

Agenda
Twelfth Meeting
Crown Estate Scotland (Interim Management) Board
26 February 2019
12.30pm – 3.00pm

- 1. Standing Items**
 - 1.1 Welcome and Apologies *Hugh Raven, Lynne Higgins*
 - 1.2 Declarations of Interest
- 2. Strategy and Planning**

**	2.1 Terrestrial Renewables	BD(2019)12.1
**	2.2 Skills and Capacity Review	BD(2019)12.2
**	2.3 Future Workplace Requirements	BD(2019)12.3
- 3. Business Management**

**	3.1 MeyGen Investment	BD(2019)12.4
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- 4. Any Other Business**
- 5. Dates of Next Meetings**

26/27 March 2019 (Fort William)
28/29 May 2019 (Edinburgh)
23/24 July 2019 (Orkney)
25/26 September 2019 (Fochabers)
26 November 2019 (Edinburgh)

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

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

+ This item is for noting

Minutes for	Twelfth Board Meeting	BD(2019)12
Meeting date	26 February 2019	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Minutes for the meeting of the Board of Crown Estate Scotland (Interim Management) held at Edinburgh on Tuesday, 26 February 2019 at 12.30pm		

Present:

Amanda Bryan	Chair
Dr Michael Foxley	by videoconference
Andrew MacDonald	
Robert Mackenzie	
Richard Morris	
Alister Steele MBE	

In attendance:

Esther Black	Head of Corporate Operations (from Minute item 2.1)
Lynne Higgins	Head of Finance & Commercial
Colin Palmer	Head of Marine
Andrew Wells	Head of Property
Helen Howden	Governance Manager (minutes)

By invitation:

Sian Wilson	Senior Development Manager (for Minute item 2.1)
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1. Standing Items

1.1 Welcome and Apologies

Apologies had been received in advance of the meeting from Mr Raven and Mr Hodge. It was noted that Ms Higgins would only be present for the first item of business. To allow Ms Higgins to participate in the discussion on Minute item 3.1, that item would be taken at the start of the meeting.

1.2 Declarations of Interest

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

2. Business Management

2.1 MeyGen Investment (paper BD(2019)12.4)

CLOSED BUSINESS – COMMERCIALY CONFIDENTIAL

Noted that:

- (a) an investment of £9.8m had been made in Phase 1a of the MeyGen tidal energy array by The Crown Estate in 2016. The investment return was intended to be collected by way of enhanced rental payments. The array had entered operation on 1 April 2018 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED].

- (b) MeyGen are continuing to develop the project and moving forward with Phase 1b (Project Stroma). [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

- (c) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

- (d) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

Agreed that:

- (a) the Board were in agreement that Crown Estate Scotland should not stand in the way of the future development of the project, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED].

Action: CP (12/1)

The Head of Finance & Commercial and the Senior Development Manager were thanked for their contributions and they left the meeting.

Secretary's Note: [REDACTED]
[REDACTED]
[REDACTED].

3. Strategy and Planning

3.1 Terrestrial Renewables (paper BD(2019)12.1)

Noted that:

- (a) Community Wind Power were working on a proposal for an 80-turbine wind farm adjacent to the Applegirth Estate. As there was scope for siting 8 turbines on the Applegirth Estate, The Crown Estate had granted permission for site investigations to be undertaken.
- (b) the land involved on the Estate covers two farming tenancies and both tenants are supportive of the scheme. Board approval was being requested as although this project is in line with the current strategic objectives, Crown Estate Scotland does not have a specific policy for terrestrial wind development, although this should be rectified in the Rural Strategy in development.
- (c) the sponsor team had been made aware of the project and positive comments had been made in response to the proposal.

Agreed that:

- (a) the Board were supportive of the project subject to a review of the amount secured by the decommissioning bond, which was thought to be insufficient.

