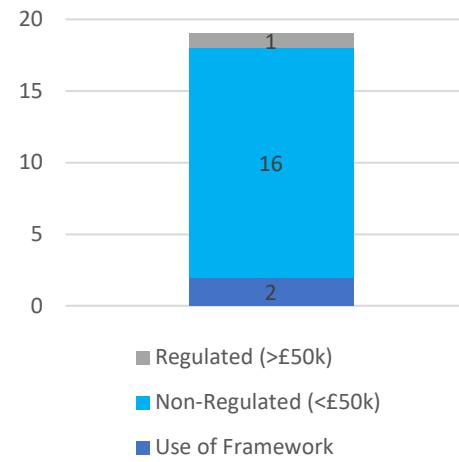
## Business Plan actions

2022-2023 Business Plan (35 green, 7 amber, 0 red)				
No	Action	Measure	Status	Notes
16	Invest in improvements to homes, buildings and infrastructure.	All Category A and at least 50% of Category B & C condition survey works complete (some activity has been postponed from 2021-22 due to COVID-19).	At Risk/Delayed	Rural Condition survey work - 98% of Cat A repairs works completed on Glenlivet & Fochabers, Applegirth & Whitehill Cat A completed. Cat B & C repair works packages being prepared by Rural MA's.
17	Implement improvements to residential properties incorporating energy efficiency works.	Overall approach reviewed; first phase of works complete.	At Risk/Delayed	Rural MA's pulling together recommended works and some recommended sales.
18	Progress strategic land development at Whitehill Estate following local engagement.	action completed and proposed new land allocations submitted to the Midlothian Local Development Plan (subject to local authority timescales).	At Risk/Delayed	Midlothian LDP is delayed and not expected to progress until Spring/summer
28	Identify strategic investment opportunities for renewable energy and decarbonisation across the existing estate, including built development sites and rural estates.	Opportunities identified and progressed.	At Risk/Delayed	Limited time to progress this quarter.
29	Progress and support local management pilots.	Project set-up and / or operations delivered according to pilot plans or alternative approaches agreed with partners in 2021/22. Monitoring & evaluation recorded in line with framework and/ or individual project KPIs. Implement our EDI plan:	At Risk/Delayed	Forth DSFB on track OIC on track SIC delayed but meeting SIC timelines CnES/ Galson significantly delayed, meeting both partner timelines but potential for pilot Delegation Agreement to be further delayed
34	Strengthen our approach to equality, diversity, and inclusion in relation to our employees, our operations and how we manage the Scottish Crown Estate.	<ul style="list-style-type: none"> <li>D&amp;I monitoring throughout recruitment and selection process in place;</li> <li>Children and Young Persons Forum in operation; and</li> <li>Diversity initiative with a sector or professional body set up / supported.</li> </ul>	At Risk/Delayed	Delay to new recruitment policy and system going live
42	Contribute to Scottish Government's land registration targets.	Resolve title conflicts relating to CES managed foreshore. Complete registration of Whitehill Estate.	At Risk/Delayed	Whitehill estate submitted for registration. Progress made in resolving North Harris Trust title conflicts. Project group to review progress in Sept.

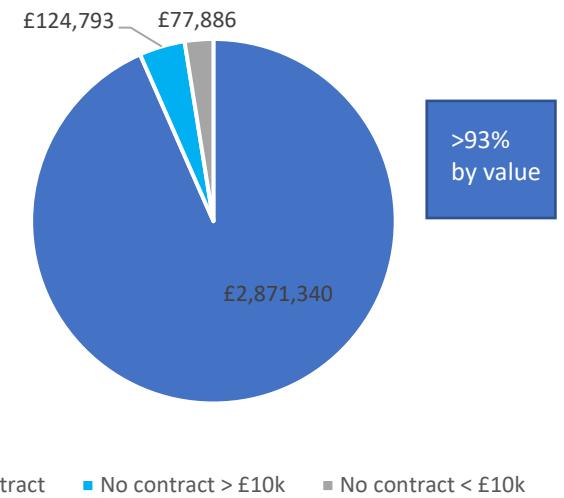
## Procurement

94 contracts LIVE on register, 28 are regulated

### New Contracts Awards (Q1 = 19, YTD = 19)

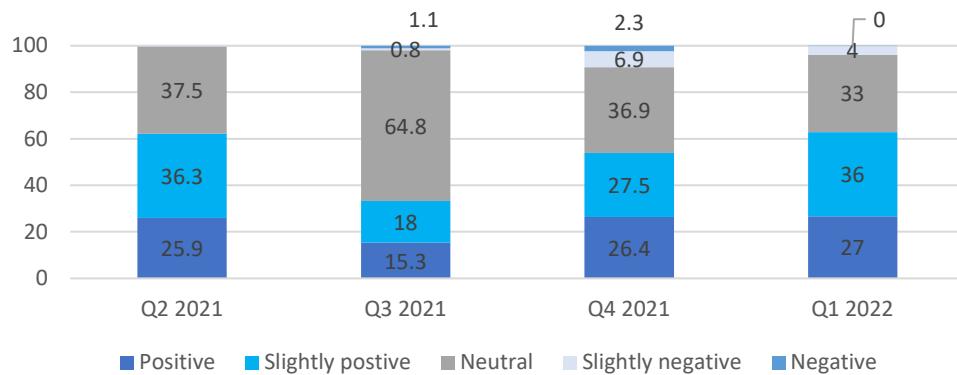


### Purchase orders with contracts Q1



## Media sentiment and digital users

### Sentiment (%)



Digital users	Q4 2021	Q1 2022
Twitter (impressions; +/- followers)	746k; +453	66k; +535
Website visitors	55,322	23,036
LinkedIn (impressions; +/- followers)	87,626; +1660	50,567; +611

**Key positive media story:**  
SWL options confirmed  
**Most negative media story:**  
Level of options fees

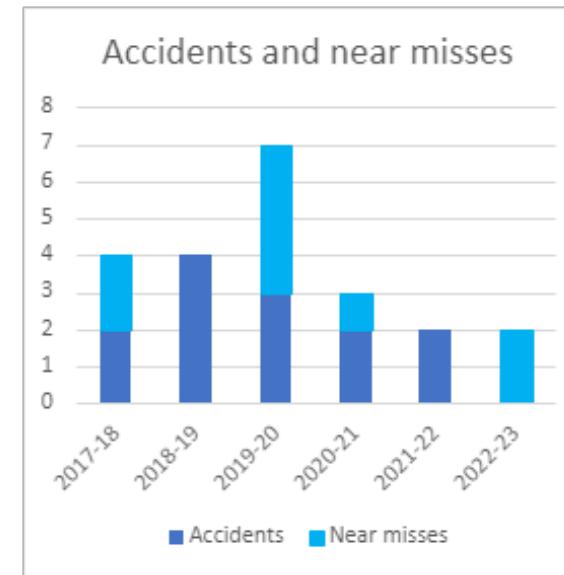
## FOIs

Requests received: Q1 13  
Topics covered: 5 related to ScotWind

## Property

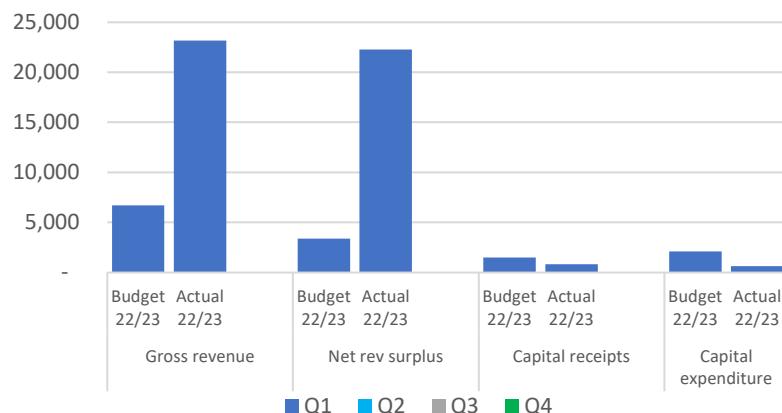
Vacant, marketable properties: Rural: 8; Urban: 0

## H&S

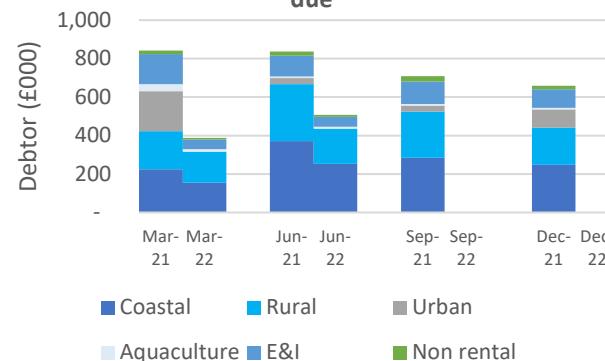


## Finance

### Financial progression



### Year on year movement in Debtors >30 days due



## KPIs

KPIs: 7 Green, 1 Amber, 1 Red	Q1 YTD	RAG Rating
Total Capital Committed (£)	9,716K	Red
Place Based Capital Committed (£)	3,822K	Red
Blue Economy Capital Committed (£)	13,538K	Red

## Board Dashboard – Notes

Business Plan – reporting by exception

<b>Amber status</b>	At risk / delayed.
<b>Red status</b>	Target missed / abandoned / will not be reached.

## KPIs

Dashboard table relates to Corporate Plan KPIs. Most are tracked annually through the annual report except for capital committed which we report on quarterly, broken down as below.

<b>KPI</b>	<b>Definition</b>	<b>Corporate Plan 2023 target</b>	<b>Notes</b>
Total capital committed	All capital committed in 2020-23 through approved final business cases and case sheets	£70m	Excludes feasibility and business case development costs.
Capital committed to place-based projects	Capital committed in 2020-23 through approved final business cases and case sheets for buildings & places	£27m, indicative	This relates to the objective: Invest in buildings and help create great places.  Assets: Built Environment.
Capital committed to blue economy	Capital committed in 2020-23 through approved final business cases and case sheets for blue economy	£26m, indicative	This relates to the objective: Support the sustainable expansion of Scotland's blue economy, focusing on marine and coastal development  Assets: Mainly Marine and Coastal, but also including projects in Built Environment with direct links to the blue economy.

## Procurement

### New Contract Awards by Type

Contracts awarded YTD – total number plus categories.

Graph depicts the cumulative number and type of contracts awarded during the reporting period.

The total number of live contracts currently on the register is provided for context.

### **Stakeholder/Reputation**

#### **FOI**

Number of requests for information, as responded to under the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004.  
Indication of key topics.

#### **Media**

Sentiment by quarter on rolling 12-month basis.

Most positive and most negative story

Digital communications metrics showing change on previous quarter.

#### **Health & Safety**

Accidents and near misses YTD.

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Rural Condition Survey Repair Programme Update
<b>Paper Number:</b>	BD(2022)31.8
<b>Recommendation:</b>	The Board is asked to note the progress made with the delivery of the Rural Condition Survey Repair Programme and the implementation of the remaining works.
<b>Presenter:</b>	Oster Milambo
<b>Author:</b>	Christopher Cassels, Fiona Simpson

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### 1. Purpose and context

A detailed paper on the Rural Condition Survey Repair programme was provided to the Investment Committee (IC(2020)14.6) on 10 November 2020 and then a further update was provided to the Investment Committee (IC(2021)15.5) on 16 February 2021. That paper outlined the outcome of tendering and evaluation process in January 2021 for Glenlivet and Fochabers estates.

Following the Board meeting in May 2022, the Director of Property was requested to provide report on the monitoring of the completion of rural condition survey works, including any Health and Safety risks. Also, it was requested that it should include an update on the planning for the Category B and C works, a realistic timescale for completion, and the resourcing required to deliver them.

### 2. Background

The Rural Condition Survey Repair programme is based on the general condition survey undertaken by Savills in 2018 of the rural estate's-built assets and farm infrastructure/fixed equipment. The survey covered the inspection of 219 properties (125 farms, 78 residential, 16 commercial) to identify both landlord and tenant repair, replacements and maintenance liabilities and was restricted to buildings (excluding drainage, culverts, bridges, and fencing) and was completed in January 2019.

Survey reports were prepared for each holding/asset highlighting the defects and repairs required, including cost estimates based on standard contractor rates at that time and prioritised as follows: -

- **Urgent** - Recommended for attention within 12 months, (e.g. a health & safety need to remove current hazard; meet statutory obligations; repairs which, if not attended to, will lead to further significant damage or failure; Failure of the element(s) and complete loss of function either of the element or building itself).
- **Category A. (High)** - Recommended within years 1 - 3 to repair or prevent further deterioration.
- **Category B. (Medium)** - Recommended within years 3 - 5 to repair or prevent further deterioration.
- **Category C. (Low)** – Recommended within years 5-7 but not considered essential at this stage/ or relate to general improvements.

The overall summary of costs for undertaking all the works identified was £3,562,841 in 2019 (c.60% capital/40% revenue). The plan was that Crown Estate Scotland would aim to complete all landlord works over a challenging three-year timeframe.

- all Urgent and 25% of Priority A works in 2019/20 financial year
- remaining 75% of priority A works in 20/21
- with the Priority B and C works in 2021/22.

For the larger, farm building and farmhouse projects over £100k, it was agreed that these would be brought forward for approval individually once engineering/design work was completed to enable tendering and more accurate costings.

As highlighted in previous papers, the rural condition survey repair programme has required to be revised and adapted since for a number of reasons, including the change/transition between the Managing Agents in April 2021, Covid-19 lockdown restrictions in 2020/21 and ongoing impacts, the embedding the new procurement procedures and tendering processes, working with tenants over access to buildings, the availability/costs of materials and contractors to undertake required works in addition to staff/Managing Agent workloads and changes to the Managing Agents contracts.

### 3. Progress Update

Table 1. below provides an overview of the progress and related expenditure for each estate provided by the Managing Agents. The table does not include individual farm building projects (>£100k) or associated professional fees:

Table 1

Estate	Figures provided by Managing Agents	Costs (excl VAT)
Whitehill		
	Residential, Urgent & Cat A works completed in 2019/20	£170,591
	Remaining Urgent & Cat A works completed in 2021 (W.Waugh & Sons, Contract value - £113,919)	£162,822
	Cat B & C works to do 2022-3. Original estimate £17,860 plus 40% uplift allowance from 2019 survey figure	£25,004
Applegirth		
	Residential, Urgent & Cat A works completed in 2019/20	£320,000
	Remaining Urgent & Cat A works completed in 2021 (J.Anderson Joinery, Contract value - £264,915)	£348,021



	Cat B & C works to do in 2022-3. Original estimate £216,940 plus 40% uplift allowance from 2019 survey figure	£303,716
<b>Fochabers</b>		
	Initial Urgent & Cat A Works completed in 2019/20	£194,473
	Remaining Urgent & Cat A works – 98% completed in 2021/22 (Grant & Anderson – Contract Value - £521,524.79) Works completed in April 2021 to March 2022 (incl retention) Estimated remaining April 2022-Oct 2022(subject to final inspection/valuation in Oct 2022) <b>Total spend (incl 2.5% retention due Oct 2023)</b>	£753,507  £70,000 <b>£823,507</b>
	Cat B & C works to do in 2022-3. Original estimate £171,361 plus 40% uplift allowance from 2019 survey figure	£239,905
<b>Glenlivet</b>		
	Initial Urgent & Cat A Works completed in 2019/20	£186,555
	Remaining Urgent & Cat A works – 98% completed in 2021/22 (Grant & Anderson, Contract value - £ 543,314.40) Works completed in April 21 to March 2022 (incl retention) Estimated remaining April 2022-Oct 2022 (subject to final inspection/valuation in Oct 2022) <b>Total spend (incl 2.5% retention due Oct 2023)</b>	£556,543  £90,000 <b>£646,543</b>
	Cat B & C works to do in 2022-3. Original estimate £ £90,468 plus 40% uplift allowance from 2019 survey figure	£126,655
<b>All</b>	<b>Total Estimated Cost (once B &amp; C works completed)</b>	<b>£3,547,792</b>

Table 2. below provides a summary of the expenditure to date, anticipated remaining contracted expenditure in 2022/23 and the estimated Category B & C expenditure in 2022/23. Savills Buildings team are working closely with the main contractor Grant & Anderson on the schedule of the remaining 2% of works on Glenlivet & Fochabers.

