



## Agenda

**Thirty-fourth Meeting  
Crown Estate Scotland Board  
Quartermile Two, Edinburgh  
1 March 2023  
11am – 3pm**

- 11.10am**
- 1. Standing Items**
    - 1.1 Welcome and Declarations of Interest
    - 1.2 Approval of Minutes of Meetings held 30 November 2022 and 18 January 2023 Attached
    - 1.3 Matters Arising and Action Trackers (2022 and 2023) Attached
    - + 1.4 Stakeholder meetings BD(2023)34.1
  
  - 11.30am**
  - 2. Management Reports (part 1)**
    - 2.1 Finance Report BD(2023)34.3
    - 2.2 Forecast Resourcing Requirements BD(2023)34.4
  
  - 3. Decisions and Discussion (part 1)**
    - \* 3.1 ScotWind Option Monies BD(2023)34.6
    - \* 3.2 Revenue Budget 2023-26 BD(2023)34.7
- Lunch break (12.30pm)
- 1pm**
- 4. Board Committees**
    - \* 4.1 Investment Committee Verbal
    - 4.3 Audit & Risk Committee Verbal
  
  - 5. Management Reports (part 2)**
    - \* 5.4 Chief Executive's Report BD(2023)34.2
    - 5.5 People Report BD(2023)34.5
  
  - 6. Decisions and Discussion (part 2)**
    - 4.3 CCS Presentation
    - 4.4 Housing – Rural and Coastal Presentation
- 2pm**  
**2.30pm**
- 5. Governance**
    - 5.1 Committee Membership BD(2023)34.8
  
  - 6. Any Other Business**
  
  - 7. Date of Next Meeting**  
24 May 2023

\*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-fourth Board Meeting</b>	<b>BD(2023)34</b>
<b>Meeting date</b>	<b>1 March 2023</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, 1 March 2023</b>		

**Present:**

Amanda Bryan	Chair
Katerina Brown	
Dr Michael Foxley	
Liz Leonard	
Jean Lindsay	
Robert Mackenzie	
Euan McVicar	
Ailsa Raeburn	

**In attendance:**

Ronan O’Hara	Chief Executive
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:**

Fiona Haywood	Senior HR Manager (for Minute item 5.2)
Anna Morgan	Financial Controller (for Minute items 2 and 3)
Philippa Parmiter	Development Manager (Gas Storage) for Minute item 6.1
Sian Wilson	Head of Offshore Development (ET&I) for Minute item 6.1

**1. Standing Items**

**1.1 Welcome and Apologies**

The Chair welcomed everyone to the meeting and thanked everyone for having attended a session in advance of the meeting with the Minister for Environment, Biodiversity and Land Reform.

It was noted that the order in which items on the agenda would be considered had been altered and that an amended agenda had been circulated to members prior to the start of the meeting.

## 1.2 Declarations of Interest

There were no declarations of interest in respect of items on the agenda.

## 1.3 Approval of Minutes of Meetings held on 30 November 2022 and 18 January 2023

The minutes of the meeting held on 30 November 2022 were approved subject to some minor changes being made to paragraphs 3.1 Noted (b) and 3.4 Agreed (b). The minutes of the meeting held on 18 January 2023 were approved.

## 1.4 Matters Arising and Action Tracker

**Noted** that:

- (a) the Chair's appointment was being further extended although the period had not yet been officially confirmed. It was understood that the advertisements for the Chair role would be published in early March.
- (b) in relation to action 29/5 the Chief Executive would establish why the revised partnership agreement with PCS had not yet been signed and would bring an update on the position including, if necessary, details of any outstanding points, to the next Board meeting.

**Action: 34/1 (ROH)**

## 1.5 Stakeholder meetings (paper BD(2023)34.1)

**Noted** that:

- (a) engagement in the previous quarter included meetings on the need for affordable housing provision around the coast and on the energy ports provision.

*The Financial Controller joined the meeting.*

## 2. Management Reports (part 1)

### 2.1 Finance Report (paper BD(2023)34.3)

**Noted** that:

- (a) the revenue account was being presented to 31 December against the reforecast carried out in Q3. A high level reforecast had been undertaken in Q4 to give a revised indication of the full year outcome which was also presented in the paper.
- (b) capital income is likely to be up on forecast, with lower than anticipated income from INTOG applications being offset by receipt of an offshore wind lease premium which had not been budgeted. Capital expenditure is projected to be behind the forecast, mainly due to a pause in works at the Montrose ZeroFour site while a stage gate review was carried out.

- (c) discussions with Scottish Government officials in relation to the timing and documentation of requests for the transfer of non-ScotWind revenue surplus were continuing. The sponsor team were aware that officials were proposing a change to the timing of payments which would result in Crown Estate Scotland having significant revenue reserves, being held on behalf of the Scottish Ministers, and the reputational impact this could have.

## **2.2 Forecast Resourcing Requirements (paper BD(2023)34.4)**

**Confidential : Closed Business**

**Noted that:**

- (a) the Executive Team had carried out a bottom-up analysis to identify immediate resourcing requirements and concluded that c24 FTE were required to respond to current pressures, with recruitment being phased over the next 24-26 months. The paper was intended to provide Board with assurance of the process and the rationale for the resourcing requirements.
- (b) the Board questioned how the organisation was dealing with the on-boarding of staff and how these additional posts would impact on the organisation. The Executive Team were alive to the issues in on-boarding and ensuring integration of new members of staff and there were a series of small initiatives underway to bring people together. It was recognised that the process would need to be managed appropriately and that lessons had been learned from the recent expansion of the E&I team.
- (c) the Board were generally supportive of the approach being taken and that this would form the basis of the workforce plan, linking to the budget. Equality, diversity and inclusion required to be embedded in the planning.

## **3. Decisions and Discussion (part 1)**

### **3.1 ScotWind Option Monies (paper BD(2023)34.6)**

**Confidential : Closed Business**

**Noted that:**

- (a) the paper gave the Board the cumulative position on discussions with Scottish Government officials in relation to the payment of ScotWind option fee income to the Scottish Consolidated Fund. Documentation of the agreed position was being finalised and would be reported to Board later in March to conclude matters and allow support to be given to the transfer requested by Scottish Ministers.
- (b) it has been agreed in principle that the costs of managing the ScotWind options over the next ten years could be deducted from the income received but that the quantum had not yet been settled. The detail of what would be included as costs would be worked on over the coming months with a view to reaching an agreement by the end of the summer. The Audit & Risk Committee would be provided with the details of the agreement reached.

### **3.2 Revenue Budget 2023-26 (paper BD(2023)34.7)**

**Confidential: Closed Business**

**Noted that:**

- (a) the organisation was not in a position to present a revenue budget to this meeting due to the uncertainty on the percentage revenue to capital conversation after 31 March 2023. The planning assumption was 0% however a request had been made to Scottish Ministers for a higher percentage and a decision was awaited.
- (b) turnover in the rural estate would remain consistent between 2023 and 2026 however direct costs would rise, due to repairs, including reactive maintenance; and a carbon audit, including built assets and climate resilience and mitigation, over the whole estate. The budget did not include any work to improve the energy efficiency in housing on the rural estate and those works had not yet been programmed.
- (c) the rural estate would remain in the red for the whole budget period. Included in the 10+ year planning process was a piece of work to identify lifecycle maintenance and associated costs. The Board asked the Executive Team to exercise caution and ensure that budgets in the rural estate were realistic and achievable.
- (d) a session had been arranged for the Board to discuss the full budget at the end of March.

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

## **4. Board Committees**

### **4.1 Investment Committee – 7 February 2023**

**Noted that:**

- (a) the market update report presented to the Committee had given a good overview of aspects of the Estate and members were recommended to read the paper.
- (b) updates had been provided on the consultations held as part of the development of the Mosstodloch masterplan; on the Nigg and Scapa Flow proposals; and on the Community Land Accelerator fund. The Committee had stressed to the Head of Partnerships that expectation management should be a key part of the communication strategy on the Community Land Accelerator fund.
- (c) discussions had been held with Scottish Government officials on possible options to finance the Nigg proposal.

### **4.2 Audit & Risk Committee – 15 February 2023**

**Noted that:**

- (a) the Committee had considered an approach to be taken towards identification of the costs associated with the management of the ScotWind option income and had approved

that. A full paper would come back to the Committee once discussions with Scottish Government had concluded.