Action: AW (12/2)

3.2 Skills and Capacity Review (paper BD(2019)12.2)

Noted that:

- (a) a review would allow the organisation to assess what skills and capacities it currently has and what will be required as the organisation moves forward, including assessing the balance of in-house and out-sourced resource.
- (b) the Executive Team has undertaken some initial work on roles and skills and identified the main areas for review and some immediate additional posts which were required. In addition to the work already undertaken, it was proposed that there be two further elements of the review. The second element would be an internal analysis, potentially facilitated by the current HR agency, to develop competency frameworks for distinct staff groups and the third would be an analysis and review of the use of external service providers. The third element, which was the biggest part of the review, would be undertaken by an external consultant. The Board would be requested to identify one of their number to provide specific oversight of this element.
- (c) the first element of the review would involve recruiting some additional posts although these would be fully funded. Some of the proposed roles were already within the 2019/20 budget (as approved by Board on 27 November 2018) and some were contingent on the outcome of the discussions with the sponsor team on retaining more of the revenue surplus. Some posts would support business growth whilst others were required to build resilience and to boost staff retention.

Agreed that:

- (a) the Board were supportive of general outline of the review, noting that further information about the second and third elements would be provided before being progressed.

Action: SH (12/3)

- (b) the Board requested that a paper be brought to the May Board meeting which would consider the financial implications of the Skills and Capacity review, Future Workplace requirements and the Pay and Reward work as all of these are likely to result in an increased cost base.

Action: SH (12/4)

3.3 Future Workplace Requirements (paper BD(2019)12.3)

Noted that:

- (a) this paper built on that which had previously been circulated to the Board by email and which incorporated the feedback members had given. Given the evolving roles and the key drivers for the organisation, the recommendation from the Executive Team was that a hub and satellite approach should be adopted.
- (b) co-location with another public body might provide synergies but that shouldn't necessarily be the main driver in identifying the location of the hub, which was likely to be in Edinburgh. Exploring the potential of using the office networks of other bodies for the satellite location was to be commended.

Agreed that:

- (a) the Board were supportive of the recommended approach and the proposed next steps as set out in the paper. As the approach developed, financial information should be included along with information on whether the use of part of the George Street property by the organisation was viable.

Action: SH (12/5)

4. Any Other Business

4.1 Board Recruitment

Noted that:

- (a) following a recruitment process, interviews for two additional Board members had taken place and the interview panel (comprising the Chair, Mr Mallon of the Crown Estate Scotland Strategy Unit and Mr Palmer of Marine Scotland) had identified two people to be recommended for appointment. It was understood that the Cabinet Secretary would be asked to consider the appointments in mid-March and if she accepted the

recommendations the new Board members would be appointed with effect from 1 May 2019.

- (b) the Scottish Government were encouraging organisations to offer opportunities to gain board experience by allowing suitable individuals to 'shadow' board members and attend meetings. The Chair was pursuing this with the Head of Corporate Operations.

5. Dates of Next meetings

26/27 March 2019
28/29 May 2019
23/24 July 2019
25/26 September 2019
26 November 2019

Amanda Bryan
Chair, Crown Estate Scotland (Interim Management)

Date

Board	Twelfth Board Meeting	BD(2019)12
Meeting date	26 February 2019	
Paper title	Terrestrial Renewables: Wind turbine proposals at Applegirth BD(2019)12.1	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Andrew Wells	
Authors	Fiona Simpson/Andy Riley/Andrew Wells	
Annexes	Annex A: Plan	
Recommendation	The Board is invited to approve the proposal to enter into an agreement with Community Wind Power on the terms outlined in this paper for 8 turbines on land at Applegirth Estate as part of a wider scheme.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. Crown Estate Scotland has been approached by Community Wind Power (CWP) <http://www.communitywindpower.co.uk/> regarding a wind farm proposal in Dumfries and Galloway adjacent to the Applegirth Estate. This proposal has been under discussion for some time with adjacent landowners but CWP are keen to extend the site onto land at Applegirth Estate involving a small number of additional turbines.
2. This is an 80-turbine scheme proposal which mostly involves non-Scottish Crown land. However, CWP have mapped out potential for 8 turbines (5 to 7 MW) to be located within Applegirth. The Crown Estate granted permission for site investigations when the project was in its infancy.
3. The overall area and site has preferred status for a large wind farm in planning terms and the developers consider that the planning process should be relatively straightforward. The generated electricity will feed into the national grid at the nearby major transformer substation site on Crown Estate Scotland managed land at Bearholm.
4. The developers have a strong and proven track record with their existing 7 operational wind farms in Scotland, have finance secured and strong community benefit credentials.
5. The land involved is split across two farming tenancies with tenants with whom Crown Estate Scotland has a good partnering relationship. The tenants are supportive of the scheme.