Most of the outstanding works are due to farm tenants who were not quite ready for the contractor to commence, either with livestock in sheds or machinery/equipment around the site and others require following up with sub-contractors to complete painting/pointing. Savills advise that the contractor aims to have these completed so that a final inspection and valuation of the works can be completed and signed-off by end of October 2022.

Both contracts at Glenlivet & Fochabers have been subject to additional costs which will be reviewed and reported in the final inspection and valuation. Material availability has been an issue particularly steelwork and roof sheeting and trying to source alternative materials from suppliers has been challenging. Some additional roofing jobs have involved replacing more than just a few roofs sheets due to their condition and some where more structural work has been required than first envisaged resulting in some buildings being demolished. A property at Fochabers that was not detailed in the condition survey also had to have Category A works carried out which was not budgeted.

Table 2

<b>Financial Summary</b>	<b>Expenditure</b>
Expenditure in 19/20	£871,619
Expenditure 21/22	£1,820,893
Estimated remaining expenditure to be completed in 21/22 at Glenlivet & Fochabers.	£160,000
Estimated Outstanding Cat B & C Expenditure in based on 2019 survey estimates plus 40% uplift to be completed in 22/23	£695,280
<b>Revised Estimated Total Cost</b>	<b>£3,547,792 + VAT</b>

Strutt & Parker have advised that they are in the process of ground truthing all the elements of the Category B & C works, to confirm works already completed and to ensure an accurate specification for tendering the work. The detail in the original condition survey was not sufficient in many of the cases and has changed given the passage of time. They plan to have this work specified in the next 6-8 weeks ready for tendering, with responses back before the end of the year. This will require some adjustments to the budget reforecast for 2022/23. Given increases in pricing and wider inflationary pressures they anticipate that costs may be 40% more than 2019 survey figures.

In addition to this work, there are a number of separate individual capital projects that have been undertaken and not listed in the above figures, some of which are linked to works coming out of the original condition survey and others forming part of other landlord and tenant agreements over fixed equipment. These projects continue to be monitored and reviewed monthly as part of the capital tracker with Savills Buildings team and Strutt & Parker and then built into budgeting and forecasting figures.

#### **4. Recommendation**

The Board is asked to note the progress made with the delivery of the Rural Condition Survey Repair Programme and the implementation of the remaining works.

#### **5. Risk Analysis**

The key risks have been highlighted in previous papers remain in terms of the completion of the works by the Managing Agents, increasing prices, working with tenants to address delays over access to buildings due to livestock/equipment and the management of contractors at multiple sites. The availability of materials/supply chain/increasing costs across the construction sector will continue to impact on the remainder of the programme. These risks continue to be kept under review by the asset team through regular monitoring of the programme with the Managing Agents to ensure that they have sufficient resource to complete this work along with other key Crown Estate Scotland initiatives. Strutt & Parker has stated that they have recruited resource to support this.

#### **6. Financial Implications**

As highlighted above, the costs of the remaining Category B & C works have yet to be tendered and it is anticipated that they will have implications on the overall financial spend and delivery of the condition survey programme. Not all the Cat B & C work will be able to be completed within this financial year. These will require be factored into the re-forecasting work over the next month and the budgeting work for 2023.

## **7. Stakeholder relations / reputation**

The implementation of the repair programme has been challenging over the last 18 months and will continue to be so, as the remainder of the works are addressed. However, the delivery of this work is important from a reputational point of view to support ongoing relationships with Crown Estate Scotland tenants and its responsibilities as a landlord. Equally tenants are also being reminded about their repairing responsibilities as part of this process. This is also being discussed with those tenants involved in the pilot farm sales process.

## **8. Legal and compliance**

As highlighted in the previous papers, this programme of work will address the majority of the outstanding landlord liabilities resulting from the Condition Survey, however as with all lease obligations these will be ongoing and are part of day-to-day management of the estate.

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Confidential
<b>Subject:</b>	Procurement of development consultancy services
<b>Paper Number:</b>	BD(2022)31.9
<b>Annexes:</b>	Annex A: ITT Development Services and KPI Annex B: Analysis of Potential Lotting Arrangements Annex C: Risk Assessment
<b>Recommendation:</b>	The Board is invited to (a) note the scope of services outlined in the tender documents (Annex A); (b) note and comment on the recommended KPI metrics; (c) note the fee structure that combines more flexible and clearer framework for development services intended to drive operational efficiency, added value and value for money; (d) note the approach to using the consortium single appointment option; and (e) approve the procurement for consultants to provide support to Crown Estate Scotland's development services consultancy for a maximum contract sum of £3,350,000 over a 3-year period with a potential 24 month extension (3+1+1 year).
<b>Presenter:</b>	Oster Milambo
<b>Author:</b>	Caroline Bell

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### 1. Purpose and context

Crown Estate Scotland operates an outsourced business model for a significant part of its property management functions across its Rural, Coastal, Urban/Built Development and some of its Marine, Energy and Infrastructure (E&I) activities.

This provision and delivery of the outsourced business model has been considered on several occasions including a Board paper in 2017 which outlined the nature of Managing Agents (MA) contracts transferred from The Crown Estate (paper 2.6). The Board considered the Outsourced Resource (OSR) in January 2020 leading to some key questions relating to costs and value for money; oversight and accountability; customer responsiveness, performance, and delivery; risk; community

engagement; alternative ways of working; notice periods; and the implementation of a new model fit for the future.

The MA's retender paper - May 2020 BD (2020)20.8 identified that a number of services including Development Consultancy, strategic valuation and negotiation services above £350,000 and capital works above £150,000 were separated from the scope of the MA's retender and should be tendered separately. This current approach has operational challenges not least significant time delays going through a procurement process for each and every piece of work above the current thresholds, in some instances leading to missed opportunities when we need to move quickly to seize new opportunities. This paper seeks to address this constraint of requiring tendering for additional services to support the Property Team, the Partnerships function within Corporate Operations Team and Energy Ports within E&I Team.

## **2. Background**

In seeking to determine the scope of this tender a set of key outcomes have been developed and noting the outcome of the OSR report. These are as follows:

1. To provide a new consultancy service that has flexibility to meet the current and future needs of the business.
2. To meet corporate standards and provide greater assurance, alignment, and improved performance against Key Performance Indicator's (KPI's) in the delivery of Corporate Plan objectives.
3. To re-design elements of the operating model to facilitate improved stakeholder engagement and customer service.
4. To manage the significant and complex demands, obligations and responsibilities of Crown Estate Scotland's property management, partnerships team and E&I (energy ports).
5. To demonstrate value for money and wider value.
6. To demonstrate the highest standards of property management in accordance with best practice, and all established and emerging policies and procedures.
7. To establish a more flexible structure which allows for the delivery of the Crown Estate Scotland Corporate Plan and to manage the expectations of key stakeholders and new business requirements.

This procurement of consultancy services will provide technical support and expertise to Crown Estate Scotland across a range of property and land advice, strategy, management and services to support the development, investment and divestment across the Crown Estate Scotland. The projects are varied and will include but are not limited to:

1. Development functions across our existing geographically widespread landholdings (Estates in Applegirth, Whitehill, Fochabers, Glenlivet), port/harbour and coastal assets. These may include housing, mixed use, business and employment.
2. [Capital Investment Challenge Funds](#) (Local Partnership, Innovation with Natural Resources and Boat Based Tourism) and other emerging initiatives.
3. New investment, acquisitions, and disposals across the rural, urban, port/harbour and coastal portfolio and beyond.
4. Any other project which supports Crown Estate Scotland's emerging initiatives and strategic partnerships.

### **3. Core Services**

The services omitted from the current managing agents contract were:

1. Major Sales and Purchases of property, land, and assets with a capital value over £350k to include valuation, due diligence, negotiation and market appraisal
2. Management and promotion of new commercial/built development projects within our development portfolio
3. Major planning consultancy work, strategic planning and development advice and associated supplementary work on an individual, group, or project basis. (e.g., local development planning, transport, environment, civil, mechanical, and electrical engineering, architectural, climate change, marine engineering and surveying etc.)
4. Project management services of larger projects or specific capital work programmes over £150k.
5. Consultation and Engagement to principally be brought into the organization for partnership and regional engagement.
6. Undertake procurement of all ancillary services required to support the development promotion and delivery of projects.

It is intended that significant capital projects will use this contract for the core technical services to support project development. It is noted that stakeholder and partnership engagement has principally been brought in house through the Partnerships Team. Also, consultation and engagement will form part of individual projects and will be included as part of this tender. Annual valuations of the portfolio are already tendered separately, and it is important to ensure this element is kept distinctly separate from the development services contract. A set of core services is set out in Annex A, and the functions listed will form the basis for the Invitation to Tender (ITT).

### **4. Performance Management / KPI's**

The OSR and previous discussion at Board has indicated that the metrics against which contract performance is benchmarked need to better reflect Crown Estate Scotland requirements.

The tender of this work provides an opportunity to introduce a set of different performance standards against which the delivery of management services can be monitored.

Annex A sets out a draft framework for performance standards which will form part of the ITT.

### **5. Management Framework/Structure - Lotting**

Development consultancy services were originally incorporated into the MA's contract structured to deliver built development services alongside five specific asset classes on a national basis – Rural, Coastal, Urban, Salmon Fishing and Minerals & Mines Royal, with three different MAs managing these respectively. At present, development services are tendered on an individual basis which is inefficient in terms of time and resourcing. It has been determined that this is unsustainable on an ongoing basis.

Tendering of the contract provides an opportunity to consider alternative options for structuring the delivery of the development consultancy services.

Annex B sets out the advantages and disadvantages of these options. To provide maximum flexibility and enable Crown Estate Scotland to ensure value for money, while ensuring high standards of management consistency it has been concluded that the consortium appointment would deliver the best outcomes as it offers consistent contract management, quick and efficient access to services, is resource effective and competitive.

## **6. Fee Structure**

The current fees for services outwith the MA contracts are based on individual competitive tendering. Services provided as part of a separate schedule of allied tasks are charged on an hourly rate or by negotiation - depending on the task and the value. The hourly rates are based on the staff undertaking these works with higher rates for work undertaken by senior/more experienced staff.

The main disadvantage of the current arrangements is that it can result in extensive program delay due to procurement being resource inefficient and is exposed to market pressure adversely affecting supply and demand.

Options under consideration include:

1. Fixed fee for all services
2. Time based fees
3. Fixed fee + time based with agreed metrics
4. Open-book approach
5. A call off framework

Having a Consortium single appointment which will act as a call off framework does have merits in terms of helping to mitigate 'risk' pricing in tenders which can inflate costs and provide value for money. Separating capital projects from the allied services responsibilities of the MA's results in some duplication of costs where the MA still provide services such as provision of the interface between the tenant and the outsources professional services / main contractors appointed. This will be managed through effective management of relationships and communication. This was noted and considered acceptable in the MAs retender paper.

The tender has been framed in a way that allows a guaranteed and expedited access to consultancy services with the opportunity to tender additional non-core services more widely when required. This introduces competition and allows for greater flexibility for separate procurement as required to suit business needs. This will be managed carefully to ensure that responsibility for delivery and financial separation between revenue and capital expenditure is clear, transparent, and practical.

It is proposed that the desired fee structure reflects the following fundamental principles:

1. Simplicity and clarity
2. Drives 'Best Value' and operational efficiency
3. Provides an effective input to contract management and KPI's

## **7. Proposed indicative timescales**

The following proposed timescales are subject to governance

Stage	Milestones	Target Date
1. ITT Issued via PCS	Tender issued via PCS	06/09/2022
2. ITT Completion	Proposals submitted via PCS	21/10/2022
3. Proposals reviewed and evaluated	Proposals reviewed by CES	By 04/11/2022
4. Interview		11/11/2022
5. Decision/ implementation	Decision made and communicated to Tenderers. Standstill commences	14/11/2022
	Formal agreement in place	28/11/2022
6. Contract Start Date	Contractor commences work	week beginning 05/12/2022

## 8. Financial

Noting that ambitious scale of potential investment, divestment, and development opportunities across the business a maximum budget of £3.35 million pounds is required. This will ensure that there is sufficient headroom to provide adequate resources and technical support.

The indicative spend across businesses areas

	Description	Anticipated range of fee ex. Vat
1	Built Development - Rural	£100,000 - £400,000 p.a.
2	Built Development – Urban	£150,000 - £600,000 p.a.
3	Built Development – Coastal	£125,000 - £500,000 p.a.
4	Capital Investment Challenge Funds (Local Partnership, Innovation with Natural Resources and Boat Based Tourism)	£75,000 - £300,000 p.a.
5	New Investments, acquisitions, and sales (disposal)	£125,000 - £500,000 p.a.
6	Ancillary services (Unforeseen work streams)	£12,500 - £50,000 p.a.

All capital and revenue spend associated with this tender is subject to approval in the business plan, business cases and appropriate governance.

## 9. Sustainability and wider value

The tender assessment and evaluation process will also consider factors such as:

National / regional presence, carbon footprint/efficiency, links with economic development; regeneration; social wellbeing; environmental wellbeing; sustainable development.

The ITT will ask applicants to demonstrate how they contribute towards greater sustainability.

## **10. Legal implications**

Any legal implications will be established as part of the review of existing and new contracts as these are taken forward.

## **11. Health and Safety**

Under the current contracts, the Managing Agents are responsible for the day-to-day management of Crown Estate Scotland properties and in-hand land, ensuring implementation of Crown Estate Scotland Health & Safety Policies, and compliance with legislation. This includes the appointment and oversight of contractors for capital works up to £150,000, provision of all relevant Health & Safety information for contractors under their management and providing reports on compliance. This will remain unchanged. The development services tender includes provision of all relevant Health & Safety compliance as part of the contract and information for contractors under their management and providing reports on compliance. These duties and responsibilities have been incorporated into the procurement process to ensure that the appointed consultants provide the required assurance and performance in line with Crown Estate Scotland requirements.

## **11. Corporate / Business Plan alignment**

The tender has been prepared to ensure that there is access to technical services to support the delivery of Crown Estate Scotland corporate plan.

## **12. Risks**

There are range of risks which must be mitigated/ managed as part of this tendering exercise and potential changes. A separate risk register has been developed as part of the project management process in Annex C which identifies mitigation actions to minimise risk impacts.

The key risks are summarised as follows:

1. Business risks associated with any transition: A clear transition plan will help reduce the possible loss of key data/info/knowledge transfer/ contacts affecting continuity of business relationships and delivery of Corporate Plan objectives.
2. Financial risk: Robust reporting and monitoring of development consultants by asset management team/ Development teams/finance/legal/IT & procurement teams will be required to manage income and expenditure management, year-end and legacy resolution, this will be included in a wider resilience plan in response to the economic climate/uncertainty (e.g., Covid-19 legacy, Brexit)
3. Resource/People risk: Workforce planning will review in-house capacity to implement / incorporate potential changes/transition including induction with MA's, ways of working, new workflows, data integration/ transfer/cleansing establishing new PMS.

4. Operational Delivery risk: A transition plan will be put in place to include 'work in progress' projects/ multi-year projects, handover period / accounting, managing H&S responsibilities or any run-off cover.

### **13. Stakeholder relations / reputation**

Development Services consultants will be the “face” of Crown Estate Scotland in a professional capacity at a project level and will interface with the public, key partners, and stakeholders. The managing agents will remain the primary point of contact with tenants and will be the public face of the operational management of our estates managing communications, relationships with tenants and key partners, and other stakeholders.

### **14. Recommendations**

The Board is invited to:

- a) note the scope of services outlined in the tender documents (Annex A)
- b) note and comment on the recommended KPI metrics
- c) note the fee structure that combines more flexible and clearer framework for development services intended to drive operational efficiency, added value and value for money
- d) note the approach to using the consortium single appointment option
- e) approve the procurement for consultants to provide support to Crown Estate Scotland's development services consultancy for a maximum contract sum of £3,350,000 over a 3-year period with a potential 24 month extension (3+1+1 year).

## Annex A

ITT Built Development, Coastal and Land Transactions

**Invitation to Tender – technical support and expertise including development advice, strategy, management and services to support development, investment and divestment across Crown Estate Scotland (CES) and beyond.**

This Invitation to Tender ("ITT") initiates the tendering for technical support and expertise including development advice, strategy, management, and services to support development, investment and divestment across CES as required. This document provides tenderers with:

1. Introduction
2. Objective
3. Specification of the services sought
4. Information required from tenderers, including an outline of the process and key delivery dates

### Introduction

Crown Estate Scotland is a commercial public body, formed in 2017.