- (b) new internal auditors, BDO LLP, have been appointed and have started their audit planning for the coming three years, holding meetings with the Chief Executive, the Executive Team, and the Chair of the Committee.
- (c) an approach to the mitigation of the potential contract failure in the Bidwells contract had been reviewed and agreed. The coastal management contract would be re-tendered in the autumn. There was further information for Board in the Chief Executive's Report (BD(2023)34.2).

**Agreed that:**

- (a) in response to a question from a member, the Chair, Chief Executive and the Chair of Audit & Risk would meet to consider the governance of H&S at Board level and report back.

**Action: 34/2 (ROH)**

## **5. Management Reports (part 2)**

### **5.1 Chief Executive Report (paper BD(2023)34.2)**

**Noted that:**

- (a) Grant Thornton are working on the development of a financial modelling tool for the organisation and the first testing would take place in late spring or early summer.

*The Senior HR Manager joined the meeting.*

### **5.2 People Report (paper BD(2023)34.5)**

**Noted that:**

- (a) strike action had taken place on 1 February and further action was expected on 15 March although formal notification had not yet been received. Negotiations on pay and job security were on-going between Scottish Government and PCS.
- (b) a senior managers forum had been established to increase employee engagement.
- (c) the gender pay gap was of concern to some on the Board. Recruitment is one of the key levers which the organisation has to address this and improvements were being made to the process and policy to bring a real emphasis on diversity and inclusion to the fore.
- (d) turnover was high in terms of percentage but low in terms of actual numbers. Exit interviews were carried out but no clear trend in reasons for leaving was emerging. HR were keeping a close eye on this.
- (e) in the action plan for the People Strategy there were a number of items which had been at amber status for a long time. Resourcing was the barrier to addressing these and making progress.

- (f) recruitment across the business remained a challenge with competition for a limited pool of candidates being fierce. Pay was only one aspect of this and a benchmarking analysis had been carried out to inform the development of the pay strategy.

**Agreed that:**

- (a) the Board would welcome further information and analysis on pay, recruitment, and retention at a future meeting.

**Action: 34/3 (AM/FH)**

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

## **6. Decisions and Discussion (part 2)**

### **6.1 Carbon Capture and Storage**

*The Head of Offshore Development (ET&I) and the Development Manager (Gas Storage) joined the meeting to give a presentation to the Board updating them on potential opportunities for carbon capture and storage in Scotland; the development of Crown Estate Scotland's leasing offer; and the next steps.*

*The Head of Offshore Development (ET&I) and the Development Manager (Gas Storage) were thanked for their presentation and they left the meeting.*

### **6.2 Rural and Coastal Housing**

*The Chief Executive made a presentation to the Board on the context and potential opportunities for Crown Estate Scotland in relation to rural and coastal housing.*

**Agreed that:**

- (a) this was a critically important issue and that the Board would welcome a session focused on housing to be held to discuss this further.

**Action: 34/4 (ROH)**

## **7. Governance**

### **7.1 Committee Membership (paper BD(2023)34.8)**

**Noted that:**

- (a) Ann Allen would be returning from her sabbatical on 1 April and had agreed to serve on the Audit & Risk Committee.

**Agreed that:**

- (a) the Board approved the appointment of Ann Allen to the Audit & Risk Committee and expressed their gratitude to Michael Foxley for having stepped in to join the Committee.

**8. Any other business**

**Noted** that:

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

**9. Date of Next meeting**

24 May 2023

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

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**Date**

## Board Paper

<b>Date of Meeting:</b>	1 March 2023
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Stakeholder Meetings
<b>Paper Number:</b>	BD(2023)34.1
<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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to generate lasting value for Scotland**

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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 November 2022 to 10 February 2023.

This paper also now includes a summary of other stakeholder engagement and events.

### 2. Meetings and Events attended

The Chair and Chief Executive both attended or met:

- Moray Council's CEO, Roddy Burns, the Council Leader, Kathleen Robertson and Civic Leader, John Cowe on 11 January in Elgin.
- Annabel Turpie, Director of Marine Scotland, Caro Cowan, Carla Plasberg-Hill and Rebecca Hackett on 8 February.

The Chair attended or met:

- A quarterly meeting with the Director of Marine Scotland on 6 December and 8 February.
- David Mackay, Policy and Projects Manager at Children in Scotland on 18 January. Helen Howden and Esther Black also in attendance.

The Chief Executive attended or met with:

- A Scottish Government group on ScotWind Option Fee Revenue Transfer on 21 November, 5 December, 16 January and 30 January. Alastair Milloy, Anna Morgan and Helen Howden also in attendance.

- Tavish Scott, CEO of Salmon Scotland on 22 November.
- Hamish Trench and Charlie Davis from the Scottish Land Commission on 23 November and 23 January. Katie Alexander and Tom Mallows also in attendance. Esther Black in attendance at January meeting only.
- Sheila Duncan, CFO and Calum Grains, CEO of Lerwick Port Authority on 30 November. Colin Palmer and Tom Findlay also in attendance.
- Alex MacLeod, CEO of Stornoway Port Authority on 1 December (This was a quick introductory meeting, with the main meeting being between Alex MacLeod and Paul Bancks).
- The Scottish Green Energy Awards on 1 December, as an invitee of Scottish Renewables on their top table. Several members of staff, mainly from the E&I team were also in attendance.
- A Scottish Government group including Annabel Turpie, Director of Marine Scotland, Caroline Cowan and Mike Palmer on 2 December to discuss ScotWind.
- Ellen Leaver, Deputy Director, Local Government and Analytical Services at Scottish Government on 6 December.
- A tri-party group consisting of Crown Estate Scotland, Audit Scotland and Scottish Government on 7 December, 13 January, 17 January, 20 January, 24 January, 27 January, 31 January, 3 February and 7 February.
- The Offshore Wind Liaison Group on 8 December and 31 January with Scottish Government and Crown Estate Scotland representatives.
- A Carbon Capture and Storage (CCS) liaison meeting with Scottish Government and Crown Estate Scotland representatives on 8 December and 31 January.
- A Carbon Footprint Work NMNI meeting with representatives from AECOM on 8 December.
- Representatives of North Sea Transition Authority on 12 December. Colin Palmer also in attendance.
- The Environment and Economy Leaders Group on 14 December.
- Louise Macdonald, Interim Director-General Economy on 15 December.
- Peter Reekie, CEO of the Scottish Futures Trust on 15 December and 23 January.
- Hamish Trench, CEO of the Scottish Land Commission on 16 December and 20 January.
- Caro Cowan and Carla Plasberg-Hill on 16 December, 20 January, 25 January and 8 February.
- A Crown Estate Scotland ScotWind option fee revenue transfer workshop on 19 December with the Sponsor team and a wider group of Scottish Government representatives. Alastair Milloy, Helen Howden and Anna Morgan also in attendance.
- Richard Lochhead, MSP on 9 January at Glenlivet.
- Grant Moir, CEO of Cairngorms National Park Authority on 11 January at Grantown-on Spey.
- Dan Labbad, CEO, Gus Jasper, MD Marine, Judith Everett, Exec Director, Purpose Sustainability & Stakeholder and Andrew Basile, Public Affairs Manager, Marine from The Crown Estate on 16 January. Colin Palmer, Esther Black and Annie Breaden also in attendance.
- Paul Cooley, Director of Offshore and Jamie Maxton, Head of External Relations at SSE Renewables on 16 January. Colin Palmer also in attendance.
- The Tenants Working Group on 17 January in Perth. Jean Lindsay and Oster Milambo also in attendance.
- Representatives of British Marine Scotland, Simon Limb and Martin Latimer, Joint Chairmen and Brian Wilson, Chair of Royal Yachting Association Scotland on 18 January
- The Sponsor team on 23 January. Alastair Milloy and Andy Riley also in attendance.

- Finlay Carson, MSP, Convener of Scottish Parliament's Committee on Rural Affairs, Islands and Natural Environment, on 26 January.
- Henry Graham, Chair of the FONE Group (Farming Opportunities for New Entrants) on 26 January.
- Sarah Roughead, Interim CEO and David Ritchie Head of Partnerships and Engagement from Scottish National Investment Bank on 27 January.
- Francesca Osowska, CEO of NatureScot on 30 January 2023.
- Hamish Trench and Charlie Davis from the Scottish Land Commission on 6 February with representatives from Highlands and Islands Enterprise, Community Land Scotland and South of Scotland Enterprise. Katie Alexander and Tom Mallows also in attendance.

### 3. Other engagements and events

Recent events:

- Scottish Green Energy Awards, 1 December, Edinburgh.
- Dinner sponsor, Scottish Renewables' Offshore Wind Conference, 25 and 26 January, Glasgow.