6. The scoping report for the project has been produced by CWP and is due for publication in February 2019. The project is not reliant on Crown Estate Scotland and will be viable without the extra 8 turbines on the Scottish Crown Estate. It can therefore proceed without Crown Estate Scotland involvement either in grid connection, access or any other respect.
7. This project is in-line with Crown Estate Scotland's current Corporate Plan strategic objectives to contribute to Scotland's economic, social and environmental well-being and to grow revenue and capital value of the estate (strategic objectives 1 and 2).
8. The current (internal) interim policy regarding renewable developments on the Rural estate is to support viable renewable opportunities including wind, solar, hydro and biomass of an appropriate scale working in collaboration/partnership with tenants and local communities as required. This is subject to further consultation as part of the recently launched Rural consultation and a specific question has been included in the consultation document seeking feedback on this subject.
9. Scottish Government colleagues have been informed of this potential project and have commented positively on the potential for community benefit to be built into the proposals including the funding for environmental and eco-friendly community projects to enhance the local area.

Discussion

10. Crown Estate Scotland currently has no specific strategic policy for terrestrial wind developments. Opportunities for large scale (5 MW +) terrestrial wind development are very limited across the four rural estates and are restricted to small areas of the Applegirth Estate (including the area proposed in this scheme) and areas close to Auchindoun on the Glenlivet Estate, (outside the Cairngorms National Park which has a planning policy against large scale wind development).
11. The approach adopted since the establishment of Crown Estate Scotland has been to consider potential renewable energy development schemes on a case-by-case basis within a broad policy of encouraging development of appropriate scale schemes, either tenant, community or developer-led which are likely to be supported in planning terms and by community and other stakeholders.
12. A potential solar energy scheme has been under consideration for some time at the Fochabers estate, but up until now there have been no proposed terrestrial wind energy schemes under consideration since the establishment of Crown Estate Scotland.
13. Prior to devolution of the management of the Scottish Crown Estate, The Crown Estate undertook a detailed feasibility study to explore the opportunity for renewable energy developments across the four Scottish rural estates. The outcome of this study identified only limited potential for wind but did highlight the area that is the subject of this scheme as being suitable for this type of development. This proposal was therefore supported in its infancy with agreement having been given for initial site investigations.

14. The project has since been developed, mostly involving other landowners to the point where the developer is now ready to submit a full scoping report for planning and community consideration.
15. While agreement has been reached with several other landowners regarding the majority of the area and proposed turbines involved, Crown Estate Scotland was contacted in November 2018 with a proposal to include 5-8 turbines as part of an 80-turbine scheme.
16. Given the timescales involved, this has been an accelerated set of discussions as Heads of Terms had already been discussed between Savills and the developers before they reached Crown Estate Scotland in early January 2019. There are several other landowners involved in the wider wind farm proposal who have already been in separate discussions on similar HoTs.
17. CWP have mentioned a history of delivering on projects with the community for example on their wind farm in East Lothian (Aikengall). We have discussed this with them.
18. The element of the proposed turbine placement and construction on Scottish Crown Estate land will be relatively insignificant in scale in relation to the whole development. With Crown Estate Scotland permission discussions have been held with the farm tenants both by Crown Estate Scotland via Savills and then by CWP in December 2018.
19. They are both long-standing tenant families with well-established businesses and are in favour of the proposal. Once the construction phase is over interference with their activities will be minimal and they will have the benefit of any tracks and other infrastructure in place.
20. CWP have made clear that they could go ahead with the scheme on land adjacent to Applegirth without these 8 turbines. This is considered a good opportunity for Crown Estate Scotland to take advantage of the benefits for both our tenants and the local community.
21. CWP have a buying Scottish procurement policy. They have detail in their scoping report on added value benefits such as demonstrated average local spend of £7500 per MW during the construction phase. The project is not receiving any government subsidy.
22. Once the Scoping report is submitted this will be a public document and it will be evident that land which forms part of the Scottish Crown Estate is included within the proposed scheme. For this reason, Crown Estate Scotland has been keen to agree general terms prior to submission in order to ensure there is clarity and transparency regarding Crown Estate Scotland involvement and that of our tenants.
23. However, as Crown Estate Scotland does not currently have a public strategic position regarding terrestrial wind developments or other renewable schemes, there is a need to establish a position with the Board prior to making any commitments regarding this or other individual schemes.
24. The timetable for submission of the Scoping report does not allow for any significant delay in Crown Estate Scotland approval for this project. The developers have been made aware that