Our purpose is to invest in property, natural resources and people to generate lasting value for the people of Scotland, and we manage assets including buildings, land, coastline and seabed on their behalf.

Our profits go to Scottish public spending and we work with people and organisations to drive economic development and deliver social and environmental value through the management of property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

Crown Estate Scotland currently operates an outsourced services business model to deliver the day-to-day management of its Rural, Coastal, Urban, Salmon Fishing Rights and Minerals & Mines Royal property portfolios. These core management services are contracted and undertaken by a variety of Managing Agents throughout Scotland overseen by the Crown Estate Scotland in-house property management team.

The Managing Agents provide all the key day-to-day operational / transactional / agreement management functions with ancillary works including allied services for capital work projects up to £150,000 and Sales and Purchases of property, land and assets with a capital value up to £350k. This tender is intended to supplement the services provided by the managing agents.

This tender is designed to provide additional multi-disciplinary consultancy support to Crown Estate Scotland to deliver its key objectives and the successful bidder will work together with Crown Estate Scotland teams and other outsourced services in a collaborative and co-ordinated way.

This is a time of growth and expansion for us. Crown Estate Scotland was created five years ago to manage the Scottish Crown Estate. We have established a new vision which involves a growing emphasis on partnership and investment to support and enhance communities and business thriving through enterprising and sustainable use of property and natural resources.

## **Objective of the tender**

To secure a supplier of a multi-disciplinary consultancy team to support Crown Estate Scotland teams from inception to technical design of projects such as:

- Major Sales and Purchases of property, land and assets with a capital value over £350k to including valuation, options agreements, marketing of assets for sale, due diligence, negotiation and market appraisal
- Major planning consultancy work, strategic planning and development advice and to secure a supplier of a multi-disciplinary consultancy team to support Crown Estate Scotland team associated supplementary work on an individual, group or project basis. (e.g., local development planning, transport, environment, civil, mechanical, and electrical engineering, architectural, sustainability and climate change, etc.)
- Project management services of larger projects
- Management of specific capital work programmes over £150k.
- Undertake procurement of all ancillary services required to support the development, promotion, and delivery of projects.

## **Specification**

The role of the multi-disciplinary consultancy team is to provide technical support and expertise to Crown Estate Scotland teams including development advice, strategy, management and services to support the development, investment and divestment across the Crown Estate Scotland. The projects are varied and will include but are not limited to

1. Built Development functions across our existing geographically widespread landholdings (Estates in Applegirth, Whitehill, Fochabers, Glenlivet and Montrose) and onshore coastal assets. These may include housing, mixed use, business, employment and buildings to support the operation of Crown Estate Scotland (e.g., agricultural buildings/rural infrastructure and port development and port infrastructure).
2. Support for business case development including valuation of proposed investment projects and, where investments are agreed, implementation of those projects that are successful in the [Capital Investment Challenge Funds](#) (Local Partnership, Innovation with Natural Resources and Boat Based Tourism) – noting that these range in scale from £150k-£750k investments).
3. New investment, acquisitions, and disposals across the rural, urban, marine, and coastal portfolio and beyond.
4. Any other capital investment project and ancillary services which supports Crown Estate Scotland emerging initiatives and strategic partnerships.

This tender requires the successful multi-disciplinary consultancy to provide both terrestrial and coastal specialists for valuation (excluding annual valuation), acquisitions and disposal together with project management and development consultancy. Submissions are required to demonstrate both terrestrial and marine specialist consultants this may include identification of a consultant(s) as part of a consortium bid.

## **Project management and development consultancy**

The multi-disciplinary consultancy services will provide project management and development consultancy services to strategically important Crown Estate Scotland projects or specific capital work projects over £150,000 (distinct from sales/ acquisitions support for projects of over £350k). Assisting and reporting to the lead Crown Estate Scotland manager responsible for the delivery of the respective

projects. The functions will be wide-ranging and will include standard project management roles including but not limited to those mentioned below:

- Project management will principally be delivered by the lead consultant for individual pieces of work.
- Manage a multidisciplinary team to design, review and manage proposals for development.
- Manage multi-disciplinary teams for the delivery of built development projects if required.
- Provide consultancy and advice on business development proposals.
- Manage a multidisciplinary team to support the acquisitions (including options and development appraisal) of land and investment opportunities on behalf of Crown Estate Scotland considering design, deliverability, economic and development viability, due diligence together with regulatory and policy compliance. Throughout this process the Consultant will be required to take account of wider context, taking direction from the Crown Estate Scotland team, such as existing/ emerging partnership arrangements that may include third party funding criteria and/ or shared project costs.
- Identify and proactively manage risk including early reporting procedures. Working with the Crown Estate Scotland project manager to minimise risk and managing budget to deliver all project objectives efficiently.
- Support and feed into the preparation of project management documentation including governance, commercial business/ investment cases (based on HM Treasury 'Green Book' principles), planning and project execution plan to be agreed as part of individual instruction.
- Management of programme and deadlines to align with Crown Estate Scotland internal governance and approvals process. Providing regular updates in line with the programme to be agreed with Crown Estate Scotland governance requirements and supporting Crown Estate Scotland officers where necessary.
- Contribute to cost forecasting, budgetary functions, invoice management associated with individual projects. Including assisting the Crown Estate Scotland project owner in driving value engineering exercises.
- Where required support, contribute to and on occasion lead the development of business cases under the instruction of Crown Estate Scotland project manager/owner.
- Creation and management of a design responsibility matrix
- Organise, attend and record all project meetings
- On occasion (with Crown Estate Scotland) liaise with internal and external stakeholders
- Engage and consult with the Crown Estate Scotland on all elements of the project
- Develop Consultation and Engagement Plans in collaboration with Crown Estate Scotland project manager/owner in consultation with Crown Estate Scotland Corporate Operations (subject to project request).
- Design, support and undertake consultation and engagement to support the development of strategy documents, proposals and planning applications in line with Crown Estate Scotland's Communications & Engagement Strategy.
- On occasion attend Crown Estate Scotland internal meetings, boards and site visits as required.

### **Planning Consultancy**

Assisting and reporting to Crown Estate Scotland project manager/officer responsible for the delivery of the respective projects. The multi-disciplinary consultancy services will provide planning

consultancy services across the Scottish Crown Estate and potential new acquisition and development opportunities.

Key deliverables:

- Provide strategic development and planning advice and updates, opinion and where appropriate prepare responses to emerging national, regional and local policy and highlight where these will affect the Crown Estate Scotland and new acquisitions (upon request).
- Provide professional development advice on proposals, which will inform project development and investment decisions across the Crown Estate Scotland and new investment projects
- Investigate, monitor and report on new or existing conflicting and competing planning applications and permissions in relevant proximity to the location of works undertaken on behalf of Crown Estate Scotland.
- Provide planning advice in relation to the land and building acquisition, development proposals and existing estate including specialised designation, listed building, etc as required.
- Support the development of planning strategy, prepare and/or support the development of Masterplans, development framework, Local Development Plan submissions and representations.
- Prepare submit, coordinate and project manage the planning applications and associated statutory consents to support the development of Crown Estate Scotland.
- Provide project management services to include coordination of multi-disciplinary consultancy team where planning is the principle discipline and where instructed.
- Undertake consultation and engagement to support and inform the development of strategy documents, proposals and planning applications in line with Crown Estate Scotland's Communications & Engagement Strategy.
- Contribute to cost forecasting, budgetary functions, invoice management associated with individual projects as required.
- Where required support, contribute to and where instructed lead the development of business cases under the instruction of Crown Estate Scotland project owner.
- Develop Consultation and Engagement Plans in collaboration with Crown Estate Scotland project owner in consultation with Crown Estate Scotland Corporate Operations (subject to project request). Design, support and undertake consultation and engagement to support the development of strategy documents, proposals and planning applications in line with Crown Estate Scotland's Communications & Engagement Strategy.
- On occasion attend Crown Estate Scotland's internal meetings, boards and site visits as required.

### **Surveying, Valuations and Negotiations**

The multi-disciplinary consultancy will provide surveying, valuation, market appraisal and negotiation services which will inform Crown Estate Scotland investment decisions, purchases and sales of land and assets. Assisting and reporting to the Crown Estate Scotland manager responsible for the delivery of the respective projects.

Key deliverables will include:

- Provide specialist professional development advice on proposals, which will inform project development and investment decisions across the Crown Estate Scotland and new investment projects.
- Undertake survey and valuation services to support and inform Crown Estate Scotland in progressing investment for new and existing development, new assets and the divestment of existing assets and property with a capital value over £350,000.
- Negotiation of major sales and purchases of land, property, coastal, marine, and other assets, including related ancillary investments, with a capital value over £350,000.
- Market Appraisal and reports to support investment, divestment, and management of the existing Crown Estate Scotland.
- Professional advice (to include preparation) to Crown Estate Scotland team:
  - Transaction Heads of Terms/ commercial model
  - Valuation
  - Transaction due diligence (e.g., planning, future value, market strategy etc)
  - Transaction project management/ third party instruction coordination – e.g., legal due diligence, contaminated land, planning advice (if not covered above), structural engineering, marine engineering and surveys, interdependencies (for example with third party funders, public sector interventions, subsidy control (state aid), etc)
- Provide advice and support to inform Crown Estate Scotland approach to development proposals regarding business models and innovative ways of structuring business opportunities and Joint Ventures in line with Crown Estate Scotland investment strategy and vires, working closely with Crown Estate Scotland’s legal advisors as necessary.
- If required, help create new leases or other agreements to support development projects.
- Contribute to cost forecasting, budgetary functions, invoice management associated with individual projects as required.
- On occasion partake in consultation with regard to marketing and branding of developments.
- Where required support, contribute to and on occasion lead the development of business cases under the instruction of Crown Estate Scotland project manager/ owner.

**Please outline any of the following services which the appointed multi-disciplinary consultancy is able to provide as ancillary services to the principle requirements of the contract.**

1. Architectural advice, design development, plans and technical reports, creation of CGIs and other marketing collateral
2. Principal Designer
3. Marketing and communication services
4. Energy & digital infrastructure advice design and technical reports
5. Sustainability and Climate Change advice, design, and technical reports
6. Landscape Architecture advice design and technical reports
7. Transport advice and technical reports
8. Terrestrial and marine environment advice and technical reports
9. Civil, mechanical, and electrical engineering advice and technical reports
10. Geotechnical/geo environmental advice, topography studies and other technical reports
11. Flood and drainage advice and technical reports
12. Any other technical specialism to support Crown Estate Scotland development proposal

In addition, should specialist services or the appointed consultancy have insufficient skill, knowledge or competencies be required to meet the particular project needs, the appointed multi-disciplinary consultancy (or consortium) will be required to undertake further procurement on behalf of Crown Estate Scotland (subject to our agreement). Any procurement shall be undertaken as part of the delivery of this contract in line with Crown Estate Scotland's Procurement Policy and our obligations under the Procurement Reform (Scotland) Act 2014 (the "Act"), the Public Contracts (Scotland) Regulations 2015 (which transpose the Public Procurement Directive) and the Procurement (Scotland) Regulations 2016 (which were made under the Act), or any statutory guidance published by the Scottish Ministers and applicable at that time.

The award of this contract does not preclude Crown Estate Scotland from undertaking procurement of further services to support business interests or to remove conflicts of interests.

**In providing the services, the multi-disciplinary Consultancy will be expected to adhere to the following standard requirements as part of this Contract:**

#### **Information Requests**

Built Development Consultants will assist with timeously providing information to allow Crown Estate Scotland to respond to all external information requests, including those received under FOISA, EIRs, and Data Protection legislation requests subject to the Freedom of Information (Scotland) Act 2002 in liaison with Crown Estate Scotland staff and according to Crown Estate Scotland policies.

#### **Financial services**

- Financial and operational reporting as directed by Crown Estate Scotland Finance Team
- Ad hoc reporting as required, including input to internal and external audit
- Support in the preparation of capital and some revenue budgets (including interim updating /forecasting) and liaison with any other project managers appointed for large scale projects and other Managing Agents if required.
- Recording and reporting invoice receipt to payment time in line with Crown Estate Scotland procedures

#### **General Data Protection Regulations / Data Protection**

Crown Estate Scotland is required by law to comply with the EU General Data Protection Regulation (GDPR), the Data Protection Act 2018 (DPA) and associated legislation protecting privacy rights. Multi-disciplinary consultancy team will be required to handle personal data on behalf of Crown Estate Scotland and will be considered a data processor with Crown Estate Scotland acting as data controller. To meet Data Protection requirements a data sharing agreement will be put in place with the successful bidder.

#### **Business Support Service**

- Input into Crown Estate Scotland annual business planning, delivery and reporting including provision of market/sector advice if required.
- Liaison with Crown Estate Scotland legal services provider and associated Managing Agent provider regarding lease and sales terms, planning consents and obligations, etc and follow Crown Estate Scotland procedures when instructing any legal work within the scope of this contract.

- Attendance at Crown Estate Scotland Board and Committee meetings /Executive Team/Scottish Government meetings/visits as required
- Liaison with corporate affairs, communications team and other Crown Estate Scotland teams as required (e.g., Finance, Assets Management, etc)
- Ensure compliance with Crown Estate Scotland Health and Safety policies and procedures
- Use of compatible IT systems, share data which populates Crown Estate Scotland Geographical Information System (GIS) spatial mapping in liaison with GIS Team, to support Crown Estate Scotland management

### **Complaints Management**

As a public body, Crown Estate Scotland requires to handle complaints about its activities in accordance with a model complaints handling procedure issued by the Scottish Public Services Ombudsman ([www.spsso.org.uk](http://www.spsso.org.uk)). This extends to complaints about the management of Crown Estate Scotland assets which is undertaken by others, including consultants. Multi-disciplinary consultancy team are therefore required to respond to any complaints they receive in relation to the Contract in accordance with Crown Estate Scotland's model complaints handling procedure (<https://www.crownestatescotland.com/complaints>), to provide monthly reports on complaints received and responded to, and to timeously respond to Crown Estate Scotland to allow them to reply to any complaints received by Crown Estate Scotland.

### **Health and Safety Management**

Crown Estate Scotland's Health and Safety Policy Framework ([HSP01](#)) and HSP Commercial policy outlines how Health and Safety issues are managed within Crown Estate Scotland, and these are expected to be adhered to when undertaking business on our behalf. In addition, a suite of Health and Safety Policies set out responsibilities and requirements for Health and Safety management and development across our Rural, Coastal and Urban assets. Multi-disciplinary consultancy teams are expected to conform with these policies which are updated annually, including ensuring that all projects that are defined as construction work under the Construction (Design & Management) Regulations 2015 (CDM), are managed in such a way, as to comply with all requirements of the CDM regulations, including complying with the duty holder roles and responsibilities (e.g. Principal Designer) as defined by such regulations, including liaising with the relevant Managing Agent and appointed Health and Safety adviser as required.

### **Stakeholder Engagement**

Crown Estate Scotland is committed to working with our customers, stakeholders, and local communities based on equality and inclusivity to deliver good management of Crown Estate Scotland.

This is an essential element of the development of Urban, Rural, Port/harbour and Coastal assets.

The appointed consultants will be required to work closely with Crown Estate Scotland project owner, policy and communications staff, and other staff whose roles are specifically focused on the development and management of partnerships and stakeholder engagement.

## **Crown Estate Scotland Related Policies**

As a Contracting Authority for the aforementioned services are geographically and socially wide and varied, potentially impacting a range of communities. Your tender submission should include a proposal which address Community Benefits and Fair Working Practices which help to support Crown Estate Scotland's commitment to our communities set out in our Corporate Plan 2020-2023.

### **Community Benefits (approach to community benefits in procurement)**

A community benefit requirement is a contractual requirement imposed by the Contracting Authority

- a) Relating to –
  - Training and recruitment, or
  - The availability of sub-contracting opportunities
- b) Which is otherwise intended to improve the economic, social, or environmental wellbeing of the Contracting Authority's areas of responsibility in a way additional to the main purpose of the Contract in which the requirement is included.