Events coming up include:

- Staff Conference 7 and 8 March, Dunblane Hydro
- Dinner sponsor, Scottish Renewables Net-Zero Conference and Dinner, 21-22 March,
- Part of team Scotland stand at All Energy Exhibition and Conference, 10 and 11 May, Glasgow.
- Dinner sponsor, Scottish Renewables Marine Conference, 25 May, Edinburgh.



## Board Paper

<b>Date of Meeting:</b>	1 March 2023
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Chief Executive's Report
<b>Paper Number:</b>	BD(2023)34.2
<b>Annexes:</b>	Annex A: Q3 2022-23 Performance Dashboard
<b>Recommendation:</b>	The Board is invited to note (a) the report which covers activity from mid-November 2022 to mid-February 2023 and (b) the Q3 Performance Dashboard at Annex A.
<b>Presenter:</b>	Ronan O'Hara
<b>Author:</b>	Various

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### 1. Overview

Delivery on the 2022-23 Business Plan is covered in the annexed quarterly dashboard. Separate papers cover People & HR and stakeholder meetings & engagement.

Key points to note include:

- Corporate Affairs and E&I continue to work on matters relating to ScotWind communications and engagement;
- The results of the INTOG leasing round are expected to be confirmed and announced by the end of April;
- The current cost-of-living crisis is putting pressure on the managing agents' ability to deliver corporate objectives, particularly in relation to the coastal management contract;
- The ongoing issues in Section 10 relating to the revenue-to-capital conversion;
- The timetable to develop the published 2023-24 Business Plan has changed due to matters relating to the budget. We will share the draft plan with Board members as soon as possible. Publication will be slightly later than our usual publication date of the first week of April.
- Crown Estate Scotland falls within the Scottish Government Public Bodies Reform initiative. I am actively managing engagement with Scottish Government with support from the Director of Finance & Business Services.

## **2. Health & Safety (H&S)**

Our H&S Advisors, EDP, have started work on our new H&S Management System (HSMS) and have already issued first drafts of the H&S Management Procedures (HSMP) and Operational Procedures. We are in the process of forming an in-house H&S Working Group that will support, from client side, the introduction of the new HSMS, and develop and manage a programme of H&S activities as directed by our H&S Committee.

We are working to implement the nine key findings from our internal auditor's recent Health and Safety Report which was presented to the Audit & Risk Committee meeting on 15 February 2023.

Our H&S Committee has recently identified opportunities for improvement and are working with EDP to support delivery of these improvements. Opportunities include the development of a H&S Competency Matrix for us, proactive stress risk assessments, and the provision of mental health first aiders.

One accident was reported on 10 January 2023 involving a member of staff driving into work in their own vehicle. The member of staff has since been cleared to drive and return to work by medical staff. All associated paperwork is complete and on file.

## **3. Risk Management**

Board held a discussion on risk appetite during the February strategy session. The consensus was that the level of risk appetite should not be changed and management were requested to review and refresh the language in the risk management policy. It was acknowledged by all attendees that the risks presenting have changed significantly over the last 12 months.

## **4. Procurement**

The development services framework tender evaluation concluded, standstill process was not challenged, and the framework was awarded at the end December. Mobilisation meetings have been held with the new service providers.

## **5. IT and Cybersecurity**

### **Cyber Security**

The formal Change Management process is now live. A new Supplier Cyber Security Policy has been drafted and should be live before the end of February. Most of the points within the Supplier Cyber Security Policy have already been gradually introduced over the last year. This policy is largely formalising the existing operations.

We have been reviewing our event management solution. We already have some tested alerts in place on key events called for the SG Cyber Resilience Framework. We are exploring more options on this to give a greater level of detection.

We are in the process of preparing for a pilot of Windows 11. As part of the pilot, we are aiming to make some step changes in the desktop security hardening. This will see further use of CIS benchmarks to lock down laptops further. We are also considering the use of Smart Cards for

BitLocker and windows login. We have not finalized the plans yet but given the extensive testing and training we will want to perform with Windows 11 it is an ideal time to introduce some desktop level improvements.

Board members have been provided with an opportunity to attend a workshop run specifically for public sector board members on cyber resilience and risk.

### **Long Term Asset Management System ITT**

The ITT closed on 13 February with just two bids. Both bids have had a high-level review and been found to be invalid. On reviewing the feedback from the suppliers, it was found that the £1M budget over 10 years was too low and we need to look at £2-3M. The strict terms and conditions (T&C) (using a SG ICT model template) were also a major sticking point with many suppliers refusing to bid. The incumbent supplier bid but stated that they rejected our T&C and that all their customers use their T&C (which they highlighted we have already agreed to for the existing contract). This was one of the reasons their £2M bid was deemed invalid.

We will need to go back out to tender and give appropriate justification as to the reasons the current tender exercise failed. We are considering our options with regards the T&C. An extension of the current arrangement will be exercised to ensure service continuity while a fresh tender exercise is arranged.

## **6. Corporate Operations**

### **Corporate Affairs**

We continue to work on matters relating to ScotWind in line with the update provided to Board via email on 10 February 2023. Several MSP meetings have either been held recently or are scheduled to take place soon.

Following liaison with Scottish Government and advisors, in December we published two reports by external advisors relating to ScotWind options fees<sup>1</sup>.

The team are working with E&I colleagues to prepare for the announcement of successful INTOG applicants. This announcement may prompt comparisons with ScotWind.

### **Policy**

Applications to the Sustainable Communities Fund have now been assessed and the outcomes will be announced in March and a debrief will be scheduled in due course.

We are preparing responses to two significant Scottish Government consultations – the draft Energy Strategy and Just Transition Plan (ESJTP) and the first stage of the Highly Protected Marine Areas (HPMA) work. A key question in the Energy Strategy and Just Transition Plan (ESJTP) is in relation to the need for increased ambition in relation to offshore wind beyond the current ambition of 8-11GW by 2030. From our perspective, a commitment from Scottish Government to an increased ambition both in terms of capacity and the longer-term i.e. out to 2045 is important to ensure that industry and its supply chain have the conditions needed to unlock significant investment decisions and allow Scotland to realise the socio-economic benefits that offshore wind can bring.

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<sup>1</sup> <https://www.crownestatescotland.com/scotlands-property/offshore-wind/scotwind-leasing-round>

Relevant emergent policy is being mapped out to identify potential key changes and associated timescales. This will help inform workforce planning.

## **Partnerships**

### **Challenge Funds update**

- Boat Based Tourism Stage 2 (SOBC): in addition to £0.5m investment at Corpach Marina (which is nearing the stage of issuing payment), five SOBCs for investments totaling £3.7m are now progressing through Full Business Case development.
- Local Partnerships: five FBCs progressing for projects totaling £1.8m.
- Innovation with Natural Resources: Eight applications came in at stage 2. A recommendation to progress seven SOBCs at a total value of £2.07m is currently awaiting approval (pending budget confirmation from Scottish Government).

### **Other**

- Community Land Acquisition Accelerator: discussions between Scottish Land Commission (SLC) and Crown Estate Scotland are progressing. The Project Initiation Document has been agreed and a MOU will be signed in the coming weeks. It is anticipated that recruitment for a dedicated post, jointly funded by Crown Estate Scotland and SLC, will begin by the end of February. We have held a positive stakeholder meeting with Highlands and Islands Enterprise and South of Scotland Enterprise and are now working on key messages in advance of a formal launch.
- In November 2022 the decision was made not to progress with the investment at Hunterston at this time due to affordability and VfM. We continue to work with North Ayrshire Council to explore opportunities and have committed to extending the MOU between the two organisations.
- The Forth District Salmon Fishing Board local management pilot has received approval to extend for a further two years, up to the end of March 2025.
- Phase 2 of the Glenlivet Future Plan engagement programme will recommence shortly, with additional consideration to the interplay and synergies between the Cairngorms National Park Partnership Plan 2022-27 and the Glenlivet Future Plan. This activity will also draw from work in 2023-24 and 2024-25 to develop a better understanding of the long-term Total Cost of Management associated with Glenlivet. This has been delayed due to staffing issues but will be progressed as soon as the maternity cover for Regional Engagement Manager North East begins in post at the end of February.
- Orkney Islands Council (OIC) Pilot continues to progress. Since deciding to proceed into the operational phase in November 2022, we have been working with OIC to put the processes and procedures into place and working towards having the Pilot 'go live' on OIC's website.