Crown Estate Scotland is unable to offer any commitment without this first being subject to Crown Estate Scotland governance procedures and may proceed with submission of the report while the Crown Estate Scotland position is established.

Financial

25. The deal involves several elements which have been challenged and reviewed and amended to reach a set of terms that are felt to be acceptable and represent best value. The draft terms are summarised in Table 1 below.
26. The heads of terms have been discussed between Savills renewables specialist and the internal Crown Estate Scotland team and CWP resulting in several beneficial changes to protect Crown Estate Scotland's interest as well as payment uplifts.
27. The key elements involve:
 - A four-year option with a single option payment of [REDACTED] + VAT, an extension of the option period possible if planning application has been submitted for a payment of [REDACTED] pa.
 - A lease duration of 35 years, this is the length of time which will be included in the planning application for the wind farm. This period includes construction and decommissioning. There will be an ability to request permission to extend the lease for up to a further term of 35 years, subject to commercial terms being agreed.
 - A base rent of £[REDACTED] pa for years 1-15(£[REDACTED] pa Year 16 onwards) multiplied by the installed capacity, a minimum of 6 turbines guaranteed. This will be payable on earlier of first export of electricity or 24 months from date of entry. These rental figures will be increased annually based on Consumer Price Index movements.
 - Additionally, there will be a variable rent of 4.5% of gross revenue (increasing to 5.5% from year 16) from the wind turbines, based on audited statements.
 - A minimum rent will apply of £[REDACTED] per annum for years 1 to 15 and £[REDACTED] from year 16 onwards. This was negotiated up from £[REDACTED] and [REDACTED] respectively initially.
 - On exercising the Lease and at the date of entry a further one -off payment of £[REDACTED] per MW of proposed installed capacity will be due. A separate payment of £[REDACTED]/MW will be paid to the agricultural tenants.
 - A one-off access payment of £[REDACTED] (up from £[REDACTED]) was also negotiated. CWP are unable to deliver wind turbines through the CES land as they were unwilling to increase their payment to a suitable sum to cover this but can use the access for construction traffic and operational traffic, this specifically excludes abnormal loads.
 - The land required for the turbines and associated infrastructure will need to be resumed from the agricultural tenancies of each of two tenants at Poldean and Kirkhill& Leithenhall Farms. CWP will cover all resumption costs and are required to provide 24 months' notice to the farm tenants.
 - There will be a payment by the developer to the agricultural tenants as compensation for the loss of grazing for cattle. They will also pay costs involved in the agricultural tenants finding alternative grazing.

- The payment for use of any minerals in construction has been increased to a rate of £2.50 per cubic meter, index-linked.
- There will be reimbursement of Crown Estate Scotland's costs for the completion of the option and lease up to £[REDACTED]k.
- A decommissioning bond will be required, the terms make provision for a minimum figure of £2m. The actual figure for the Scottish Crown Estate land involved will need to be calculated and agreed as part of the further discussions on the wider sum once the project has progressed beyond the scoping stage.