Community benefits should link directly to and have a positive effect upon the communities within the Scottish Crown Estate, directly associated with the work output of this tender or the wider business activities of Crown Estate Scotland.

As part of the contract strategy phase the relevance and importance of Community Benefits to the delivery of the contract will be determined for all Regulated procurements. Procurement values above £50K for Supplies or Services and above £2M for Works contracts are classed as Regulated procurements.

Where it is determined as relevant and proportionate, contractors and service providers will be asked to advise how they would contribute to Community Benefits, which will be provided as part of the contract.

These can be voluntary or determined as within the scope or intrinsic/core to the subject matter of the contract and will be expected to be proportionate to the estimated value of the contract

For the purposes of this procurement Voluntary Community Benefits have been considered appropriate.

Tenderers are expected to provide proposals regarding how they will offer to add value towards community benefits, which will be considered as part of their tender submission.

### **Please detail separately the actions that the Tenderer will offer to deliver community benefits.**

Factors to consider as opportunities for community benefits include:

- Generating employment and training opportunities for priority groups.
- Vocational training, work experience and modern apprenticeships.
- Up-skilling existing workforce.
- Equality and diversity initiatives.
- Sub-contracting opportunities available to SMEs, the third sector and supported businesses and/or in or adjacent to Crown Estate Scotland Assets.
- Supply-chain developmental activity.
- Building capacity in community organisations associated with our estates and assets.
- Education support initiatives.

- Working with schools, colleges, universities to offer work experience or educational/professional advice.
- Community engagement events or providing value to the local community associated with our estates and assets.
- Environmental and community enhancement including minimising negative environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected species, areas, buildings or sites.
- Positive actions aimed at protecting or restoring biodiversity or natural capital, or climate change adaptation or mitigation. This includes reducing Green House Gases and use of carbon in your organisation and as part of the development of projects and services.
- Any other community benefit (subject to mutual agreement)

### **Fair Work First**

The Scottish Public Sector is committed to the delivery of high-quality public services and recognises that this is critically dependent on a workforce which is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and development, is diverse and inclusive, and can influence decision making. These factors are also important for workforce recruitment and retention, and thus continuity of service delivery.

Public bodies in Scotland are committed to applying the Fair Work First criteria in their own organisation and in publicly funded supply chains

Fair Work First is the Scottish Government's policy for driving good quality and fair work in Scotland. Through this approach, the Scottish Government, and its public sector partners, are asking bidders to describe how they are committed to progressing towards adopting and how they intend to continue embedding the seven Fair Work First criteria:

- appropriate channels for effective voice, such as trade union recognition.
- investment in workforce development.
- no inappropriate use of zero hours contracts.
- action to tackle the gender pay gap and create a more diverse and inclusive workplace; and,
- providing fair pay for workers (for example, payment of the real Living Wage).
- offer flexible and family friendly working practices for all workers from day one of employment
- oppose the use of fire and rehire practices.

Public bodies should apply the seven Fair Work First criteria in any regulated procurement process, where relevant and proportionate to do so which commences after 1 April 2021.

As part of the contract management process, contractors may be asked to provide evidence that they are progressing towards adopting the seven Fair Work First criteria, in line with their tender response.

In addition, and in line with the Fair Work First Guidance, suppliers that have committed to progressing towards adopting the seven Fair Work First criteria in the delivery of the contract, should be asked to include a short statement on their own website highlighting their commitment to progressing towards adopting the Fair Work First criteria for those workers engaged in the delivery of the contract. The statement should be agreed jointly with an appropriate workplace representative.

Public bodies will be asked to report, as part of the established annual reporting cycle through their Annual Procurement Reports, on the number of regulated contracts awarded during the period that included a Fair Work First criterion.

## **Inclusion of Fair Work First within Regulated Procurements**

### **Fair Work First**

**In order to ensure the highest standards of service quality in this contract we expect suppliers to commit to progressing towards adopting the seven Fair Work First criteria in the delivery of this contract as part of a fair and equitable employment and reward package as a route to progressing towards wider fair work practices set out in the Fair Work Framework.**

**Please describe and demonstrate how you will commit to progressing towards adopting the seven Fair Work First criteria for workers (including any agency or sub-contractor workers) engaged in the delivery of this contract. This should include current and planned actions that show how you will embed these practices during the lifetime of this contract. Answers should include tangible and measurable examples and should also describe how you will report on, and demonstrate progress, to the contracting authority during the lifetime of the contract.**

**(Response is required to be included separately).**

Good answers will reassure evaluators that your company is committed to progressing towards adopting the Fair Work First criteria and to progressing towards wider fair work practices set out in the Fair Work Framework for the workers engaged in the delivery of this contract and those in the supply chain working on this contract.

Answers need not be constrained to, or be reflective of, any examples given alongside this question.

### **Modern Slavery Statement**

Certain commercial organisations must publish an annual statement setting out the steps they take to prevent modern slavery in their business and their supply chains. This is a requirement under Section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015.

More information can be obtained at <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement>

**If your organisation is required to publish a Modern Slavery Statement, or chooses to publish this on a voluntary basis, please supply a link to this in your response to this ITT.**

### **Framework Duration**

The Framework duration will be 3 years from 5 December 2022 to 5 December 2025 with potential to extend 5 December 2026 and 2027 respectively. The Contracting Authority reserves the right to extend this contract for up to 24 months (3 years + 1 year + 1 year) to 5 December 2028. Call off contracts under this Framework may extend beyond this date.

### **Contract Value**

The maximum total value of fee spend is £3.35 million including all possible extension periods and excluding Vat. We have indicated the maximum spend in any area of the business in any one year however this is anticipated to be notably lower.

	Description	Anticipated range of annual fee ex. Vat
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1	Built Development - Rural	£100,000 - £400,000 p.a.
2	Built Development – Urban	150,000 - £600,000 p.a.
3	Built Development – Coastal	£125,000 - £500,000 p.a.
4	Capital Investment Challenge Funds (Local Partnership, Innovation with Natural Resources and Boat Based Tourism)	£75,000 - £300,000 p.a.
5	New Investments, acquisitions, and sales (disposal)	£125,000 - £500,000 p.a.
6	Ancillary services (Unforeseen work streams outlined above)	£12,500 - £75,000 p.a.

6.2 The Framework will be based on the schedule of rates; maximum spend outlined in the table above and individual pieces of work (call off contracts) shall be agreed using a Crown Estate Scotland case sheet prepared by the appointed consultant. Tenderers shall note this schedule of rates will predominate in the Framework therefore the contract will have no minimum however a maximum value for all fees and ancillary costs of £3.35million has been set for the Framework total including any extensions. The duration of the Framework will be limited by the dates stated above and the total financial limit stated here (whichever is the earlier).

#### **6.4 Once the contract has been spent**

6.3 Tenderers shall note however that in submitting a tender they will be making a standing offer to provide the Services under a Contract on terms and conditions; the Contracting Authority offers no guarantee that any level of business or continuity of business will be transacted under the Framework and the Contracting Authority shall not be bound to place any orders or to provide continuity of orders under the Contract.

#### **How we intend on calling off this contract**

Crown Estate Scotland will prepare a scope and instruct any work or project in writing. The appointed consultant will use this instruction to prepare a case sheet which will outline the proposed work, program and resource to be submitted to and approved by the responsible Crown Estate Scotland employee

#### **Works Location**

It is expected that most work will be done remotely with virtual meetings. During the contract there may be a requirement to visit the Crown Estate Scotland office for specific project reasons. You should therefore note our main address is Quartermile Two, 2 Lister Square, Edinburgh, EH3 9GL.

#### **Confidentiality**

This ITT and all additional information concerning Crown Estate Scotland are made available to tenderers on a confidential basis for the purpose of the tender process only. Information gained during the tender must not be communicated to any other party, during or after the tender process.

Tenderers may disclose, distribute or pass the ITT to their advisers, subcontractors, consortium members or other persons, provided:

- this is done for the sole purpose of enabling them to submit a tender and the person receiving it undertakes in writing to keep it confidential on the same terms as the Tenderer.
- the Tenderer obtains the Contracting Authority's prior written consent in relation to disclosure, distribution or passing of the ITT.
- the Tenderer is legally required to make disclosure; or
- the ITT has been published in accordance with conditions relating to the contracting authority's obligations in relation to transparency.

The Contracting Authority may disclose information submitted by Tenderers during the Procurement to its officers, employees, agents or advisers who are stakeholders in the Procurement.

The Contracting Authority may disseminate information provided by Tenderers that is materially relevant to the Procurement, to other Tenderers subject to any:

- procedures described in the ITT for raising questions and/or clarifications; and
- duty to protect commercial confidentiality in relation to the information contained within a tender (unless such duty is overridden by a requirement for disclosure under the FoISA or EIRs).

### **Freedom of Information**

In accordance with the obligations and duties placed upon public authorities by the FoISA and the EIRs, all information submitted to the Contracting Authority may be disclosed in response to a request for information made pursuant to the FoISA and/or the EIRs.

In submitting a tender, Tenderers understand and accept that information disclosed by the Contracting Authority in response to a FoISA or EIRs request may include, but not be limited to, disclosure of their tender or any part thereof or any information contained therein and/or any score or other details concerning evaluation of their tender.

If a Tenderer considers any information in their tender is confidential and/or commercially sensitive, they shall clearly identify which information they consider to be confidential and/or commercially sensitive, explain the potential implications of its disclosure and provide an estimate of the period of time during which they believe the information is likely to remain confidential and/or commercially sensitive.

If a Tenderer identifies any information in their tender as confidential and/or commercially sensitive, the Contracting Authority will consider in its sole discretion withholding it from disclosure or publication however Tenderers shall note that, even where they have identified information as confidential or commercially sensitive, the Contracting Authority may nonetheless be required to disclose or publish such information in accordance with the FoISA or the EIRs, without consulting with, or obtaining consent from, the Tenderer.

Tenderers shall note that the Contracting Authority is required to form an independent judgement upon whether the information is exempt from disclosure under the FoISA or the EIRs and whether the public interest favours disclosure or not and offers no guarantee that information identified as confidential and/or commercially sensitive will be withheld from disclosure or publication.

If a Tenderer receives a request for information under the FoISA or the EIRs during the course of the competition, they must immediately refer such request to the Contracting Authority.

The Contracting Authority may publish the names of Tenderers on its website.

### **Data Protection**

Other than at the Contracting Authority's specific request the Contractor shall not disclose or allow access to any personal data (as defined in the Data Protection Act 2018) whether provided by Crown Estate Scotland or acquired by the Contractor for executing the Contract, other than to a person placed by the Contractor under a like obligation who is variously employed or engaged by the Contractor or any sub-contractor, servant, agent or other person within the control of the Contractor concerned with the performance of the Contract. The Contractor shall obtain the prior agreement of Crown Estate Scotland in writing to store or process such personal data at sites outside the United Kingdom.

Crown Estate Scotland is required by law to comply with the EU General Data Protection Regulation (GDPR), the Data Protection Act 2018 (DPA) and associated legislation protecting privacy rights. Managing agents will be required to handle personal data on behalf of Crown Estate Scotland and will be considered a data processor with Crown Estate Scotland acting as data controller. To meet Data Protection requirements a data sharing agreement will be put in place with the successful bidder.

### **Conflict of Interest**

- Based on the information provided bidders must confirm whether they have any potential, actual or perceived conflicts of interest that may be relevant to this requirement.
- We require that any potential, actual or perceived conflicts of interest in respect of this ITT are identified in writing and that companies outline what safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during procurement process and the delivery of these services.
- The Contracting Authority will review the proposed mitigation in line with the perceived conflict of interest, to determine what level of risk this poses to them. Therefore, if Potential Providers cannot or are unwilling to suitably demonstrate that they have suitable safeguards to mitigate any risk then their Tender will be deemed non-compliant and will be rejected.

### **Canvassing**

The tender process is being carried out using the Public Contracts Scotland Portal (PCSP) and all questions relating to the tender should be directed through the Q+A facility on the portal to allow clarification responses to be seen by all interested parties.

Tenderers must not directly or indirectly canvass any member, officer, employee or agent of the Contracting Authority regarding the Procurement or attempt to procure any information from the same regarding the Procurement.

### **Additional information**

Please provide written confirmation on the following:

- Confirmation that all relevant and statutory insurance is in place including professional indemnity to a minimum of £5M per claim.

- Confirmation of your willingness to adhere to our Terms and Conditions (see supporting document Terms and Conditions) and a confirmation that you can meet our timescale for delivery of this work.
- Commitments to Fair Work First and Community Benefits should still be considered by the bidders on a voluntary basis as detailed in the Crown Estate Scotland Related Policies document included in the tender pack. Crown Estate Scotland has been accredited by the Poverty Alliance as a Living Wage employer. This officially recognises our on-going commitment to paying our staff at least the Living Wage. The Living Wage is the amount a person should receive to cover their basic costs of living in the UK. This commitment extends to our contracted service providers. The Living Wage is an hourly rate of pay set independently and updated annually by the Living Wage Foundation. More information about the Living Wage accreditation can be found on [www.scottishlivingwage.org](http://www.scottishlivingwage.org) and [www.povertyalliance.org](http://www.povertyalliance.org)
- Bidders will demonstrate their approach to pre-employment checks for any proposed team members which will be based on [Baseline Personnel Security Standard](#) or equivalent.
- Bidders will note and confirm compliance with applicable provisions of any [Scottish Procurement Policy Note](#) in effect at this time.

**Additional information to be included in the tender response**

- Provide the CVs of the proposed team together with any sub-consultants, including examples of relevant work detailing the individuals' specific roles and responsibilities and qualifications. Identify the existing or previous working relationships between all individuals and consultants. Identifying named individuals and their role and responsibilities if appointed.
- Demonstrate examples where the proposed team have provided similar services to other organisations or businesses.
- Provide references of previous/existing clients for whom the proposed team have provided these services.
- Please provide confirmation that all relevant insurance is in place including professional indemnity.
- You are required to confirm that you are prepared to provide letters of reliance associated with technical reports (as appropriate).

## Section 2 - Business Overview

### About Crown Estate Scotland

Crown Estate Scotland manages property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

Our purpose is to invest in property, natural resources and people to generate lasting value for Scotland.

Our profits go to Scottish public spending, and we work with people and organisations to drive economic development and deliver social and environmental value.

Our commercial remit allows us to take a long-term view, informing our investment strategy and interest in development.

Crown Estate Scotland, a public corporation, was established by Scottish Ministers in early 2017 to manage land and property which together form the Scottish Crown Estate.

Crown Estate Scotland is responsible for a geographically wide, varied portfolio:

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

The [Scottish Crown Estate Act 2019](#) was implemented on 1 April 2020. It sets out our statutory duty to manage the assets to support sustainable development generally, and economic development, regeneration, social and environmental well-being specifically.

Assets are held 'in right of The Crown' and the Monarch remains the legal owner. In 2020/21, the property assets were valued at £455.5m value and generated c.£21.6m of gross revenue, with £11.5m revenue profit going to the Scottish Consolidated Fund. The staffing complement consists of a small central team (circa 55 staff across three locations, with the majority based in Edinburgh), supported by external Managing Agents (mainly for the Rural and Coastal portfolios) and advisors. Some property portfolios are managed in-house by the central team.

More information on the business can be found at <http://crownstatescotland.com> <https://vimeo.com/374921799>.

## Section 3 – Tender Process

### Timeline

Bids must be submitted by 12:00 on 21 October September 2022 via PCS at the latest. Late bids will not be considered.

Stage	Milestones	Target Date
1. ITT Issued via PCS	Tender issued via PCS	06/09/2022
2. ITT Completion	Proposals submitted via PCS	21/10/2022
3. Proposals reviewed and evaluated	Proposals reviewed by CES	By 04/11/2022
4. Interview		11/11/2022
5. Decision/ implementation	Decision made and communicated to Tenderers. Standstill commences	14/11/2022
	Formal agreement in place	28/11/2022
6. Contract Start Date	Contractor commences work	week beginning 05/12/2022

### Evaluation of the Tender / Quote /Award Criteria

Tenderers are required to provide responses and where required supplementary evidence to all questions within both the selection and award stages. Failure to do so may result in the Tenderer's response being excluded from this competition.

#### Stage 1 Selection Stage

Tenderers will first be assessed through evaluation of their submitted SPDs in accordance with Regulations 57 to 59 of the 2015 Regulations. The Selection Stage will comprise of questions and minimum criteria set out within the SPD module within PCS.