## **7. Energy and Infrastructure**

- SOWEC remains a critical forum for delivery of offshore wind in Scotland and we continue to support SOWEC with PMO activity, workgroup support and financial commitment to the priorities identified in the roadmaps. The Strategic Investment Model (SIM), which is the primary output to date of the Collaborative Framework, is moving into delivery phase. We are on behalf of SOWEC tendering and appointing a SIM provider (consultant), with the contract novating to the new SIM legal vehicle after c. 6 months. The new SIM vehicle will be dedicated to the delivery of the SIM. Industry and Government have committed to this next phase with an overall budget of £400k.

- 19 INTOG applications were received<sup>2</sup>. These are now being assessed and we remain on course to announcing exclusivity offers by the end of April 2023.
- The team remains focused on progressing the opportunities for port investment at Scapa and Nigg. These projects were discussed at Investment Committee in November and February, and in December letters of support, signed by the Chair, were passed to OIC and Global Energy Group respectively.
- Moray West Offshore Wind project stepped into their Lease in January. The project is 882MW and is currently scheduled to be in full production by end of 2024. Construction contractors are mobilising and we expect work offshore to commence during Q1 2023.
- Seagreen (1.1GW) and Neart na Gaoithe (448MW) are both currently in the construction phase and making good progress – Seagreen has successfully deployed all jackets offshore and is targeting full operation into summertime. Neart na Gaoithe construction is now progressing after some delays offshore with both offshore substations currently in commissioning offshore and the Operations & Maintenance Base at Eyemouth officially opened by the Cabinet Secretary for Net Zero, Energy and Transport, Michael Matheson, at the end of January.
- An ITT was issued for professional support for the development of CCS leasing. No tenders were received, with one of the factors cited being continued uncertainty in the CCS market. The intention for the team still remains to develop a leasing opportunity for parties successful in the current NSTA (North Sea Transmission Authority) licensing round. Development of this process is continuing along with consideration of a more co-ordinated approach with stakeholders such as NSTA and The Crown Estate to future potential CCS licensing and leasing beyond that.
- Early stage engagement has commenced with Scottish Government and OIC regarding potential future Wave & Tidal leasing.
- We issued an ITT with the intent to appoint a suitably qualified consultancy to produce a report exploring different commercial models for the future development of strategic hydrogen infrastructure in and around Scottish waters.

## **8. Aquaculture**

The Scottish Government review of aquaculture regulation will concern itself solely with consenting for finfish farming – any consideration of shellfish and seaweed will be separate to this. The Consenting Task Group is now overseeing a review of specific development applications and the piloting of a revised process. An area of interest moving forward will be to what degree the review considers issues of wider regulation (such as compliance and enforcement) as well as simply the application process.

Our review of aquaculture lease terms is now completed, with all revised lease templates received and the standard terms and conditions registered at the Books of Council & Session as of 10 February. This is a significant milestone for the aquaculture team. Guidance documents have been completed and the revised website content along with the reviewed guidance is scheduled to be up and running by the end of w/c 20 February.

All bar one of our finfish tenants have signed up to the revised terms. There are still a number of shellfish tenants who have not signed up but most of the larger producers in Shetland have now done so. Importantly, not doing so does not alter their obligations for the revised rent structure so there is no financial implication.

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<sup>2</sup> <https://www.crownestatescotland.com/news/intog-offshore-wind-leasing-attracts-interest>

Following further correspondence from the Blue Marine Foundation, we met with their representatives for a second discussion on our role in finfish farming vis-à-vis the role of Marine Scotland, SEPA and local authorities.

## **9. Property**

### **Countryside Management**

Visitor infrastructure continues to be monitored and maintained. There have been successful tender programmes for new interpretation around the All Access Trail in Tomintoul and for phase one of a rolling programme to replace stiles on waymarked trails with pedestrian gates improving accessibility and safety. The Cairngorms National Park Volunteer Rangers have been engaged to carry out trail maintenance over three visits.

Biodiversity and engagement work continue with the same focus as the previous quarter with planning ongoing for Twinflower relocation, pollinator monitoring and peatland restoration. There is ongoing work with the local schools, Community Associations, Development Trust, and Dark Sky Group.

### **Coastal**

Discussions are ongoing with Bidwells to reach a negotiated agreement on the coastal contract. At Rhu Marina, the team is engaged in advanced discussions with the marina manager (Boatfolk) for a potential sale of the land and buildings at the site. One significant financial transaction to note is an agreement with the Defence Infrastructure Agency for the commercial use of jetties in Loch Ewe and Campbeltown. Another example of the support and benefit derived from our managing agents, which will result in a back rent payment of £481k (£311k due to Crown Estate Scotland, the remainder to The Crown Estate for the pre-2017 period).

### **Rural**

Following discussions with farm tenants in December and January, Strutt & Parker completed the preparation and issuing of 22 sales packs by the end of January 2023 in line with the Pilot Farm Sales project timeline. This was a significant milestone in the process supported by the Property and GIS teams. Tenants now have until 8 March to submit their Declaration of Intent Form to move forward to the next stage in the purchase process.

Disposals successfully completed include 7 The Square in Fochabers for £385k and land at Rosewell steading, both of which had been on the market for some time. The sale of 19-21 West High Street has been agreed with Portgordon Community Trust and is expected to complete in February. Safety works at Kingston, Fochabers, have entailed removing large quantity of buried metal, concrete & asbestos debris recently exposed by wave action. As erosion has now exposed sections involving our land assets, we are now working closely with Moray Council on this, including reviewing options for more robust fencing.

Our tenant Scotgold is increasing production at the Cononish gold mine and our first major quarterly royalty payment of £217k was raised in January 2023. They continue to raise further private funds and we are working closely with them on phased payment plans to facilitate their incremental development.

In wild salmon fishing our team has worked with Marine Scotland Fisheries on Crown Estate Scotland's commitments for the Scottish Government's recently published [Wild Salmon Strategy](#)

Implementation Plan. The asset team has also been working with the Partnerships team on the extension of the pilot project with the Forth District Salmon Fisheries Board.

### **Montrose ZeroFour**

The Montrose ZeroFour project has been progressed to end of RIBA Stage 2 and an end of stage report has been prepared to reflect this. In accordance with the requirements of Scottish Government a Gateway Review is scheduled to take place over the next month. This will consider the viability of the project including assessment of progress, risk, and alignment with organisational goals. This will inform decision-making on the way forward, including next steps for the project.

The CEO and ZeroFour Development Manager were given a tour of Inverness Campus in January – a similar sized enterprise hub, delivered as 110 acres of serviced plots – to share lessons learnt. The ZeroFour team continue to engage with stakeholders including BugLife and the local planning authority. The team is also undertaking to renew the Environmental Impact Assessment (EIA) before it expires.

### **Development Services Framework**

The Development Services Framework contract has been awarded to a consortium led by consultants Turner & Townsend. The consortium will provide consultancy services for major sales and purchases of property, land, and assets with a capital value **over** £350k, valuation, major planning consultancy work, project management services and management of specific capital work programmes **over** £150k. Onboarding has commenced, with staff working closely with the framework team to ensure that the management of the contract is established from the outset.

### **Mosstodloch Masterplan**

The second round of public and stakeholder engagement took place in early October 2022. A draft land-use masterplan was generated to reflect the preferred option as well as respond to the additional comments received by the community and stakeholders. The masterplan takes further cognisance of site opportunities and constraints in terms of flooding and drainage, access, green network and the sympathetic / logical location of land uses. The Masterplan is being prepared as supplementary planning guidance to the LDP to be adopted as a material consideration and gives development certainty for Crown Estate Scotland moving forward.

### **PMO Development**

The development of the PMO has primarily focussed on understanding existing governance arrangements for projects, including major investments<sup>3</sup> under the SPFM, and next steps for the development of project governance to integrate with corporate governance. A proposal for project governance that takes into account structure, assurance and people has been prepared for review with the Executive Team. The proposed governance structure forms the 'backbone' of the project management framework and will establish consistent project management controls, processes, tools, and reporting methods across the organisation.

### **Forestry**

In December 2022, a tree planting contract was awarded to Terras Forestry Ltd. Due to the mild winter weather, call in of trees has now started with 45,000 young conifers planted at Glenlivet Estate by the middle of February 2023. Weather permitting, ground preparation works are scheduled to start at Glenlivet Estate by the end of February 2023 with an estimated completion

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<sup>3</sup> SPFM classifies a major investment as any expenditure (inclusive of costs) with a Whole Life Cost > £5m

time of eight weeks. Timber harvesting to fell diseased larch and clear windblow has now been completed at Hillhead Plantation (Applegirth Estate) with an estimated volume of 950m<sup>3</sup>. Planning for the 2023/24 timber harvesting programme at Glenlivet Estate is now underway with the submission of a felling licence application for Inchnacape Wood.