Table 1

Summary of terms	
Option payment	£[REDACTED] one-off
Additional option payment	£[REDACTED] pa
Date of entry fee	£[REDACTED] per mw
Access payment	[REDACTED] one-off
Base rent	£[REDACTED] pa/mw installed
Variable rent	4.5 to 5.5% of Gross revenue
Mineral rate	£[REDACTED]/cubic metre

Sustainability

- As a wind farm this will be contributing to Government targets for renewable energy generation and harnessing natural resources.
- CWP intentions are to provide contribution to the local community and to provide them with the ability to take a share of ownership. CWP see the importance of providing tangible benefits to communities and have advised that elsewhere they have worked successfully to deliver things that local communities really wanted, rather than just money. An advice centre located in the community has been mentioned, as have additional opportunities for local employment.

Legal implications

- Subject to approval, a straightforward option and lease arrangement is proposed similar to those used for other purposes across the Scottish Crown Estate assets. Documentation will be dealt with by Anderson Strathern and it is anticipated this will be straightforward with costs covered.

Risk

- That having given consent and agreed to terms, the project does not materialise in the way envisaged. This may be impacted by feedback from the developer's public consultation, which will be known in due course. Through our close discussions with tenants affected we aim to minimise risks from that angle.
- There is a risk that once the scoping report is submitted and Crown Estate Scotland managed land is identified by third parties as being part of the scheme, that this results in a reaction from anti-windfarm campaigners. This is considered a manageable risk given the area is identified as

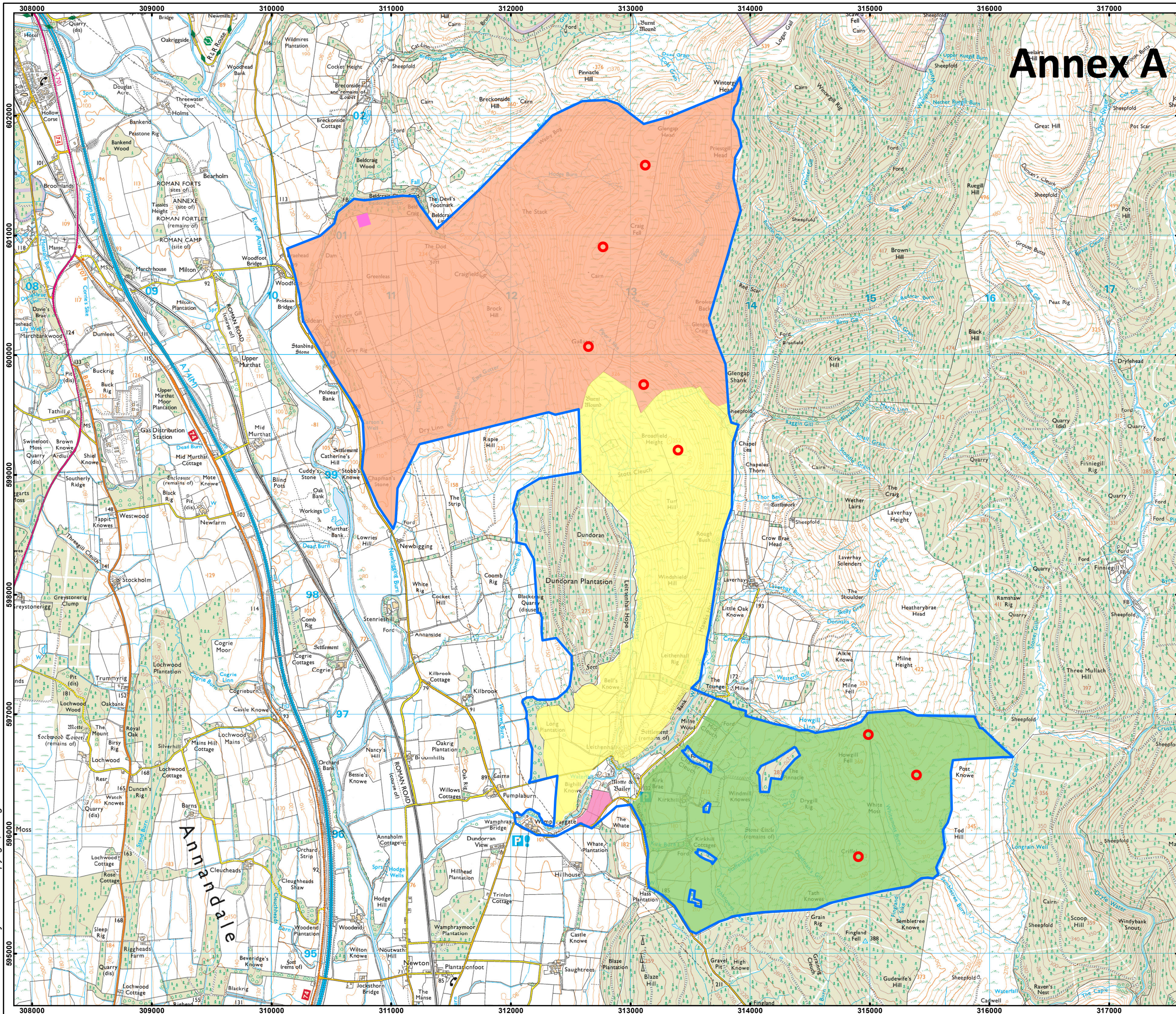
suitable for onshore wind in planning policy, that the project is at an early stage, full public consultation will be undertaken by CWP and Crown Estate Scotland has not given any commitments to this effect. However, any communications around this will require careful management.