#### Stage 2 Evaluation of Tenders

All Tenderer responses which pass the selection stage will have their Tender checked for compliance including completeness and accuracy. Failure to meet any mandatory requirements indicated will result in the tender being considered non-compliant and the Tenderer concerned will be excluded.

#### Stage 3 Interview

An interview stage (if required) will be held w/c 19<sup>th</sup> September 2022 via Microsoft Teams. Persons attending the meeting should be limited to those individuals who, it is proposed, would be actively involved in the delivery of the Services. Interviews will be no longer than 60 minutes.

The purpose of the interview stage is as follow:

- To introduce key personnel.
- To establish any areas requiring clarification.
- To allow the bidder the opportunity to learn more about the organisation.
- To allow Crown Estate Scotland to learn more about the bidder.

- The interview WILL NOT contribute to the quality score although any clarifications will be followed up in writing prior to finalisation of scores.

### **Overall Award Criteria**

All compliant tenders will be evaluated to determine the ‘Most Economically Advantageous Tender’. The overall award criteria weightings are Quality 75% and Cost 25%.

In review of the tenders, we will be looking for knowledge and experience of all aspects of delivery of these important services.

### **Overall Award Criteria**

All compliant tenders will be evaluated to determine the ‘Most Economically Advantageous Tender’.

In review of the tenders, we will be looking for knowledge and experience of all aspects of delivery of these important services.

The tender should include as a minimum:

- A summary of your understanding of the services / work required and how this relates to how Crown Estate Scotland is managed and the statutory duties of CES as manager.
- A description of your relevant experience for delivery of these services including required knowledge and experience of the staff who will be working to provide the key professional services (your response will include relevant skills, qualifications and staff knowledge of delivery of these services or services of similar scope and scale) specific to the requirements.
- A description of your track record of successful delivery of services of similar scope, scale and complexity and how your approach to this will support delivery of these services and engagement with Crown Estate Scotland relating to this portfolio
- A description of how your proposed approach to undertake the services required and where these would add value and help to support achievement of Crown Estate Scotland’s core purpose and objectives specific to the statement of requirements
- A Cost proposal
- Other items specified in the “Additional Information” section of this ITT (incl. confirmation of requirements on T’s and C’s, insurance etc.)

The assessment criteria are based on a balance of 75% quality and 25% cost. All respondents are required to prepare a schedule of fees in the table below and proposals based on the 2 scenarios listed below (case sheet for quality comparison). The qualitative assessment is assessed on the quality of response based on the table outlined below.

	Quality Question/Criteria	Weighting
1	Demonstration of a clear understanding of the scope of services and technical skills for the contract and clearly understand the brief, requirements, scope, and project outcomes.	25%
2	Demonstration of the skills and experience of the proposed team to deliver these services by reference to a record of successful delivery specific to this requirement including examples of previous work and appropriate qualifications	19%

3	Demonstrate skill, knowledge and understanding of the works required through two completed case sheets. The preparation of these case sheets will be considered by CES as a relevant and proportionate comparison of work in terms of the value and delivery of the services and will be expected to form part of their proposal.	15%
4	Demonstrate your organisations policy and approach to sustainability, community benefits, apprenticeships, training opportunities, fair work first, reference to human trafficking and modern slavery, minimum criteria to be used in the SPD, discretionary exclusion grounds, added value services which may be offered.	9%
5	Demonstrate your organisations proposed approach to contract management, KPI's and Balanced Scorecard reporting.	6%
6	Outline your proposal to monitor, report and reduce the carbon as part of this contract	1%
	TOTAL	75%

Cost will be scored relative to the lowest compliant Total Cost submitted and the 250% weighting applied. Each Quality Criteria will be scored from 0-4 and the percentage weighting applied.

Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.	0 Unacceptable
Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled.	1 Poor
Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas.	2 Acceptable
Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled.	3 Good
Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full.	4 Excellent

### Cost Scoring Methodology

The lowest priced compliant bid will be awarded 100 points. The points for all bids will be scored relative to the lowest priced compliant bid. Thereafter the price weighting detailed will be applied to obtain the final weighted price score. The calculation is as follows:

Lowest Bid divided by Each Bid Multiplied by Price Weighting Factor Multiplied by 100

e.g., If price has been weighted 50% and the lowest compliant bid received is £40,000 and 4 compliant bids have been received: Bidder A £50,000; Bidder B £55,000; Bidder C £40,000 and Bidder D £65,000.

Bidder A score = £40,000 divided by £50,000 multiplied by 50% multiplied by 100 = 40

Bidder B score = £40,000 divided by £55,000 multiplied by 50% multiplied by 100 = 36.4

Bidder C score = £40,000 divided by £40,000 multiplied by 50% multiplied by 100 = 50

Bidder D score = £40,000 divided by £65,000 multiplied by 50% multiplied by 100 = 30.8

The total weighted scores for Cost and Quality will be added together to determine the Most Economically Advantageous Tender (MEAT)

### Terms and Conditions

Crown Estate Scotland Terms and Conditions for Consultancy Services will apply to this purchase and can be found at <https://www.crownestatescotland.com/procurement> using the Read More Function in the Downloads section.

#### Fee Schedule (Hourly/Day Rates) for - Project Management and Development Consultancy

Grade or Job Title	£ per day rate (VAT excluded)	£ per hour rate (VAT excluded)	Days Billed	Hours Billed	Total Billed
Partner			1	1	£0.00
Associates			1	1	£0.00
Senior Assistants			1	1	£0.00
Assistant/Trainee/Admin Support			1	1	£0.00

#### Fee Schedule (Hourly/Day Rates) for - Planning Consultancy

Grade or Job Title	£ per day rate (VAT excluded)	£ per hour rate (VAT excluded)	Days Billed	Hours Billed	Total Billed
Partner			1	1	£0.00
Associates			1	1	£0.00
Senior Assistants			1	1	£0.00
Assistant/Trainee/Admin Support			1	1	£0.00

#### Fee Schedule (Hourly/Day Rates) for - Valuation Fees

Annual Rent / Consideration Range	%	Minimum Fee	No at %	No at Min Fee	Total Billed
Between £350,000 - £1,500,000			1	1	£0.00
Between £1,500,001 – £5,000,000			1	1	£0.00
Between £5,000,001 – £10,000,000			1	1	£0.00
Above £10,000,000					

	-	Fee basis to be separately agreed in advance			
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#### Acquisition and Disposals within threshold subject to agreement

Annual Rent / Consideration Range	%	Minimum Fee	No at %	No at Min Fee	Total Billed
Between £350,000 - £1,500,000			1	1	£0.00
Between £1,500,001 – £5,000,000			1	1	£0.00
Between £5,000,001 – £10,000,000			1	1	£0.00
Above £10,000,000					
	-	Fee basis to be separately agreed in advance			

#### Fee Schedule (Hourly/Day Rates) for any additional technical services

Grade or Job Title	£ per day rate (VAT excluded)	£ per hour rate (VAT excluded)	Days Billed	Hours Billed	Total Billed
Partner			1		£0.00
Associates			1		£0.00
Senior Assistants			1		£0.00
Assistant/Trainee/Admin Support			1		£0.00

Fee for letters of reliance for any technical report

£ XX

#### Expenses

The fixed fees and hourly rates are inclusive of expenses and disbursements, such as photocopying, courier fees (unless, in each case, exceptional), telephone and/or fax charges. The Firm will not charge for time spent in travelling.

#### Work for which the Firm will not charge

Bidders should provide details of areas of their service offering which they are prepared to offer without charge. These might include conferences, seminars, access to telephone support or online materials, etc.

**CASE SHEETS** (Maximum 2 pages, font calibre - size 11)

The purpose of the case sheet is to provide a comparison of individual consultancy or consortium approach to service requests. The assessment as part of the tender review will be based on the providing appropriate resource (time, skill and knowledge), demonstrate an understanding of the brief, proposed program and management of the project.

### **Case Sheet 1: Valuation, Acquisition and Development Consultancy**

The tender response should include a fee proposal (case sheet appendix 1) that outlines your understanding of the services required, all sub-consultancies you would require to support Crown Estate Scotland in determining whether to acquire and investment in the proposal below. The case sheet should consider all requirements for assessments, technical reports and these should be included in the fee proposal and note that all information produced will be relied upon to inform decisions. This technical and consultancy services are required to support the business case process and internal governance. The fee proposal should outline hours allocated and the level of resource and consultants proposed and how this will be invoiced.

The tender response shall include a completed case sheet based on the following information.

A former brick factory c20 acres accessed off an unadopted road. There are several existing brick buildings across the site with corrugated roofs. The site has been identified as a potential site for a possible joint venture for a gigawatt factory.

Requirements:

1. Develop and manage the strategy and programme to support and inform the potential acquisition and investment of a development opportunity.
2. Provide a valuation and development appraisal for the potential acquisition.
3. Provide planning, development, commercial, market and policy advice and reporting. This will include working with potential partner and Crown Estate Scotland to assess development options and business case modelling and shall risk and reputational management. You are required to assess the cost consultancy on base case and development costs based on the proposed development.
4. Work with departments across Crown Estate Scotland and key stakeholders as required ensuring that proposals align with all internal and external policy, guidance and best practice. This will include ensuring awareness of leasing arrangements, innovation and management of assets and wider stakeholder strategy and aspiration.
5. Support the creation and development of a business case.
6. This will include indicative proposed strategy and development timeframes, cost associated with each recommendation.

### **Case sheet 2 Partnership Development and investment (1-2 pages Calibri font size 11)**

The tender response should include a fee proposal (case sheet appendix 1) that outlines your understanding of the services required, all sub-consultancies you would require to support Crown Estate Scotland in determining an acquisition and investment proposal aligned to the criteria of the Boat Based Tourism Fund. The case sheet is required to support, inform Crown Estate Scotland's decision to invest in the development proposal to support the delivery of the boat-based tourism fund (further information can be found at <https://www.crownestatescotland.com/our-projects/capital-investment-challenge-funds>). Under the oversight of Crown Estate Scotland project owner, the

response should assume that the proposal has been approved to progress following initial 'Expression of Interest' application and further exploration is required to determine viable investment opportunities. This will include project management of the internal (Crown Estate Scotland) business case development process, supporting the applicant in project development where this is necessary, together with negotiation and securing Heads of Terms / legal implementation agreements aside from asset management leases, and the preparation of business case documentation working to Crown Estate Scotland templates (such as Strategic Outline/ Full Business Case and using NPV/ IRR financial modelling). The case sheet should consider all requirements for assessments, technical reports and these should be included in the fee proposal. The fee proposal should outline hours allocated and the level of resource, consultants proposed and how this will be invoiced. For the avoidance of doubt the case sheet is an example and not a current proposal.

The tender response shall include a completed case sheet based on the following information.

A community development trust (CDT) has previously secured public funding to carry out feasibility studies that sets out a high-level case for them to develop a marina of circa 50 berths on the seabed adjacent to an area of land they believe suitable for shore-side facilities and is under lease to the CDT by the private owner. The CDT has applied to Crown Estate Scotland for £750k investment for which ownership of the marina infrastructure will sit with Crown Estate Scotland for a period of 10 years during which capital repayments will be made. This capital sits alongside a further £1.25m public funding to do all the necessary work to develop and ultimately install the marina (the CDT will also become the marina operator, under lease to Crown Estate Scotland).

Requirements:

1. Develop and manage the strategy and programme to support and inform the potential investment opportunity.
2. Provide a valuation and development appraisal for the potential investment.
3. Provide planning, development, commercial, market and policy advice and reporting. This shall include risk and reputational management. You are required to assess the cost consultancy on base case and development costs based on the proposed development.
4. Work with departments across Crown Estate Scotland and key stakeholders as required to inform the development of a commercial business case, ensuring that proposals align with all internal and external policy, guidance, and best practice. This will include ensuring awareness of key risks, due diligence requirements, and interdependencies.
5. Support the creation and development of a Full Business Case working to HM Treasury 'Green Book' principles.
6. Provide indicative proposed strategy and development timeframes, and costs associated with each recommendation.

## **Overall Performance/Service Standards**

### **Balanced Scorecard / Performance Management**

The service standards set out below will form the basis for the development of a Balanced Scorecard / Performance metrics that will be used to monitor and evaluate service delivery of the Built Development consultancy Contract. This will be agreed with the successful bidder prior to the start of the Contract. Detailed operation of this process will be agreed with the successful bidder prior to the start of the Contract.

In addition to these service standards the Balanced Scorecard will reflect the outcomes, targets and performance metrics identified in the Crown Estate Scotland Corporate Plan (see <https://www.crownestatescotland.com/maps-and-publications/>) to ensure multi-disciplinary consultancy teams are fully aligned with the successful delivery of the Corporate Plan.

Performance will be monitored and managed in the following ways unless otherwise agreed

Service	Activity	Service Standards/ Level
Property Management	<u>Sales and Purchases</u> Actively support sales and purchases of assets within the portfolio	Place on market within 4 weeks of agreement to sell asset (unless otherwise agreed). Agreed timeframes to be set for each transaction, including liaising with Crown Estate Scotland GIS Team for all required processes, mapping and legal plans; Final transfer of accounts within 1 month. Completion statements within 2 working days and liaise with relevant Managing Agent/CES manager to update Property Management System within 5 working days of completion, including provision of required Decision Record Sheet information to GIS Team
	<u>Project management and Development Consultancy, and Planning</u>	All work shall be undertaken in line with the case sheets prepared by the appointed lead consultant and approved by Crown Estate Scotland staff for appropriate projects. Prepare monthly reports identifying progress against project plan and programme, risk, delay, interdependencies, spend against case sheet each month. All consultancy services shall be programmed to align with all Crown Estate Scotland governance requirements.
	<u>Property Data Management</u> Management of Property Records Geographical Information System (GIS) mapping	Provide updates to the Crown Estate Scotland staff/ relevant Managing Agent within 3 working days of receipt/legal agreement, including provision of required Decision Record Sheet information to GIS Team
	<u>Policies and Procedures</u> Provide advice and guidance including new/emerging or revisions	Adherence to Policies and Procedures. Regular input and recommendations to support efficient ways of working and reporting, and implementation in practice and generating best value.
Financial Management	<u>Capital Projects</u> Project plan and tracker	A portfolio project tracker will be required to be created and maintained for the lifetime of the contract Individual project plans and trackers to be agreed and maintained in consultation with Crown Estate

Service	Activity	Service Standards/ Level
		Scotland and relevant Managing Agents as required.
	<u>Procurement Management</u>  Manage suppliers  Procurement	Procuring suppliers and contract management in line with Crown Estate Scotland Procurement procedures Report any issues arising as soon as possible and process any new supplier requests As a Contracting Authority, Crown Estate Scotland is required to comply with the Procurement Reform (Scotland) Act 2014 (the “Act”), the Public Contracts (Scotland) Regulations 2015 (which transpose the Public Procurement Directive) and the Procurement (Scotland) Regulations 2016 (which were made under the Act). Contracting Authorities must also have regard to any statutory guidance published by Scottish Ministers. Procurement carried out by multi-disciplinary consultancy team on behalf of Crown Estate Scotland must also be aligned to our legislative obligations and to our internal policies where appropriate. Use of the Public Contracts Scotland (PCS-P) web portal or other framework (to be agreed with Crown Estate Scotland) to advertise procurement opportunities helps to ensure procurement is fair, open and transparent. The Multi-disciplinary consultancy will liaise with Procurement Manager and report progress on procurements (every 4 weeks) and an annual update to feed into the Annual Procurement Report
	<u>Budgeting</u> Capital budgets (and annual revenue budgets as required) and reforecast	Annual budgets – contribute to the drafting of budgets in Q3, finalised Q4 and provide detailed input to predetermined timescales. Reforecasting 2 or 3 per year – provide detailed input to predetermined timescales timeously and accurately
	<u>Monthly Reporting</u>	Provision of monthly information in pre agreed format within 3 working days of month end including: Client statements detailing all Costs, incurred and/or paid and any other charges/costs in Excel and, if requested, pdf (broken down by Estate and Development site - summary and detailed level) and budget vs actual costs.