## **10. Advance Notice**

As conveyed in previous reports Crown Estate Scotland's self-financing model is predicated on earning revenues and converting a portion of revenues earned into capital on an annual basis. This mechanism is enshrined in the Scottish Crown Estate Act 2019. As of March 2023, the current direction from Ministers, which allows for 9% of revenues earned to be converted to capital, expires thereby making it impossible for Crown Estate Scotland to deliver on the pipeline of c. £70m committed investment, placing all current and future investments in question. Conversations with Sponsor Branch regarding a revenue to capital settlement for financial year 23/24 and 24/25 have been ongoing since December 2023. At the time of writing this report no settlement has been reached. The ongoing uncertainty is now impacting the preparation of the 23/24 budget and business plan.

Scottish Government, under a Public Bodies Reform initiative, has initiated work to ensure public services remain sustainable and are best placed to deliver improved outcomes as part of a longer-term transformation programme. We fall within the scope of the reform programme. Formal returns were made in January to the Director General of Net-Zero confirming our support for the initiative, while at the same time explaining the unique circumstances surrounding both Crown Estate Scotland and the Scottish Crown Estate. Work is underway to ensure opportunities for efficiencies, such as sharing office space<sup>4</sup> and shared services, are advanced.

## **11. New Opportunities**

Conversations with the Scottish National Investment Bank (SNIB) have highlighted an interest in collaborating on research covering a range of areas including offshore, housing, natural capital and impact investing. Further meetings are scheduled.

Conversations with Scottish Futures Trust (SFT) have similarly highlighted an interest in collaborating with an emphasis on bringing forward good practice in the built environment in relation to decarbonisation and net-zero. Conversations are ongoing.

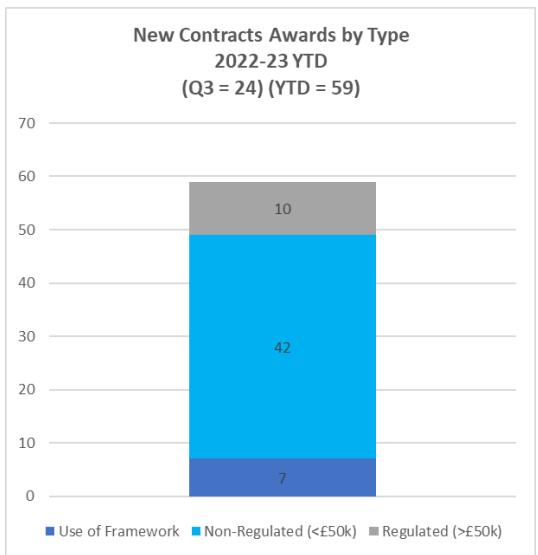
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<sup>4</sup> SLC and KLTR have expressed interest in utilising Crown Estate Scotland office space to improve public sector efficiencies.

# Board Dashboard - Q3 2022-23

## Procurement

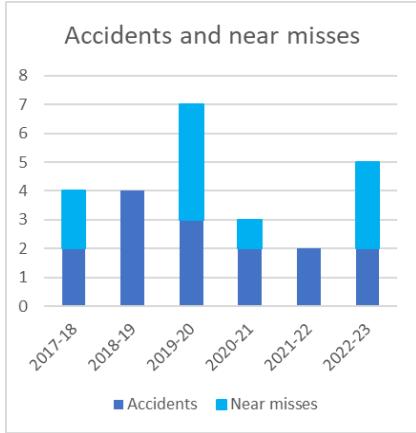
113 contracts LIVE on register, 34 are regulated



## Business Plan actions

2022-23 Business Plan (23 green, 11 amber, 3 red)			
No	Measure	Status	Notes
3	Completion of masterplan design, design code, revised EIA, detailed infrastructure design to enable works towards delivery of ZeroFour.	At Risk/Delayed	See CEO Report
14	Reviews completed and agreed changes implemented.	Target will not be met	Moorings review completed. Shetland marinas will extend into next financial year to give more time for collaboration with Shetland Islands Council to explore options for future management of community marinas.
16	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	99% of Cat A repair & improvements works completed on Glenlivet & Fochabers. Practical Completion Inspections completed in Q3. Applegirth & Whitehill Cat A completed. Some Cat B & C repair works packages have been tendered by Rural MA's and expected to commence in Q4 but majority will be implemented in 2023/24 financial year.
17	Overall approach reviewed; first phase of works complete.	Target will not be met	Rural MA's reviewing recommended works and tendering work on individual vacant properties.
18	Development Framework including action plan action completed and proposed new land allocations submitted to the Midlothian Local Development Plan (subject to local authority timescales).	At Risk/Delayed	Scheme of Local Development Plan indicates a delay.
19	Opportunities identified and progressed.	At Risk/Delayed	Memorandum of Understanding progressing with Midlothian
24	Innovation with Natural Resources Challenge Fund applications assessed according to published timeframes.	At Risk/Delayed	ET decision delayed due to matters relating to capital budget.
28	Opportunities identified and progressed.	At Risk/Delayed	Limited progress made due to work on farm sales pilot.
29	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.	At Risk/Delayed	Forth DSFB on track with successful completion of first annual review and case for extension submitted. OIC Pilot due to become fully operational Feb/ March 2023. No response from SIC or WIC.
31	Engagement work undertaken with a range of stakeholders (including tenants, other local residents, and young people) and draft plan developed.	At Risk/Delayed	Commissioning of Stage 2 contract delayed due to time take to complete Stage 1 and delays in recruiting maternity cover
33	Vision developed with input from stakeholders; draft publication prepared for launch.	At Risk/Delayed	Deferred until Q2/3 2023-24 due to delay of ministerial workshop; stakeholder desire to input, and discussions around capital.
35	Competency Framework developed in line with our People Strategy. 2022-23 actions in Strategic Workforce Plan delivered.	At Risk/Delayed	L&D Manager bring recruited. Development of a competency framework is a key deliverable of this role. Line Manager training delivered to 89% of all managers in Q1-Q3.
40	Renewed H&S Management Framework in place. All H&S policies updated.	At Risk/Delayed	EDP started work on new H&S Mgt Framework, but slow start.
42	Resolve title conflicts relating to CES managed foreshore. Complete registration of Whitehill Estate.	Target will not be met	Ongoing work on title conflicts, but other progress stalled due to lack of resource.

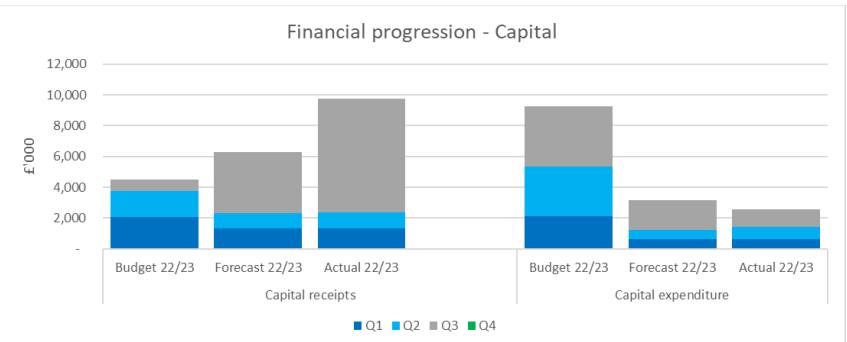
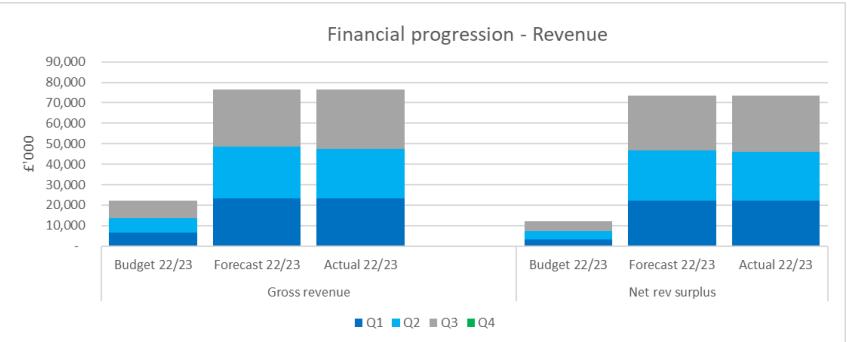
## H&S