People considerations

33. The CWP proposal is positive in terms of community involvement and benefit and detail on this this will be part of their overall proposal once developed for submission to planning following community consultation. The community discussions can begin in earnest once scoping is submitted.

Reputational / PR implications

34. Wind farm applications can generate a lot of public interest. However, this is mainly a matter for the developer and the planning authority to deal with. We would aim to ensure that the positive aspects for the community are to the fore and followed through by the developer. We are also keen to ensure that our tenants wishes are taken into account.



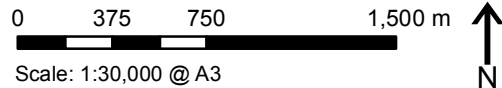
Annex A

374 Scoop Hill

Legend

- Crown Estates Scotland Option Area
- Wind Turbine
- Substation Area
- Crown Estates Tenants**
- 91 Act (Braid)
- 91 Act (Davidson)
- LDT (Braid)
- SLDT (Braid)

Notes: N/A
Revisions: N/A



Crown Estates Tenancy Plan

Date: 30/11/2018 Ref: 374-181127-7133-B
Produced: MW Reviewed: RT Approved: GC

Board	Twelfth Board Meeting	BD(2019)12
Meeting date	26 February 2019	
Paper title	2019 Skills and Capacity Review BD(2019)12.2	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Simon Hodge	
Author	Simon Hodge	
Annexes	Annex A: Overview in relation to Crown Estate Scotland roles and skills Annex B: Key aspects of skills and capacity Annex C: Immediate skills and capacity needs	
Recommendation	The Board is invited to approve the proposed approach for a skills and capacity review.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Purpose

1. To present the context for a Crown Estate Scotland skills and capacity review, propose areas of focus, and recommend how the review might be conducted.

Rationale for skills and capacity review

2. Crown Estate Scotland has successfully established and is now two years old. An enormous amount has been achieved with organisation formation and successful delivery. This has been sustained through a period of significant expansion and staff change, and through a review of pay and conditions. We can all be proud of what has been achieved.
3. At the time of formation, establishment of Crown Estate Scotland in-house and outsourcing arrangements drew on the approach of The Crown Estate and the work pattern at transfer. The last two years has seen significant changes in our operating environment, with perhaps the three most significant features being:
 - The Scottish Crown Estate Act has been concluded. This opens the next chapter in our future, lays out the Government's aspirations for the Scottish Crown Estate and defines new roles and duties likely to be led by Crown Estate Scotland as well as opportunities for local management of assets.
 - The Crown Estate Scotland Board is shaping a proactive vision. This will involve actively developing the assets, bold approaches to evolving the Estate and innovative ways of investing to unlock value for Scotland. Our new agreed purpose sets out our focus on investing in people to deliver lasting value.