Service	Activity	Service Standards/ Level
		Project/works financial reporting, expenditure to date, comparison to budget, forecast. Monthly VAT reports with all supporting invoices both outputs and inputs. A summary of any legal and other significant property activity, acquisitions, disposals, etc. activity in the month with the key terms.
	<u>Audit and Compliance</u> Internal and External auditing  Assurance Management	Appropriate audit and compliance reports, on a schedule and format as agreed with Crown Estate Scotland. Responding within specified time limits Responding to Property Directorate Assurance framework
	<u>General management of Public Finances</u>	Meeting Scottish Public Final Manual (SPFM) requirements and Crown Estate Scotland framework agreement
Customer Service	Customer Enquiries and Applications	Acknowledge within 48 hours, respond within 2 weeks
	Complaints handling (customers and others)	As per published Complaints handling guide. Stage 1 – within 5 working days Stage 2 – within 20 working days Provide monthly report of complaints received with outcomes (if required)
Public Sector Duties	Responding to FOISA/EIRs/requests	Work with Crown Estate Scotland staff to ensure response within statutory 20 working day limit
	Equality and Diversity	Support Crown Estate Scotland in meeting statutory provisions in Equality Act 2010 re equal opportunities / protected characteristics Provide equalities training to staff Demonstrate fairness, equality and sustainable employment through, for example, signing up to Scottish Business Pledge.
	Records management	Adherence to Crown Estate Scotland Records Management Plan and data retention policies
	Climate Change	Input into Crown Estate Scotland Climate Change Plan and annual reporting
	Transparency	Work with staff on public affairs and communication
	Living Wage accreditation	All Managing agent firms to be Living Wage accredited or working towards accreditation
	Professional Rules of Conduct	All members of the multi-disciplinary consultancy or consortium team will ensure that they comply with the rule of conduct set out by their relevant professional body.

Service	Activity	Service Standards/ Level
Health and Safety	Contractors and supplier management Monthly reporting	Operate Contractor performance management programme / preferred contractor database Monthly report updated and submitted on time with accurate information
Reporting and meetings	Monthly Multi-Disciplinary Consultancy meetings	Update on all key activities Agree monthly actions and delivery dates Financial performance on expenditure vs budget Review monthly update report on activity (e.g., current /forthcoming transactions, disposals) Review Case Sheets/Strategic Outline Business Cases progress and completion Health and Safety Matters - Report issues arising & follow up actions Any contract delivery and performance matters Any other information requested and as agreed between the parties  The Monthly report shall be provided 3 working days prior to the date of the review meeting
	Annual budget meeting Annual review meeting	Annual capital budget meeting in Q3 Formal review of contract performance to include an annual report highlighting achievements, challenges and areas for service improvement (e.g., delivery of business plan, financial performance, staffing, responsiveness, communication, fees, Corporate Plan KPI's) The annual report shall be provided 6 working days prior to the date of the review meeting.
	Ad Hoc meetings - Specific purpose to be agreed as necessary	Frequency agreed as required
Communication	Stakeholder / Tenant communication  Liaison with Crown Estate Scotland Corporate Affairs team / External communications  Internal (MD Consultancy team) communication	Responsiveness to stakeholders  Work with Crown Estate Scotland staff to implement central communications strategy (including tenant communications) e.g. 1-week response time and escalation within Crown Estate Scotland where reputational issue  Communications plan – agree with Crown Estate Scotland and follow guidance on format and content of communications, material / branding, digital media / response times

Service	Activity	Service Standards/ Level
	Internal (Crown Estate Scotland team) communication	Response times for dealing with Crown Estate Scotland staff re operational management / case work
	Working, liaising and communicating with local partnerships and delegated managers <sup>1</sup>	Stakeholder/ customer service surveys feedback targets met or exceeded Liaison meetings held and actions discharged Adverse feedback/ escalations avoided Investments/ transactions providing strong positive returns against Crown Estate Scotland's wider value metrics (see <a href="https://www.crownestatescotland.com/our-projects/value-project">https://www.crownestatescotland.com/our-projects/value-project</a> ) alongside positive financial returns are prioritised and delivered.

### **Exit Strategy**

**Within 3 months of the contract award, the appointed consultants or consortium will be required to prepare an end of contract exit strategy which outlines how they will manage and support the handover procedures and contract termination process.**

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<sup>1</sup> See <https://www.crownestatescotland.com/our-projects/local-management> for further information

## Annex B: Analysis of Potential Lotting Arrangements

An assessment of the procurement options for development services to CES has identified 4 possible options. Factors considered include for example the range of professional services available, the core service requirements of the business, and the dominance of some national firms in the Scottish marketplace.

Options	Advantages	Disadvantages
<p><b>1. Regional Lots</b></p> <p>This would involve splitting the asset portfolio into 4-6 smaller geographic areas e.g. North West, North East, South East, South West</p>	<ul style="list-style-type: none"> <li>• Potential for locally based support</li> <li>• Understanding of regional challenges &amp; priorities</li> <li>• Potential tie-in with enhanced in-house community engagement</li> <li>• Might help support partnership developments</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to find local agents with capability &amp; range of services to meet all requirements</li> <li>• Increased cost &amp; management time to manage different providers</li> <li>• Spatial mix of assets not a natural fit with geographic areas</li> <li>• Potential conflicts of interest in using smaller local firms</li> </ul>
<p><b>2. Functional Lots</b></p> <p>This would be offered by asset type, such as Rural, Coastal, Urban/Commercial, Residential, Minerals &amp; Mines Royal, Salmon Fishings</p>	<ul style="list-style-type: none"> <li>• Matching specific assets with providers expertise/ skill sets</li> <li>• Not relying on one single provider reducing risk</li> <li>• Understood areas of responsibility &amp; tailored contract requirements</li> <li>• Not tied to geographic areas (local offices of national company)</li> </ul>	<ul style="list-style-type: none"> <li>• Limited change from existing service model may limit opportunities for improvement</li> <li>• May be difficult to find cost savings/efficiencies</li> <li>• Perception of accepting status quo (if it's not broken)</li> <li>• May introduce conflict of interest if single provider</li> </ul>
<p><b>3. Combination Lots</b></p> <p>This would allow a provider to bid for the whole service or a combination of a functional services</p>	<ul style="list-style-type: none"> <li>• Matching specific assets with providers expertise/ skill sets</li> <li>• Reducing number of contracts to manage</li> <li>• Possible savings/efficiencies in dealing with one operator</li> <li>• Could be flexible to cover geographic areas</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of relying on one provider</li> <li>• Potentially reduce value that range of providers may offer</li> <li>• Will limit pool of potential providers to national firms</li> </ul>
<p><b>4. Consortium Lots</b></p> <p>This would allow for a possible consortium of different providers under one umbrella perhaps offering a range of different services/skills/areas</p>	<ul style="list-style-type: none"> <li>• Hybrid option enabling a mix of providers under one contract &amp; some flexibility to cover geographical areas</li> <li>• Different approach and way of working with potential for innovative models (incl. partnerships with local community groups/ bodies)</li> <li>• May widen the pool of potential providers</li> </ul>	<ul style="list-style-type: none"> <li>• Significant Risks, not tried and tested approach</li> <li>• Challenging for communication, assurance, accountability, performance management</li> <li>• Likely increase in costs and inhouse management time</li> <li>• Greater induction &amp; time to bed in new systems/relationships</li> </ul>

- Opportunities for small providers to be considered if one lead operator

## Annex C: Consideration of risk

### Risk Profile

	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	Change since last revision
1	Reputation	Failure to procure required services to appoint.	AR/MM	4	4	16	<ul style="list-style-type: none"> <li>• Clear project management implementation</li> <li>• Identify and monitor key milestones for delivery</li> <li>• Identify key staff input required to input into procurement process</li> <li>• Establish project Board to steer project implementation</li> </ul>	3	4	12	Treat <ul style="list-style-type: none"> <li>• Seek approval to extend existing contracts if required to allow further procurement to be completed</li> </ul>	↔
2	Finance/Reputation	Existing projects that require to be transitioned to development consultants may result in loss of key knowledge & experience of CES governance, processes, assets and relationships.	OM/CB/TM	4	4	16	<ul style="list-style-type: none"> <li>• Agree transition /contingency plans for possible changes</li> <li>• Documentation of work completed /in progress, ongoing in any handover process</li> <li>• In-house team to support any required changes/handover period</li> </ul>	3	3	9	Treat <ul style="list-style-type: none"> <li>• Extend contracts to allow for sufficient handover</li> <li>• Plan &amp; Budget for resources &amp; costs</li> </ul>	↔

3	Finance	Covid-19 and/or Brexit impacting on MA procurement and appointment process leading to increased financial uncertainty.	CB/AR	3	3	9	<ul style="list-style-type: none"> <li>• Monitor Covid impacts in close liaison with SG, to assess possible impacts/decision-making</li> <li>• Monitor Brexit arrangements that may impact on areas of our business.</li> <li>• Ensure that ITT documentation and robust scrutiny of financial &amp; people services offered</li> </ul>	2	3	6	Treat <ul style="list-style-type: none"> <li>• Build into wider resilience and recovery plan</li> <li>• Ensure procurement process builds in additional risk evaluation and credit checks on tenderers</li> </ul>	↔
4	Finance/ Reputation	Reduction in core services provided under new MA contracts – potential loss of integrated management	OM/C B/CC	4	4	16	<ul style="list-style-type: none"> <li>• Identify scope of core services required</li> <li>• Agree how out of scope services will be managed between MA function and new contract – e.g. other framework agreements</li> </ul>	3	3	9	Treat <ul style="list-style-type: none"> <li>• Agreed transition plan</li> <li>• Internal resource planning</li> </ul>	↔

## Board Paper

**Date of Meeting:** 31 August 2022

**Classification:** Unrestricted

**Subject:** Risk Management

**Paper Number:** BD(2022)31.10

**Annexes:** **Annex A: Risk Management Policy**  
**Annex B: Strategic Risk Register**

**Recommendation:** The Board is invited to (a) approve the proposed changes to the Risk Management Policy (Annex A), (b) review the Risk Register at Annex B and to confirm that it is accurate and complete in relation to key corporate risks, and (c) consider when and how to a comprehensive review of risk appetite.

**Presenter:** Alastair Milloy

**Author:** Helen Howden

**Our purpose: Investing in property, natural resources and people  
to generate lasting value for Scotland**

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### 1. Purpose and context

Crown Estate Scotland's risk management policy and strategic risk register are presented for review and approval by the Board.

### 2. Background

The Audit & Risk Committee supports the Board in ensuring that there is an effective risk management system. The Committee receives a report on risk management at its quarterly meetings and scrutinises the risk register before confirming the adoption of any changes. Included in that report is a note of the emerging risks which are identified by the Executive Team during its formal monthly review of risk.

The risk management policy and the strategic risk register were updated, reviewed, and approved by the Audit & Risk Committee during its meeting on 16 August 2022. It was noted that the organisation's risk appetite had been reviewed by the Executive Team in the summer of 2021 and had remained unchanged. The Committee agreed that the Board should be asked to consider when and how to review the risk appetite.

### 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 core purpose is investing in property, natural resources and people to generate lasting value for Scotland. Within this context risk appetite is an important consideration, and risk includes missing opportunities to secure benefits.

### Risk management roles and responsibilities

The Crown Estate Scotland Board is expected to assure itself on the effectiveness of the internal control and risk management systems. The Board is supported in this role by Crown Estate Scotland Audit and Risk Committee. To provide this assurance, the Crown Estate Scotland Board 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. This requirement is laid out in the organisation's Framework Document<sup>2</sup>.

In accordance with the Scottish Public Finance Manual, Crown Estate Scotland has introduced an Assurance Framework<sup>3</sup> to provide the basis for the annual Certificate of Assurance from the Accountable Officer. This assurance framework incorporates 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 at least 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> <https://www.crownestatescotland.com/corporate/structure-governance>

<sup>3</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 reasonably practicable. 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 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 achieving benefit delivery.
- 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 six categories into which our business risks fall: People; Society; Finance; Investment; Environment; and Reputation. Risk appetite was specifically reviewed by ARC ~~in June 2020~~ in the light of Covid and Brexit and was concluded to be fit for purpose.

**People:** Our risk appetite is cautious. Our staff and co-workers are our most precious resource. We take a cautious approach to change and invest in staff development, equality, safety and wellbeing. We play our role in supporting agents, tenants and contractors as valued partners. We will develop an approach to staff reward and conditions appropriate to our public body status and our business activity.

**Society:** Our risk appetite is hungry. Delivering 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. We are eager to be innovative and to choose options offering potentially bigger rewards. We recognise that economic activity may not always be welcome by all, and work collaboratively to maximise net benefits.

**Finance:** Our risk appetite is cautious. 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. We take a careful approach ensuring probity, transparency and good financial management, ensuring we can give account for how we use money, achieve Best Value and meet our financial duties.

**Investment:** Our risk appetite is open. 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. We are open to investments that balance the financial returns with wider benefit delivery. We are open to novel approaches and taking some investment risk. We work with emerging sectors and local partners for long-term return and capital asset growth.

**Environment:** Our risk appetite is cautious. 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 and are cautious about environmental trade-offs in our decision making, whilst recognising that choices are sometimes required between environmental factors (such as renewable energy generation and local environmental impacts) and with other socioeconomic considerations.

**Reputation:** Our risk appetite is open. As a Scottish Public Body, our reputation affects our effectiveness, and impacts on government and Ministers. With careful handling and communications, we aim to build our reputation for our expertise and business focus, and for innovation and practical action. Crown Estate Scotland works to meet the high governance standards required of Scottish Public Bodies. We recognise that boldness and innovation to deliver value increases the requirement for careful management of communication and stakeholder engagement.

Annex 3 provides a practical expression of how these risk appetites will operate in practice.

**Risk Management Policy**  
**August 2022**

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

No	Principle category, risk appetite and links to corporate objectives	Risk definition	Risk owner	Likelihood	Impact	Risk rating	Control strategy	Residual likelihood	Residual impact	Residual risk rating	Further mitigation in the light of risk appetite (terminate, treat, transfer, tolerate)	Change since last revision
												↑
												↓
												↔

## Risk Management Policy August 2022

### 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 six categories of impact:

- People
- Society
- Financial
- Investment
- Environment
- Reputation

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.

# Risk Management Policy

## August 2022

Score	Impact rating	People	Society	Finance (20210/221 values)	Investment (20210/221 values)	Environment	Reputation
5	Extreme	Fatal or life-altering injury – staff or directly resulting from management of the Estate.	Structural failure to meet organisational objectives to benefit Scotland’s people, and/or permanent detriment to and alienation of significant interface communities.	>10% gross revenue (>£2.82m).	>3% capital value (>£173.07m).	Permanent environmental damage covering significant area.	Permanent reputational damage; government ministers criticised, and/or parliament involved.
4	Major	> 3 days work absence or RIDDOR reportable injury or occupational illness – staff or directly resulting from management of the Estate.	Failure to deliver significant social benefit commitments, and/or significant detriment to and alienation of significant interface communities.	5-10% gross revenue (£1.41-2.82m).	1.5-3% capital value (£8.56-8-173.07m).	Serious but recoverable environmental damage covering significant area.	Sustained criticism nationally, long-term damage to partnerships and stakeholder relations.
3	Moderate	1-3 days injury, RIDDOR reportable incident or significant near miss - staff or directly resulting from management of the Estate.	Failure to deliver locally important social benefit commitments, and/or recoverable detriment to and alienation of localised interface communities.	2-5% gross revenue (£0.64-1.41m).	0.5-1.5% capital value (£2.83-6-88.5m).	Recoverable localised environmental damage.	National or sectoral criticism, government ministers involved, significant effort needed to repair stakeholder relations.
2	Minor	No absence injury or near miss with lessons to be learned - staff or directly resulting from management of the Estate.	Locally important social benefit commitment under threat, and/or localised concern about potential detriment to interface communities.	1-2% gross revenue (£0.32-0.64m).	0.2 -0.5% capital value (£1.10-9 -2.83m).	Temporary localised environmental damage or significant near miss.	Local issues raised in media; partners and/or stakeholders raise concerns.
1	Low	Minor near misses and incidents.	Minor and localised concerns about detriment or benefit delivery, readily allayed through engagement.	<1% gross revenue (<£0.32m).	<0.2% capital value (<£0.91.1m).	Minor environmental impact recoverable through immediate response, or moderate near miss.	No significant impact on reputation or relationships.