## Media sentiment and digital users



## Finance

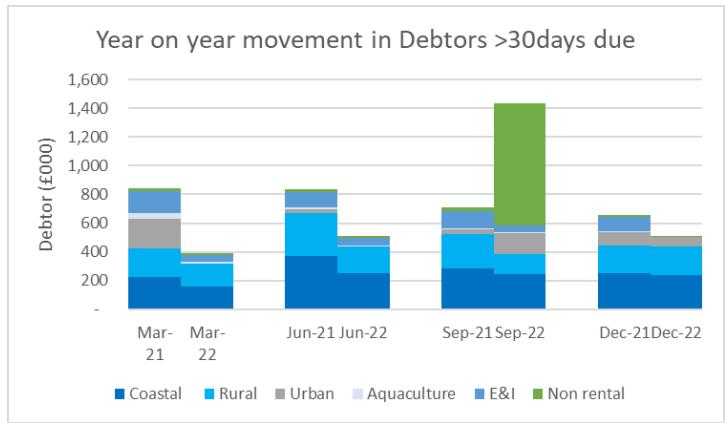


## Property

**Vacant, marketable properties:**  
Rural: 5; Urban: 0

**Key positive media story:**  
INTOG Bids

**Most negative media story:**  
PCS strikes



Digital users	Q1 2022	Q2 2022	Q3 2023
Twitter (impressions; +/- followers)	66k; +535	96k; +172	23k; -9
Website visitors	23,036	26,802	19,797
LinkedIn (impressions; +/-followers)	50k; +611	83k; +890	51k; +506

## FOIs

**Requests received:**  
Q3 13  
**Topics include:**

- Bakkafrost feedbage sinking
- CES not contesting land registration of titles

## KPIs

KPIs: 7 Green, 1 Amber, 1 Red	Q3 YTD	RAG Rating
Total Capital Committed (£)	£15.128m	Red
Place Based Capital Committed (£)	£10.403m	Red
Blue Economy Capital Committed (£)	£4.725m	Red

## Board Q3 2022-23 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 – these will be reviewed for appropriateness once the capital budget is agreed for 2023/24 and 2024/25**

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.

KPI	Definition	Corporate Plan 2023 target	Notes
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.

### **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>	1 March 2023
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	People Report
<b>Paper Number:</b>	BD(2023)34.5
<b>Annexes:</b>	<b>Annex A: 2021-23 People Strategy Action Plan Board Update</b> <b>Annex B: People MI</b>
<b>Recommendation:</b>	The Board is invited to note and provide comment on the report provided on People matters in Crown Estate Scotland.
<b>Presenter:</b>	Fiona Haywood
<b>Author:</b>	Fiona Haywood

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

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### 1. Purpose and context

This report contains updates which provide Board with insight into:

1. Implementation of our People Strategy- through the enclosed update to our People Strategy Action Plan
2. Staffing update
3. Learning and Development
4. Employee engagement and Trade Union
5. Equality, Diversity and Inclusion
6. Staff Survey Update
7. Employee statistics and trends – through the dashboard of metrics in Annex B and enclosed narrative.

### 2. Background

This report provides regular quarterly updated to Board on the areas listed in section 1.

### **3. People Strategy Action Plan**

Annex A provides an update to our People Strategy Action plan. This provides a brief update against each action and a RAG rating for all actions due in 2022/23, actions carried over from 2021/22 are included in the 2022/23 plan.

We are reviewing our People Strategy to continue to align this with our Corporate Plan to 2025. A draft is to be shared with Remuneration Committee for input into the strategic approach to Pay and Reward and will then be presented to Board.

### **4. Staffing Update**

Our prior Workforce Plan has now been fully implemented. There has been a high level of recruitment to support resignations, maternity and adoption leave within the business.

Posts currently under recruitment include:

- Learning and Development Manager
- Asset Manager x2
- Regional Engagement Manager (Maternity cover FTC)
- GIS Technical Manager
- Governance Assistant
- Built Development Manager (Maternity cover FTC)

We have been experiencing difficulty recruiting to some roles directly in the current market. This has led to delays in appointments and additional costs in recruitment. In some instances we have engaged agencies to work with us on reaching a broader range of candidates.

Future reporting against the Strategic Workforce Plan (2023-2026) will be provided to Board following agreement of the resourcing recommendations outlined in paper BD(2023)34.4

We have had no new starters since the last Board update in January. Our new recruitment system is now live and all new roles are recruited through this.

### **5. Learning and Development**

We have continued to build on our Learning and Development (L&D) offering to staff. L&D and Development has been outlined as a key focus for staff engagement and development in 2022/23 in recognition of strong feedback from staff in the 2022 staff survey and prior staff surveys. Our strategic approach to L&D will be incorporated into our revised People Strategy 2023-25.

We are recruiting to a L&D Manager role in the People Team which will support delivery of the outstanding actions in the People Strategy Action Plan and Risks outlined in section 11.

We continue to focus on our line manager capability as a priority for L&D activity. 89% of managers completed our two-day management development programme.

## 6. Employee Engagement and Trade Union

Regular engagement continues to take place with our recognised Trade Union PCS. Monthly HR and PCS meetings cover a range of topics which include updating PCS on People developments within the organisation and facilitating PCS input into policy and process reviews in line with our collective bargaining agreement.

On 1 February a total of 14 (19%) employees took part in strike action, this did not lead to the closure of any offices or impact the delivery of support to tenants in our Estates teams.

We are aware that PCS have indicated that additional strike action will take place on 15 March 2023. We have not yet received formal notification that we will be included in this action however this is only required 2 weeks before the strike date. More prolonged strike action has not yet been confirmed.

Scottish Government are in discussion with PCS in relation to the two devolved aspects of the dispute (pay and job security). I am supporting discussions with Scottish Government on these matters along with representatives from other affected organisations.

Work to constitute a new senior managers group is nearing completion. ToRs have been drafted and consulted upon, and a chair and vice chair will be appointed on 28 March. This new arrangement will bolster internal governance, improve vertical and lateral communication and counteract some of the challenges associated with hybrid working.

### 6.1 Pay Negotiations

Our 2022/23 Pay Offer was implemented in December for all employees.

Scottish Government Pay Policy has not yet been published for 2023/24 and is expected in early March. We have also not received a pay claim from PCS on behalf of employees for the coming year.

A draft Pay and Reward policy has received comments from Executive Team and is being shared with Remuneration Committee for input prior to the next Committee meeting in March. This policy is aligned to our refreshed People Strategy 2023-25 and is intended to guide our approach to pay negotiations. It sets out our key principles which will inform our recommendations for pay and reward to Remuneration Committee.

The total rewards benchmarking exercise has been completed. Again, this will be shared with the Executive Team and Remuneration Committee in the coming weeks. Collectively, these activities will in the longer-term support us in taking a more strategic approach to resource planning.

## 7. Equality, Diversity, and Inclusion

Implementation of our [EDI plan](#) is progressing with the exception of the following action:

- Finalising our community engagement approach (13).

Annex B provides details of the D&I data which has been captured to date on staff and can be used to inform our approach to People-related activity.

We have also included reporting on our Gender Pay gap in Annex B. This shows our current Median pay gap as well as our gap in 2022 and the most recently published statistics for pay gap across Scotland and UK as comparators.

Our gender pay gap is currently 19.05% (which is above these comparators). The data presented also shows the spread of staff across pay quartiles and illustrates that we have under-representation of female staff in our upper quartile of pay (upper Grade F and above), and that 72% of staff in our lower quartile of pay are female.

Improving gender balance in our upper pay quartile is therefore one of the most impactful ways for us to address our Gender Pay gap. Actions to improve this will be a key focus for 2023 onwards.

We also recognise that our focus as an employer on Equal Pay must become broader than Gender. Our People Strategy 2023-25 will support our focus on improving data collection so we can report on other pay gaps such as disability and race. This will allow us to have a data-led approach to tackling challenges in this area.

Current declaration rates in relation to additional protected characteristics are too low to support accurate reporting. We have seen a 5% improvement in declaration rates since last Board reporting and will continue to prioritise this.

## **8. Staff Survey**

We have re-procured our staff survey provider for the next 3 years and will develop the staff survey for use across the business in the coming months.

We will now also be carrying out pulse surveys on a quarterly basis throughout the year. These are anticipated to focus on specific themes/ priorities identified in the annual survey and support us to evaluate the impact of our Staff Survey Action Plan.