- Collaboration and partnership working. Positive and close relationships with communities, local stakeholders, local authorities, sector partners and other public bodies are key to our success.
4. For these reasons, we need to take stock of what skills and capacities we will need going forward, and what the future balance of in-house and outsourced capacity should be.
 5. Over the last two years or more there has been considerable uncertainty, change and workload. Crown Estate Scotland skills and capabilities have been progressively evolving. Around one third of staff have been recruited in the last year. We have been successfully utilising this churn and expansion to bring in new skills and outlooks into the organisation. We are currently in the midst of a fundamental review of pay and conditions and are preparing for office relocation. Our aim is to avoid further unnecessary uncertainty, change or work by focusing on key issues where we most need to test current arrangements against future needs.
 6. The Executive Team has been undertaking some initial work to consider those key issues. The table at Annex A provides an overview in relation to Crown Estate Scotland roles and skills sets. I have drawn out seven key aspects from this, which are described in Annex B:
 - Organisational management.
 - Collaboration and partnerships
 - New functions and initiatives
 - Commercial capability for investing and asset management
 - Contract administration
 - Direct land management
 - Staff development and succession planning

Review objectives

7. From this analysis we propose the following objectives for the review:
 - To ensure we have the skills and capacities to run the organisation efficiently and effectively, including any new activity sought by the Scottish Government and that we are resourced to implement the Act and meet all other statutory requirements.
 - To build our capacity for productive partnerships with communities, business and public-sector partners.
 - To scope the commercial capabilities required for future business, investment, development and asset management activity.
 - To ensure that our approaches to asset management are best configured for the future.
8. In order to manage impacts, we would recommend that this review does not examine our fundamental organisational structure or direct in-hand land management. Whilst these aspects may well be worthy of consideration in due course, we would recommend that opening up these aspects now is unnecessary and likely to be too disruptive.

Approach to the review

9. This paper recommends three review elements. Firstly, the Executive Team, in consultation with Crown Estate Scotland teams, have already been considering specific skills and capacity requirements that will be needed to take forward the emerging Crown Estate Scotland purpose and vision, both immediately and over the next two years. More on this below.

10. Secondly, the Executive Team proposes an internal analysis of our skills and competency requirements going forward. This could be facilitated by our current HR agency, Hunter Adams, and would involve staff in developing competency frameworks for distinct staff groups. Two particular areas of focus would be commercial/financial and partnerships/engagement. This work would complement the proposed adoption of a competency-based component in salary progression.
11. Thirdly, the Executive Team proposes analysis and review of our use of external service providers. We have concluded that this part of the review would be best undertaken by external consultants. There would be an emphasis on evidence gathering to enable an objective comparison of in-house and outsourced approaches to roles such as agreement management and stakeholder engagement. This element of the review will consider the rationale for the current use of outsourced services; value for money of these services and the appropriate balance of outsourced and in-house capacity for the future Crown Estate Scotland mission.
12. The proposed approach of the external element of the review is to:
- Identify and characterise the distinct activities undertaken by service providers, including distinguishing as far as possible between agreement management activity and engagement with wider community and other stakeholders.
 - Present an evidence base for the costs associated with outsourced services by activity, providing performance metrics and comparative data in relation to both in-house provision and wider sectoral benchmarks where possible.
 - Make recommendations on opportunities to strengthen our approach and/or achieve better value, taking into account emerging organisational priorities.
 - Provide advice and recommendations on current arrangements for procurement and management of works contracts on our behalf by managing agents.
 - Provide a SMART transition plan for any proposed change, that identifies costs of change, meets contractual legal and employment requirements, and that enables sustained delivery of business priorities.
13. The table below identifies the three elements of the review and how they relate to the seven key aspects.