# Risk Management Policy

## August 2022

### 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.

# Risk Management Policy

## August 2022

### Annex 3: Crown Estate Scotland risk appetite in practice

This document supports the Crown Estate Scotland Risk Management Policy and Risk Register.

Crown Estate Scotland organises risk management across five categories: People; Society; Finance; Investment; Environment; and Reputation. Risk appetite has been set by the Board against the following widely used scale:

- 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 achieving benefit delivery.
- 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.

Category	People	Society	Finance	Investment	Environment	Reputation
Appetite	Cautious	Hungry	Cautious	Open	Cautious	Open

What does it mean?	Our staff and co-workers are our most precious resource. We take a cautious approach to change and invest in staff development, equality, safety and wellbeing. We play our role in supporting agents, tenants and contractors as valued partners.	Delivering value to society is a key driver. We are eager to be innovative and to choose options offering potentially bigger that economic activity may not always be welcome by all, and work collaboratively to maximise net benefits.	A careful approach ensuring probity, transparency and good financial management. Ensuring we can give account for how we use money, achieve Best Value and meet our financial duties.	Open to investments that balance the financial returns with wider benefit delivery. Open to novel approaches and taking some investment risk. Working with emerging sectors and local partners for long-term return and capital asset growth.	Contributing to Scotland's environmental quality and sustainability. We undertake environmental assessment and are cautious about environmental trade-offs in our business decisions.	As a Scottish Public Body, our reputation affects our effectiveness, and impacts on government and Ministers. With careful handling and innovation and practical action.
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# Risk Management Policy

## August 2022

Category	People	Society	Finance	Investment	Environment	Reputation
Appetite	Cautious	Hungry	Cautious	Open	Cautious	Open
Where will you see it?  (as well as risk register, Framework Doc & Corp Plan)	<ul style="list-style-type: none"> <li>Health &amp; safety policies</li> <li>Internal comms</li> <li>Staff feedback</li> <li>People strategy &amp; workforce plan</li> <li>Feedback from tenants and agents</li> </ul>	<ul style="list-style-type: none"> <li>Investment Strategy*</li> <li><a href="#">Value-ProjectAsset Profiles</a></li> <li>Income agreements</li> <li>External comms</li> <li>Sustainable Communities Fund</li> </ul>	<ul style="list-style-type: none"> <li>Annual accounts</li> <li>Finance policies and procedures</li> <li>Audit plan</li> <li>Assurance framework</li> <li>Scheme of delegation</li> </ul>	<ul style="list-style-type: none"> <li>Investment Strategy</li> <li>Asset strategies</li> <li>Invest and divest business cases</li> <li>Engagement with business sectors</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Env Assessment (SEA)</li> <li><a href="#">Value-ProjectAsset Profiles</a></li> <li>Standard contracts</li> <li>External comms</li> <li>Sustainable Communities Fund</li> </ul>	<ul style="list-style-type: none"> <li>Internal &amp; external comms</li> <li>Consultation on plans and strategies</li> <li>Tenant Service Charter</li> <li>Sustainable Communities Fund</li> <li>Stakeholder feedback</li> </ul>
What does it look like?	A capable, motivated team working together to deliver results.	Working in new partnerships with business and community organisations to deliver wider benefits.	Thorough and transparent annual accounts with good audit opinion.	A Corporate Plan that, after consultation, sets clear directions for future investment.	Using Environmental Assessment as a tool to test and manage our environmental impact.	Building trust by demonstrably listening and responding to stakeholders.
	Strong emphasis on health and wellbeing and a culture of continuous improvement, with workload balanced to capacity.	Encouraging tenants to engage with local communities.	Business policies and processes that are applied consistently and show good financial management.	Investment strategy and business cases with strong business analysis, identifying the best opportunities to use our capital to deliver financial and wider returns.	Being a national leader in natural capital management.	Respected for willingness to explore difficult choices through consultation.
	Positive feedback from staff, tenants, agents and contractors.	Value Project evidence to make good decisions for delivering social value.	Meeting stretch capital and revenue targets.	Value Project evidence of wider benefits built into investment decision process.	Being known for our contribution to environmental quality and sustainability.	Building expertise and experience around engagement and partnership working.

\* Included in the Corporate Plan

Annex B: Crown Estate Scotland Risk Register

	Principal category, risk appetite & link to corporate objectives	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  Cautious  Skills & knowledge	If H&S management is deficient, then there could be a serious accident on the Scottish Crown Estate.	AM	3	5	15	<u>Ops</u> <ul style="list-style-type: none"> <li>Full set of H&amp;S management policies in place with review dates.</li> <li>Operational resumption system in place.</li> <li>Risk assessment and inspection processes in place for staff activity and public facilities.</li> <li>E-learning modules completed by all staff.</li> <li>H&amp;S part of new staff induction procedures.</li> <li>H&amp;S responsibilities defined in new lease agreements.</li> <li>H&amp;S duties and reporting defined in managing agent contracts and established.</li> <li>Progress to completion transfer of Portgordon harbour to local community and maintain Portgordon harbour safety inspections until community transfer complete</li> <li>H&amp;S responsibilities for tenants with historic agreements confirmed.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>Risk management policy and register regularly reviewed by ARC and agreed by Board.</li> <li>Director H&amp;S duties incorporated into and monitored through Assurance Framework.</li> <li>H&amp;S Committee maintaining cross business oversight to improve H&amp;S culture and monitor operational hazards.</li> <li>H&amp;S reviewed at monthly ET meetings.</li> <li>Implemented Internal Audit recommendations on H&amp;S policies.</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>H&amp;S external consultant provides advice and investigates incidents.</li> <li>Audit of H&amp;S policies part of Internal Audit schedule.</li> <li>Assurance provided on management of void buildings.</li> </ul>	2	5	10	<u>Treat</u> <u>Ops</u> <ul style="list-style-type: none"> <li>New consultants undertake site visits and staff H&amp;S awareness seminars (OM 12/22).</li> <li>New consultants advise on current H&amp;S policies (AM/OM 02/23).</li> </ul>	↔
2	Investment  Hungry  Blue economy Buildings	If there are poor asset management processes, then CES might fail to deliver best value from the Scottish Crown Estate.	AM	3	4	12	<u>Ops</u> <ul style="list-style-type: none"> <li>Clear strategic directions set by corporate plan, investment strategy and sectoral plans.</li> <li>Treasury Green Book compliant business case process.</li> <li>Less-than Market Value Policy published.</li> <li>Business case templates to include evaluation of wider value.</li> <li>E&amp;I asset management team established.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>Oversight of capital transactions provided by Investment Committee.</li> <li>Oversight of resource management provided by ARC.</li> <li>Annual portfolio performance reporting to Board.</li> <li>Introduced business-wide capital tracking process to monitor capital transactions and projects.</li> <li>Monitor capital project tenders to track cost overrun resulting from price escalation post Brexit/Covid</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>Asset management processes subject to Internal Audit scrutiny.</li> <li>Valuation and asset transactions subject to External Audit scrutiny.</li> </ul>	2	3	6	<u>Treat</u> <u>Ops</u> <ul style="list-style-type: none"> <li>Introduce a commercial functional competency into the CES Performance Management Framework (Rescheduled due to resource AM 06/22).</li> <li>Establish Project Office for property investment project management (OM 07/22) – PMO manager recruitment underway.</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>Audit of agreement management for complex non-standard agreements (AM 03/23).</li> </ul>	↔
3	Society  Hungry  Blue economy Buildings	Failure to adapt to climate change and other biological and associated commercial impacts could lead to loss of revenue, reduced capital valuation, increased liabilities, and loss of reputation.	AM	3	4	12	<u>Ops</u> <ul style="list-style-type: none"> <li>Work with aquaculture sector to address sustainability issues.</li> <li>Encourage and facilitate high standards of biosecurity amongst farming tenants.</li> <li>Capability in place for rapid response to tree disease threats in CES woodlands.</li> <li>Ongoing programme of research and knowledge exchange events/information with relevant scientific research centres/ agencies.</li> </ul>	2	3	6	<u>Treat</u> <u>Ops</u> <ul style="list-style-type: none"> <li>Use Asset Profiles to systematically review risks across all asset use classes and formulate mitigation actions where appropriate (AM 07/23).</li> <li>Take a lead role in development of blue carbon markets (AM 07/23).</li> </ul>	

	Principal category, risk appetite & link to corporate objectives	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
							<ul style="list-style-type: none"> <li>Proactive support of blue carbon research.</li> <li>Emergency response plan in place and regularly reviewed.</li> <li>Corporate Plan supported by SEA.</li> <li>Lease terms identify responsibilities for environmental management.</li> <li>Compliance evidence and incident reporting embedded in managing agent contracts.</li> <li>CES participates in natural capital enhancement and marine litter projects.</li> </ul>				<ul style="list-style-type: none"> <li>Establish a policy position in relation to sea level rise, coastal erosion and management (AM 07/23).</li> </ul> <p><u>Monitor</u></p> <ul style="list-style-type: none"> <li>Formulate a framework for building into CES governance the monitoring of climate change and biological risks (AM 07/23).</li> </ul> <p><u>External oversight</u></p> <ul style="list-style-type: none"> <li>Formulate a framework for building into CES governance the external oversight of climate change and biological risks (AM 07/23).</li> </ul>	
4	Reputation  <i>Open</i>  Skills & knowledge	If there was a serious loss of systems or information, then CES could suffer business failure.	AM	5	5	25	<p><u>Ops</u></p> <ul style="list-style-type: none"> <li>Plan in place for IT off-siting to eliminate reliance on on-site servers.</li> <li>Completed transition to OneDrive.</li> <li>GIS upgrade completed.</li> <li>Project established to repatriate property management data from managing agents.</li> <li>Business continuity plan and IT disaster recovery plan in place.</li> <li>Cyber Essentials Plus accreditation achieved.</li> <li>IT security and governance policies and practice reviewed and revised.</li> <li>New document storage procedures around OneDrive/Teams and SharePoint.</li> </ul> <p><u>Monitor</u></p> <ul style="list-style-type: none"> <li>Information management overseen by ARC.</li> </ul> <p><u>External oversight</u></p> <ul style="list-style-type: none"> <li>Interim records management plan agreed with Records Management Scotland.</li> <li>Internal and external audit scrutiny of financial management information.</li> </ul>	3	4	12	<p><u>Treat</u></p> <p><u>Ops</u></p> <ul style="list-style-type: none"> <li>Ongoing reassurance and testing of system robustness.</li> </ul> <p><u>External oversight</u></p> <ul style="list-style-type: none"> <li>Ongoing audit of system robustness.</li> </ul>	↔
5	Society  <i>Hungry</i>  Skills & knowledge	If CES lost critical expertise, capacity or staff motivation, then CES could fail to deliver the corporate plan.	EB	4	4	16	<p><u>Ops</u></p> <ul style="list-style-type: none"> <li>Maintain attractiveness as an employer through both financial and non-financial offer.</li> <li>Strong vision to attract and retain vocational talent.</li> <li>Regular staff surveys undertaken with active respond to feedback.</li> <li>Operate a behavioural competency-based performance management framework with development goals mainstreamed.</li> <li>Programme of internal comms through staff advisory groups, team briefing, all-staff meetings and intranet with focus on change management.</li> <li>People Strategy being implemented.</li> <li>Recruiting additional posts in line with workforce plan.</li> <li>Ongoing actions to foster staff morale and cohesion as we move to hybrid working</li> <li>Use of staff survey response to focus further action on staff engagement.</li> <li>Implement new recruitment policies to secure talented and diverse range of applicants.</li> </ul> <p><u>Monitor</u></p> <ul style="list-style-type: none"> <li>ET monitor cumulative change impacts with a programme management approach.</li> </ul> <p><u>External oversight</u></p> <ul style="list-style-type: none"> <li>Internal and external auditors report on critical capacity and skills for core business processes.</li> </ul>	3	4	12	<p><u>Treat</u></p> <p><u>Ops</u></p> <ul style="list-style-type: none"> <li>Review capacity pressures and risks as part of ongoing business planning (AM 12/22)</li> <li>Implement EDI plan to build the attractiveness of CES as an employer of choice (EB ongoing).</li> </ul> <p><u>Monitoring</u></p> <ul style="list-style-type: none"> <li>Review policies on staff learning and development (AM rescheduled to 06/22, aligning with competency work).</li> </ul>	↔

	Principal category, risk appetite & link to corporate objectives	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	Reputation  <i>Open</i>  Skills & knowledge	If exposure to liabilities is not managed, then CES could face significant cost and reputational damage.	OM-R&C CP-Marin e	4	4	16	<u>Ops</u> <ul style="list-style-type: none"> <li>Liabilities managed through lease agreements.</li> <li>Marine energy liabilities managed through BEIS-led arrangements.</li> <li>Condition survey of rural estate properties undertaken and used to prioritise improvement and repair works</li> <li>Exposure considered as part of capital reserves policy.</li> <li>Business case process includes consideration of liabilities.</li> <li>Ensure clarity on liabilities in relation to Pilot local management projects.</li> <li>Active management of potential liabilities at Portgordon harbour, Crovie pier, Blairfindy Castle and Drumin Castle.</li> <li>Active management of risks and tracking of issues in relation to Meygen.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>ARC and Investment Committees provide oversight of financial, H&amp;S and reputational aspects of liability for the existing estate and potential investments.</li> <li>Maintain communication networks for reporting of foreshore hazards.</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>Internal and external audit scrutiny of accounting actions in relation to liabilities.</li> </ul>	3	3	9	<b>Treat</b> <u>External oversight</u> <ul style="list-style-type: none"> <li>Include liability assessment in 23/24 audit programme (AM 03/23)</li> </ul>	↔
7	Reputation  <i>Open</i>  Involving people	If CES fails to engage and build good stakeholder relations directly and through managing agents, then we could lose the trust of society and Scottish Ministers to manage the Scottish Crown Estate.	EB	3	4	12	<u>Ops</u> <ul style="list-style-type: none"> <li>Comms strategy agreed with the Board.</li> <li>Maintain effective interface and collaborative arrangements with sponsor team and wider SG.</li> <li>Consultation processes for CES plans etc conducted according to good practice.</li> <li>Maintain engagement with key business/asset sectors.</li> <li>Maintain good relationships with priority local authorities and community organisations.</li> <li>Continue working in partnership with enterprise agencies.</li> <li>Maintain an active programme of engagement with key Ministers, MSPs and MPs.</li> <li>Managing agent contracts retendered with KPIs for engagement and responsiveness.</li> <li>Engagement training and materials provided to new managing agents.</li> <li>Building team of regional engagement managers.</li> <li>Commission internal audit of stakeholder engagement.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>Track stakeholder perceptions through ongoing independent research; adapt engagement accordingly to strengthen social license to operate.</li> <li>Board review of opinion survey feedback.</li> </ul>	3	2	6	<b>Treat</b> <u>Ops</u> <ul style="list-style-type: none"> <li>Actively manage handling of capital release from farms pilot (OM 03/23).</li> <li>Engage proactively on marine biodiversity and natural capital (EB 03/23).</li> <li>Build awareness of CES contribution amongst Central Belt MSPs and LAs (EB 03/23).</li> </ul>	↔
8	Reputation  <i>Open</i>  Blue economy	If CES fails to appropriately manage offshore wind leasing, then we could lose the confidence of Scottish Ministers and/or be subject to legal challenge.	AM	5	5	25	<u>Ops</u> <ul style="list-style-type: none"> <li>Continue to work closely with Scottish Government on handling.</li> <li>Work closely with legal advisors to manage risk of challenge and handle any challenge.</li> <li>Utilise project management approaches to plan work and manage delivery risks.</li> <li>Established an OSW liaison group with SG to manage OSW leasing policy, work planning and handling.</li> <li>Secure support and consultancy services for SWL1 and INTOG.</li> <li>Consolidating new recruits into the E&amp;I team.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>Support Chair in engaging with Scottish Ministers.</li> </ul>	3	4	12	<b>Treat</b> <u>Ops</u> <ul style="list-style-type: none"> <li>Active management of INTOG CES decision process and SG clearance process to achieve agreed outcome (CP 08/22).</li> <li>Active management of SWL1 information release and value messaging (EB 08/22).</li> </ul>	↔