The survey outcomes for the annual survey will be shared with Board in the May People Board report.

## **9. Employee Statistics and Trends**

Annex B provides the People MI reported to Board. We are undertaking a review of People Board reporting and propose that this will be available in June. We have removed the reporting on future FTE pending the conclusion of the discussions on workforce planning.

Turnover has increased to 16% at last reporting. Where turnover is noted as 'other' in Annex A this includes leavers such as end of fixed term contracts, retirement and dismissals.

Total FTE has increased since last reporting due to filling vacant posts, and a number of fixed term appointments to cover maternity and adoption leave in the business.

D&I data is presented showing the demographic of our staff by protected characteristics. Succession planning will form a key focus of 2023/24.

Workplace absence figures have been updated with 2022/23 YTD figures, we have aggregated absence into mental and physical health to ensure anonymity. We have also provided comparators to previous year's absence levels. The increase in absence due to physical reasons is primarily due to long term absence. We work with our Occupational Health provider to manage both long term absence and in-work health issues.

Top 3 reasons for absence in 2022/23 are:

- Injury/ Fracture (non work related)
- Cardiovascular symptoms
- Suspected/Actual Covid-19

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

Our People Strategy is currently under review to ensure it remains aligned to our Corporate and Business Plans as well as our EDI Plan.

## **11. Risk Analysis**

Our corporate risk register cites an action related to competencies under risk number 2 and an action related to staff development policies under risk number 5. These risks will be mitigated by the recruitment of a L&D Manager in the People team to progress work in this area. This recruitment is progressing.

## **12. Financial Implications**

Costs for training are incorporated into annual planning in the People Team budget for L&D activity across the organisation. Costs for activity in 2023/24 form part of the budget planning process and have been included in the budget submission (paper BD(2023)34.7)

We anticipate that costs related to L&D activity will increase in the next 3 years in line with the commitments made under our current and future People Strategies, this has been incorporated into the 2023-26 budget planning process.

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

As our workforce, remit, and impact grow, we want to continue to invest in our People processes, systems and core provision for staff. We want to be known as a great employer and ensure all staff are adequately supported to operate to the right standards. The 2021-23 People Strategy Action Plan has provided a baseline from which our 2023-25 People Strategy will build.

## Annex A 2021-23 People Strategy Action Plan Board Update

Rating Index	
No marking	On Target
Green	Delivered
Orange	Not on target but plan in place to deliver
Red	At risk of not being delivered and not on target (mitigations provided in comments)

2022/23 Actions					
Theme and Fair Work principle	Priority	What	When	RAG	August Board update
 SECURITY		Develop pay strategy	Jan 2022		Action delayed and carried over from 2021/22.  Pay benchmarking complete and the results of this will be presented to Remuneration committee along with our refreshed People Strategy (which includes our strategic approach to Pay and Reward) in March 2023.
 OPPORTUNITY	Developing a consistent approach to celebrating and recognising success.	Develop and agree policy with staff input	March 2022		Our Pay and Reward policy has been drafted and will be submitted to Remuneration Committee for review in March 2023.
 EFFECTIVE	Develop competency framework including understanding in full the technical competencies we require and the need	Framework drafted and finalised, including input from staff. The framework will include <ul style="list-style-type: none"> <li>• Technical competencies</li> </ul>	Late 2022		Business-wide training has been delivered with an initial focus on building stronger teams and line manager competencies. Utilising LinkedIn learning, in-house HR and external training providers.

	<p>for upskilling or training.</p> <p>Setting the required standard expected of line managers.</p>	<p>covering core requirement plus role-specific and permit to work</p> <ul style="list-style-type: none"> <li>• People management</li> <li>• Behavioural competencies</li> </ul> <p>Establish training priorities based on skills audit of functions (or roles)</p>			<p>Development of this overall framework has been delayed due to capacity in People team, a new role is being recruited to deliver this priority.</p>
	<p>Developing an approach to learning &amp; development and career progression appropriate to a small organisation</p>	<p>Review L&amp;D policy to reflect new competency framework and move to online / digital Identify training that will be delivered in-house and by external providers, then tender for providers as required (consider introduction of a training agreement to ensure return on our investment).</p>	<p>August</p>		<p>Delayed due to capacity in People team, new post will support delivery of this.</p>
	<p>HR Systems</p>	<p>System implemented</p> <p>new payroll managed service goes live</p>	<p>Late 2023</p> <p>Late 2023</p>		<p>The project to implement our new payroll system has been halted as our HR system provider was unable to provide us with the support provided to deliver a fully integrated HR system. We are extending our current system to give us sufficient time to obtain feedback from other bodies and procure an appropriate system. This project has been run separately to the implementation of our new recruitment system.</p>

		New recruitment system goes live	Autumn 2022		Our new recruitment system was launched in November 2022 and is available for use. The People team delivered training to all staff in CES on this system and the updated Recruitment policy in November 2022.
	Systems and HR efficiency	Embed and develop HR systems to build capacity and efficiency	Ongoing		As per above update.
	Flexible & Remote Working	Update policy for remote working and agree with ET any changes to how flexible working requests are assessed	June		We have developed Hybrid Working guidance which supports employees to work flexibly in line with business requirements. We have also updated our Flexible Working policy in line with best practice and to ensure we are compliant with the requirements for a Fair Work employer.
	Flexi time	Review trial of flexi time scheme six months post return to 'normal' office working (as agreed with TU's).	Autumn 2022		Flexi Time scheme retained and guidance reviewed with ET. This is with PCS prior to sign off.
	Strengthening our relationship with PCS by establishing an updated partnership agreement and supporting local resolution where possible.	Monthly HR/TU updates with maintained action tracker.	Monthly		Ongoing, meetings taking place with National TU rep in absence of CES TU representative. Action tracker maintained and used.
		Update partnership agreement to fully reflect of the spirit and intent of the agreement.	Q3		Partnership agreement is with PCS for input and feedback
		CEO/TU meetings to look at future business and provide opportunity for Q&A. Note of meeting and action tracker to be produced.	Six-monthly		Six Monthly meetings have taken place between CEO, HR and TU.

	Management information	Deliver reporting Exec Team, Board and other areas in line with agreed requirements.	Ongoing		Ongoing reporting delivered, review of MI following Board feedback.  Review underway my People team of reporting across the business, for completion in March 2023.
	Embedding decisions from the 2020 workforce planning exercise	Deliver recruitment activity against the SWP.  Ensure roles are made available for internal progression where appropriate  Ensure new starts' induction signed off in three weeks  Annual check-in with Directors to ensure SWP still reflects direction of travel (incorporate discussion around key or critical roles, knowledge transfer, succession planning etc).	Ongoing  Ongoing  Ongoing  Nov 2022		Delivered to date, ongoing action  Delivered to date, ongoing action. Internal module of our new recruitment system procured to support this.  Ongoing  Delivered in 2021/22, annual process to be repeated November 2022.
	Ensuring a high level of visibility and compliance in relation to health & safety.	Monthly reporting to ET on annual and new starts training via iHasco	Ongoing		Monthly reporting in place, ongoing.  EDP Health and Safety Environment Consultants have been appointed as our new H&S safety advisers for the next 3 years. EDP brings with them a wealth of experience in the industry and a much bigger consultancy giving CES enhanced resilience. EDP

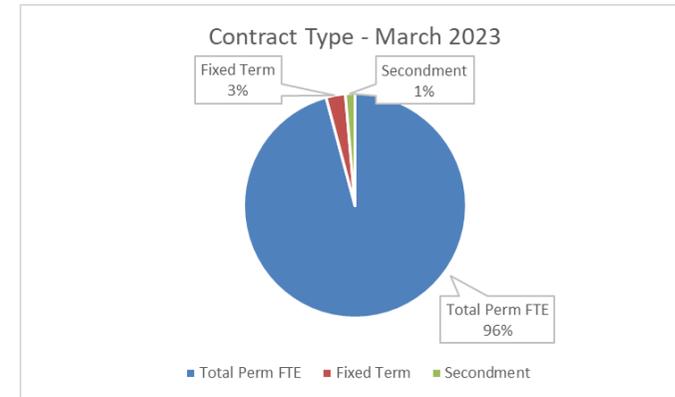
					<p>is now going through a transition period taking over from Greens of Haddington Ltd. Part of their transition tasks include key site visits, meeting staff and Greens, and subsequently a 'lunch &amp; learn' presentation to all colleagues.</p> <p>Emergency First Aid at work course for all office based staff took place for all staff with 30 delegates. Full First Aid training for will be delivered in October to a selection of staff.</p> <p>Wider reporting on Health and Safety activity is reported to Audit and Risk Committee.</p>
 <p>RESPECT</p>	<p>Ongoing training for all staff on bullying &amp; harassment, equality and diversity and performance management</p>	<p>Annual sessions:</p> <ul style="list-style-type: none"> <li>• E&amp;D (iHasco)</li> <li>• Performance management (in-house)</li> </ul>			<p>Carried over from 2021/22</p> <p>In place, ongoing training provided and additional content highlighted through LinkedIn Learning where appropriate.</p>
		<p>Anti-bullying (external provider)</p>			<p>We are exploring options to deliver further sessions on preventing Bullying and Harassment/ building Psychological safety and advocacy in Q3/Q4 to support actions identified in the staff survey</p>
 <p>OPPORTUNITY</p>	<p>Developing and delivering a wellbeing programme</p>	<p>Ongoing development and implementation of the wellbeing matters programme</p>	<p>June</p>		<p>On plan</p>
		<p>Evaluation through annual staff survey</p>	<p>February</p>		