	Principal category, risk appetite & link to corporate objectives	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
							<ul style="list-style-type: none"> <li>Ensure clarity of governance relationship between CES Board and Scottish Ministers.</li> </ul>					
9	Reputation <i>Open</i>  Involving people	If stakeholder expectations for concessionary transactions are not managed, then failure to meet expectation will damage CES reputation.	OM	4	3	12	<u>Ops</u> <ul style="list-style-type: none"> <li>Less-than market value policy published, and guidance provided.</li> <li>Guiding principles included in the SG Strategic Management Plan for the Scottish Crown Estate.</li> <li>Policies on farm reletting published.</li> <li>Active communication with key stakeholders, including through Partnerships Manager and with representative bodies and CES /SG Liaison Group / Tenants Groups.</li> <li>Ensure appropriate accounting action for LMV cases both for revenue and any associated capital value write-down.</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>ARC oversight of rent policies and performance.</li> <li>Investment Committee oversight of capital sales.</li> <li>Report to ARC on operation of less-than market value policy</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>External auditors provide audit opinion for annual report and accounts.</li> </ul>	2	3	6	<b>Treat</b> <u>Monitor</u> <ul style="list-style-type: none"> <li>Review less-than market value policy once initial cases have been handled, taking into account stakeholder feedback (EB 12/22).</li> </ul>	↔
10	Reputation/P eople  <i>Cautious</i>  Skills & knowledge	If Property Management systems are not well resourced then CES could suffer Business Failure/Managing Agent Failure to deliver	ET		5	20	<u>Ops</u> <ul style="list-style-type: none"> <li>Review of Propman has been underway since transferring inhouse as part of the Managing Agent's tender process in 2021 – this was as a result of CES wishing to take control of its core asset information (Previously property management systems were managed by the managing agents as part of their contract – this changed when the new contracts were awarded)</li> <li>IT support for Propman has been included in the Consilium contract, however Consilium helpdesk can only help with basic IT issues eg networking login issues with MAs accessing the VDI platform. Their ability to help with anything involving the propman app is constrained by the lack of resource within CES to manage the system.</li> <li>Cover is in place on an ad hoc limited basis but is having impact on other roles – asset teams do not currently have the knowledge to add to the cover arrangements when required</li> <li>Increasing reliance on Propman for operational management indicates that resource is required</li> <li>CES has a desire to gain more intelligence out of our systems however this is dependent of having consistent data to draw from. Driving data consistency within Propman is a key requirement</li> </ul> <u>Monitor</u> <ul style="list-style-type: none"> <li>Work ongoing to ascertain the level of resource required</li> <li>Likely to increase over time as either Propman system is replaced or requires to be developed</li> </ul> <u>External oversight</u> <ul style="list-style-type: none"> <li>Audit and external reviews have identified single point of failure for some aspects of Propman and increased resource required</li> </ul>	2	5	10	<b>Treat</b> <u>Ops</u> <ul style="list-style-type: none"> <li>Establish clear system ownership and approval</li> <li>Ongoing work to identify resource required to reduce the likelihood of failure</li> <li>Proposal being developed to recruit new role to ensure Propman system can be managed appropriately. Additional resource would be required to ensure success of either a new system (if recommended) or development of Propman in future to meet business needs</li> </ul>	New risk identified

## Board Paper

<b>Date of Meeting:</b>	31 August 2022
<b>Classification:</b>	Unclassified
<b>Subject:</b>	Authorised Signatories
<b>Paper Number:</b>	BD(2022)31.11
<b>Annexes:</b>	Annex A: internal scheme of delegation
<b>Recommendation:</b>	The Board is invited to pass the resolution set out in the paper.
<b>Presenter:</b>	Helen Howden
<b>Author:</b>	Helen Howden

**Our purpose: Investing in property, natural resources and people  
to generate lasting value for Scotland**

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### 1. Purpose and context

This paper asks the Board to pass a resolution to give authority to the incoming Chief Executive to sign documentation on behalf of the organisation.

### 2. Background

The Board has authority to authorise others to sign documentation on its behalf. It has to date authorised the Chief Executive and the four directors to sign certain documentation in accordance with the internal scheme of delegation. The current internal scheme of delegation, approved by the Board on 23 February 2022, is attached for reference at Annex A.

### 3. Resolution for appointment of authorised signatories

In preparation for the commencement of his role as Chief Executive, the Board are asked to appoint Ronan O'Hara as an authorised signatory with effect from 8 September 2022, his first day in post. It is anticipated that the Scottish Government's Permanent Secretary will appoint Ronan O'Hara as the Accountable Officer of Crown Estate Scotland with effect from that date.

To approve Ronan O'Hara as an authorised signatory, the Board is invited to resolve as follows:

THAT, with effect from 8 September 2022, for the purposes of paragraph 5(2) of Schedule 2 to the Requirements of Writing (Scotland) Act 1995 (as amended), and for all other relevant purposes, any one of the following individuals, and in the case of any document which requires to be signed in the presence of a witness, any one of the following individuals in the presence of a witness who attests his/her signature, be and is hereby authorised to sign, including by secure

electronic means, for and on behalf of Crown Estate Scotland all documents, deeds, certificates or notices in connection with the running of the business of Crown Estate Scotland in accordance with the scheme of internal delegated authorities.

<b>Name</b>	<b>Title</b>
Ronan O'Hara	Chief Executive
Esther Black	Director of Corporate Operations
Oster Milambo	Director of Property
Alastair Milloy	Director of Finance and Business Services
Colin Palmer	Director of Marine

## **Crown Estate Scotland Internal Scheme of Delegation**

### **Introduction**

Crown Estate Scotland is a public corporation tasked with managing the Crown Estate in Scotland, returning revenue profit to the Scottish Government. Ownership of the Estate lies with the Monarch and management responsibility, which sits with Scottish Ministers, has been delegated to Crown Estate Scotland. Crown Estate Scotland operates to a Framework Agreement<sup>1</sup>, which includes a scheme of financial delegation from Scottish Ministers.

Crown Estate Scotland is led by a board, which currently consists of a Chair and eight other members. Board members are appointed by Scottish Ministers.

This Internal Scheme of Delegation sets out matters which are reserved for determination by the Board of Crown Estate Scotland. All powers which have not been reserved to the Board or specifically delegated in this Scheme will be exercised by the Accountable Officer or his nominees.

The Board remains responsible for the exercise of all the functions of Crown Estate Scotland and may at any time determine any matter within the competence of Crown Estate Scotland either at the Board's initiative or on recommendation of an officer to whom the matter is delegated.

### **Use of Frameworks and Single Tender Actions**

One of the strategic approaches taken to ensure compliant regulated procurements (coupled with opportunities for aggregation or collaboration) is to give due consideration in our procurement decisions to the suitability for use of national and sector specific framework agreements and dynamic purchasing systems which can be accessed using direct award or further competition. These will have been procured by Scottish Government, Crown Commercial Services or Scotland Excel.

While many of these have a number of suppliers who can be invited to bid (further competition) providing opportunities for further improved value; others are single supplier frameworks or are ranked to allow direct award. Use of these frameworks does not constitute a single tender action. Similarly, where requirement has been exposed to competitive open procurement but has resulted in a single response this does not constitute a single tender action. A single tender action refers to a situation where for commercial or technical reasons permission is sought to negotiate with a single supplier without an open tender or a call for further competition. Such circumstances are seen as exceptional, and if above regulated procurement thresholds may require publication of a VEAT for transparency and will require an award notice to be published.

The combination of use of framework agreements and dynamic purchasing systems coupled with the use of annual revenue thresholds to calculate approval requirements will further reduce the need for Board or Scottish Ministers to routinely approve these procurements although these will still be regularly reported to Board.

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<sup>1</sup> <https://www.crownestatescotland.com/corporate/structure-governance>

### **Provisions on delegation**

All delegated powers will be exercised in accordance with the relevant policies approved by the Board or the Executive Team (as appropriate).

### **Reservations to the Board**

The following matters are reserved for determination by the Board:

- approval of the Corporate Plan;
- approval of the annual Budget;
- approval of strategic governance policies;
- approval of the Internal Scheme of Delegation;
- approval of Annual Accounts and Annual Reports;
- approval of internal audit;
- approval of conditions of service affecting all employees of Crown Estate Scotland; and
- approval of specific matters referred to in the attached Schedule.

### **Revocation and Variation**

The matters reserved to the Board and delegated to officers of Crown Estate Scotland are detailed above and in the Schedule.

This Scheme of Delegation may be varied or revoked by the Board.

### **VAT**

All amounts are net of VAT unless indicated otherwise.

## Schedule

	<b>Matter</b>	<b>Authority</b>	<b>Source of Authority and Notes</b>
<b>1.</b>	<b>Appointments</b>		
1.1	Board	Scottish Ministers	s.5 The Crown Estate Scotland Order 2017
1.2	Chief Executive	Board with approval of Scottish Ministers	s.9 The Crown Estate Scotland Order 2017
1.3	Accountable Officer	Principal Accountable Officer for the Scottish Administration	Framework Document
1.4	All other employees	Chief Executive	
<b>2.</b>	<b>Personnel Matters</b>		
2.1	Staff Management	Chief Executive	Framework Document
<b>3.</b>	<b>Financial Matters</b>		
3.1	Budget	Scottish Ministers	Approved as part of the Corporate Plan
3.2	Approval of expenditure not previously approved in the Corporate Plan and which falls outwith the specific delegations in the Framework Document	Sponsor Directorate	Framework Document
3.3	Any expenditure which is or might be considered novel, contentious or repercussive or which could have significant future cost implications	Sponsor Directorate	Framework Document Scottish Public Finance Manual (SPFM) (for the definition of novel and contentious)
3.4	Accounting policies	Board Scottish Ministers	The Crown Estate Scotland Order 2017 The Scottish Crown Estate Act 2019 SPFM Framework Document Ministerial Direction dated 12 March 2021

3.5	Approval of issuing credit cards to members of staff and credit limit to be applied (within the delegated authority set out in the Framework Document)	Director of Finance & Business Services	This Internal Scheme of Delegation Framework Document
3.6	Capital Transactions		
	<ul style="list-style-type: none"> <li>above £3.5m (incl non recoverable VAT – awaiting formal amendment re VAT from Scottish Government)</li> </ul>	Scottish Ministers	<p>Framework Document</p> <p>Must first have approval of Board and Executive Team</p>
	<ul style="list-style-type: none"> <li>&gt; £1.5m - £3.5m</li> </ul>	Board	<p>This Internal Scheme of Delegation</p> <p>All capital transactions over £3.5m <b>must</b> go to the Scottish Ministers for approval.</p>
	<ul style="list-style-type: none"> <li>&gt; £750k – £1.5m</li> </ul>	Investment Committee	<p>This Internal Scheme of Delegation</p> <p>All capital transactions over £1.5m <b>must</b> go to the Board for approval.</p>
	<ul style="list-style-type: none"> <li>£0 - £750k</li> </ul>	Chief Executive	<p>This Internal Scheme of Delegation</p> <p>All capital transactions over £750k <b>must</b> go to the Investment Committee and/or Board for approval.</p>
	<ul style="list-style-type: none"> <li>£0 – £150k</li> </ul>	Director of Corporate Operations Director of Finance & Business Services Director of Marine Director of Property	This Internal Scheme of Delegation
	<ul style="list-style-type: none"> <li>£0 – 75k</li> </ul>	The Chief Executive may delegate authority to specific individuals within Crown Estate Scotland for their specific business areas only.	A list of delegated authority levels will be maintained by the Financial Controller and available to all staff.

	<ul style="list-style-type: none"> <li>£0k – 30K</li> </ul>	The Chief Executive may delegate authority to the appointed managing agents.	<p>A list of delegated authority levels will be maintained by the Financial Controller and available to all staff and the relevant managing agent.</p> <p>The managing agents will require to follow agreed processes for the approval of expenditure and payment of invoices.</p>
3.7	Revenue Expenditure – Financial Year Annual Limits (to the extent not approved in the Corporate Plan or current Business Plan)		
	<ul style="list-style-type: none"> <li>£750k and above</li> </ul>	Board and then Scottish Ministers (if above £950k)	<p>Framework Document</p> <p>Revenue expenditure above £950k (incl non recoverable VAT – to receive formal amendment re VAT) (not approved in the Corporate Plan or current Business Plan) <b>must</b> go to the Board and then the Scottish Ministers for approval.</p>
	<ul style="list-style-type: none"> <li>£0 - £750k</li> </ul>	Chief Executive	This Internal Scheme of Delegation
	<ul style="list-style-type: none"> <li>£0 - £150k</li> </ul>	Director of Corporate Operations Director of Finance & Business Services Director of Marine Director of Property	This Internal Scheme of Delegation
	<ul style="list-style-type: none"> <li>£0 - £75k</li> </ul>	The Chief Executive may delegate authority to specific individuals within Crown Estate Scotland for their specific business areas only.	A list of delegated authority levels will be maintained by the Financial Controller and available to all staff.
	<ul style="list-style-type: none"> <li>£0 - £30K</li> </ul>	The Chief Executive may delegate authority to the appointed managing agents.	A list of delegated authority levels will be maintained by the Financial Controller and available to all staff and the relevant managing agent.

			The managing agents will require to follow agreed processes for the approval of expenditure and payment of invoices.
3.8	Single tender contracts (or Single Tender Actions)		
	<ul style="list-style-type: none"> <li>above £50k (incl non recoverable VAT – to receive formal amendment re VAT)</li> </ul>	Board and then the Scottish Ministers	Framework Document
	<ul style="list-style-type: none"> <li>up to £50k</li> </ul>	Director of Finance & Business Services	This Internal Scheme of Delegation
3.9	Claims waived or abandoned		
	<ul style="list-style-type: none"> <li>above £150k</li> </ul>	Board and then the Scottish Ministers	Framework Document
	<ul style="list-style-type: none"> <li>up to £150k</li> </ul>	Chief Executive	This Internal Scheme of Delegation
3.10	Write-off of bad debt or impairments		
	<ul style="list-style-type: none"> <li>above £150k</li> </ul>	Scottish Ministers	Framework Document
	<ul style="list-style-type: none"> <li>up to £150k</li> </ul>	Director of Finance & Business Services and the Director of the Division in which the debt resides	This Internal Scheme of Delegation  The process for writing off bad debts is set out in the Delegated Authority Policy.
3.11	Special payments		
	<ul style="list-style-type: none"> <li>above £2k</li> </ul>	Scottish Ministers	Framework Document SPFM (for definition)
	<ul style="list-style-type: none"> <li>up to £2k</li> </ul>	Chief Executive or Executive Team	This Internal Scheme of Delegation

3.12	Payroll		
	<ul style="list-style-type: none"> <li>amount varies monthly</li> </ul>		Operation of the payroll instruction and authorisation process is assigned to specific signatories, each with specified authority levels. No one signatory has all authority levels.
4.	Signing Authority		
4.1	Execution of all documents, deeds, certificates or notices in connection with the running of the business of Crown Estate Scotland	<p>Chief Executive  Director of Corporate Operations  Director of Finance &amp; Business Services  Director of Marine  Director of Property (when completed probation and the necessary training)</p>	<p>Board Resolution  Requirements of Writing (Scotland) Act 1995 (as amended)  This Internal Scheme of Delegation</p> <p>Directors must only sign for matters within the business area they are responsible for. If a Director is going to be unavailable, then they should make a formal arrangement for the Director of Finance &amp; Business Services to sign documents on their behalf during their absence.</p> <p>The restriction does not apply to the Chief Executive, who can act as a signatory in non-routine cases.</p>

## Version and Document Control Tables:

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
1	Helen Howden	30.05.2018	Approved by Board
1.1	Helen Howden	17.05.2019	Change to number of Board members Addition of Head of Marine as signatory
2.1	Helen Howden	11.06.2020	Changes to reflect new levels of delegation in Framework Document and to record changes to authorised signatories.
3.0	Helen Howden	November 2021	Changes to reflect Annual Revenue Limits, VAT, refer to roles only/remove names and other signatory changes.
3.0	Helen Howden	24 February 2022	Changes to Annex B reflect signatory changes, staff changes and process for managers

<b>Document Control</b>	
<b>Document Title and Version Number:</b> Internal Scheme of Delegation v.3.1	
<b>Author:</b> Helen Howden	<b>Document Status:</b> Final
<b>Date First Approved:</b> 24 June 2020	<b>Approved by:</b> Board / Accountable Officer
<b>Effective Date:</b> 1 April 2020	<b>Review Date:</b> February 2023