 <p>RESPECT</p>	<p>Employee engagement</p>	<p>Annual staff survey complete  Results shared with staff and Board  Follow up actions agreed</p>	<p>February    April</p>		<p>Staff survey completed, results communicated to and discussed with staff, feedback to staff throughout the year on follow-up actions.</p>
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**Annex B  
People MI**

	2020-21	Turnover	2021-22	Turnover	2022/23	
					YTD	Turnover
Resignations	4	7.41%	3	4.62%	5	7.30%
Other	6	11.11%	6	9.23%	6	8.76%
<b>Total Leavers</b>	<b>10</b>	<b>18.52%</b>	<b>9</b>	<b>13.85%</b>	<b>11</b>	<b>16.06%</b>

Current Headcount (March 2023)	73
Current FTE	71.46
FTE including current vacancies	76.46



**Total Employees** 73  
**Total Responses** 38  
**Percent Declared** 52%

Gender	
Female	55%
Male	42%
Prefer not to say	3%

Orientation	
Gay or Lesbian	3%
Heterosexual or Straight	92%
Prefer not to say	5%

Ethnicity	
White - Scottish	63%
White - English	16%
White - Irish	5%
White - Other European	5%
Mixed or multiple ethnic group	3%
African, African Scottish, African British	3%
White - Welsh	3%
Other	3%

Religion	
Atheism/No religion	42%
Christianity	18%
Church of England	3%
Church of Scotland	5%
Islam	3%
Protestant	3%
Spiritualist	3%
Other	5%
Prefer not to say	18%

Caring Responsibilities	
Yes	29%
No	68%

Age	
16-25	4%
26-35	18%
36-45	38%
46-55	30%
56-65	10%

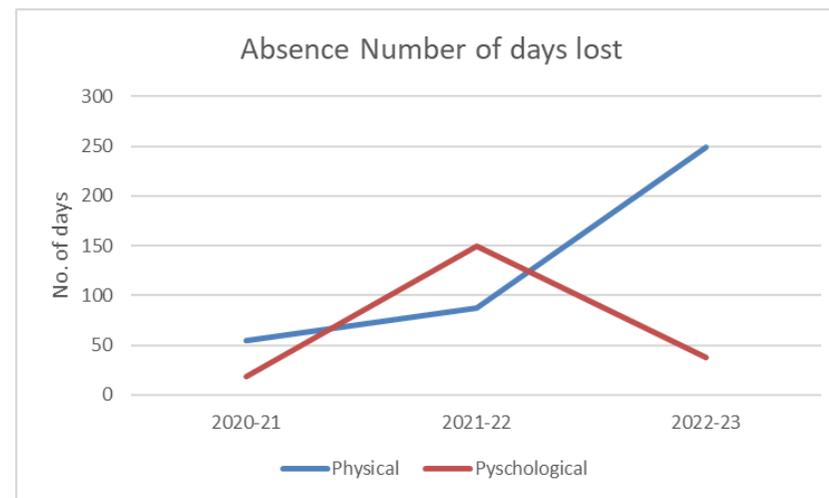
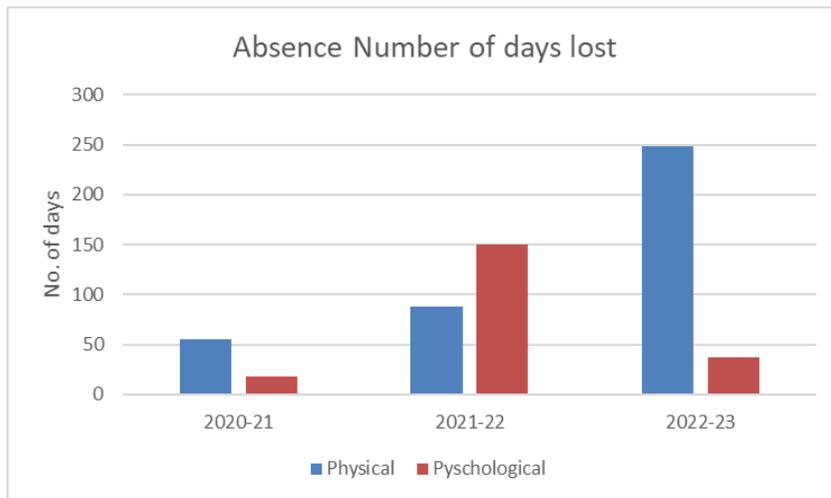
Consider yourself to have disability	
Yes	5%
No	95%

Consider yourself to be neurodiverse	
Yes	11%
No	68%
Prefer not to say	11%

Dependants	
Yes	55%
No	42%
Prefer not to say	3%

## Sickness Absence Reporting

Absence Number of days lost			
	2020-21	2021-22	2022-23
Physical	55	87.5	249
Psychological	18	150	37.5



## Gender Pay Gap Reporting

Median Pay Gap	Feb-22	Feb-23
Crown Estate Scotland	20.46%	19.05%
Scottish Average *	12.20%	
UK Average *	15.50%	

\* 2022 figures presented in most recent <sup>1</sup>Fair Work Action Plan update

Staffing Breakdown February 2023 (headcount)		
Pay Quartile	Number of staff	% Staff by gender
Lower Female	13	72.2%
Lower Male	5	27.8%
Lower Middle Female	13	72.2%
Lower Middle Male	5	27.8%
Upper Middle Female	8	44.4%
Upper Middle Male	10	55.6%
Upper Pay Female	7	36.8%
Upper Pay Male	12	63.2%

Note: These figures have been calculated in line with the gov.uk <sup>2</sup>guidance on gender pay gap reporting.

<sup>1</sup> <https://www.gov.scot/publications/fair-work-action-plan-becoming-leading-fair-work-nation-2025/pages/2/>

<sup>2</sup> <https://www.gov.uk/guidance/making-your-gender-pay-gap-calculations>

## Board Paper

<b>Date of Meeting:</b>	1 March 2023
<b>Classification:</b>	Unrestricted
<b>Subject:</b>	Board Committee Membership
<b>Paper Number:</b>	BD(2023)34.8
<b>Annexes:</b>	n/a
<b>Recommendation:</b>	The Board is invited to (a) note that the Chair has reviewed Board Committee membership and (b) approve the appointment of Ann Allen to the Audit & Risk Committee with effect from 1 April 2023.
<b>Presenter:</b>	Amanda Bryan
<b>Author:</b>	Helen Howden

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to generate lasting value for Scotland**

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### 1. Purpose and context

This paper seeks Board approval of changes to the membership of the Audit & Risk Committee.

### 2. Board Committee Membership

As indicated during the Board's meeting on 30 November 2022, I have undertaken a review of membership of the Board's Committees. This followed a discussion with Ann Allen who will end her sabbatical and return to the Board on 1 April 2023.

I have concluded that it would be appropriate to leave the membership of the Investment Committee as it currently is (Euan McVicar (Chair), Michael Foxley, Liz Leonard, and Ailsa Raeburn). The Committee is working on a thorough review of its remit and of the reporting it receives from the business and continuity of membership will aid the conclusion of this work.

Ann Allen has indicated that she is willing to join the Audit & Risk Committee on her return from sabbatical. This will permit Michael Foxley to step down from that Committee and I am grateful to him for joined to ensure that the business of the Committee could continue to be undertaken.

### 3. Audit & Risk Committee Membership.

The Board is invited to approve the appointment of Ann Allen to the Audit & Risk Committee with effect from 1 April 2023.