Aspect	Review approach	Elements
Organisational management	Out of scope	No plans to review fundamental organisational structure at this time.
	ET	Build capacity to cover core roles for effective organisational management.
	ET	Consolidate team structures.
Collaboration and partnership	ET	Build capacity for partnerships and engagement as emerging CES roles require.
	Internal	In consultation with staff, formulate a partnership skills competency framework.
	External	Review current model of using managing agents for

		community and local engagement.
New functions and initiatives	ET	Scope and agree coordination roles with SG
	ET	Scope and determine skills and capacity requirements to support new initiatives
Commercial capability for investing and asset management	ET	Define and recruit commercial capability aligned with new corporate plan commitments.
	Internal	In consultation with staff, formulate a commercial skills competency framework.
Contract administration	External	Understand costs and benefits of current in-house and outsourced arrangements across the portfolios and identify any situations where there is a strong case for change.
Direct land management	Out of scope	Consider prior to any post filling for direct management roles.
Staff development and succession planning	ET	Identify opportunities to support succession planning.
	ET	Identify opportunities for graduate trainees and apprentices.

14. The Executive Team would act as the steering group for the review work, with an open approach to engaging with staff and stakeholders along the way. Non-executive input is invited for review governance including the external tender process.
15. A 2019/20 cash budget of around £50K will be required for the review. This has been built into the 2019/20 revenue budget.

Immediate skills and capacity needs

16. The Executive Team has identified seven posts that are required over the coming six months to address known capacity issues. These posts and the business need are described in Annex 3 showing links to the key issues. The posts are:
 - Financial Controller
 - IT System Manager
 - Junior admin officer
 - Property Senior Development Manager
 - Aquaculture Planning and Stakeholder Manager
 - Head of External Affairs
 - E&I Graduate
17. We consider that five of the posts are justified by current and known work requirements. Two of the posts, Head of External Affairs and Aquaculture Planning and Stakeholder Manager are dependent to a degree on decisions over new work packages.
18. Likewise, provision for the five posts is already contained within the current approved budget. The further two posts would be dependent on additional salary budget linked to the new work packages. It is possible that some savings be made through the review of managing agents that could offset a small proportion of the additional costs. New posts would be predominantly funded through revenue budgets, but development related activity would be appropriately funded through capital budgets. The net budgetary implications are likely to be in the order of £300K/yr for revenue budgets and £150K/yr for capital budgets.
19. New posts would be subject to a JEGS process to ascertain appropriate grading and

remuneration based on agreed job and person specifications. Some adjustments to team structures will be required, to ensure appropriate reporting and team management lines. Roles would be open to internal and external recruits and will provide some welcome opportunities for internal promotion, lack of which was raised in the staff survey.

Engagement and communication

20. Elements of this review will be sensitive both internally and externally. For staff, this will follow hot on the heels of the Pay & Conditions Review and alongside the process of finding new office accommodation. Internal sensitivity will be reduced by avoiding any fundamental structural review; not opening up for review current direct management activity; and early announcements on building additional internal capacity to address workload issues.
21. Current service providers, particularly managing agents, are already aware of our intention to review out-sourced activity as this is identified in the published 2018/19 Business Plan. We will need to provide clarity to service providers as soon as possible on the approach and timeline for the review, and commit to regular communication through the review period, which will include engagement to collect data and evidence.
22. There will be wider stakeholders with an interest in this review, including tenants, and a range of stakeholders have from time to time expressed views, particularly on managing agents.
23. It will be important to invest in:
 - Explaining why a review is needed and laying out clear objectives for the review.
 - Establishing a comprehensive communication plan.
 - Drawing together, using and presenting evidence to support proposals for change.
 - Maintaining close engagement throughout with those potentially affected by either uncertainty or change.

Next steps

24. Timing of next steps needs to be coordinated with the pay and conditions review, which is now likely to be ongoing until May.
25. It is proposed that the Executive Team move forward with the five posts to fill immediate skills and capacity needs, and some discussions with teams over these needs are already taking place. Likewise, we would intend to progress the further two posts once confirmation is received from the Scottish Government in relation to the additional work packages. Our Scottish Government sponsor is supportive of the need to build resilience and capacity in the areas identified.
26. It is proposed in July to bring to Board recommendations from the second review element; the internal analysis of our skills and competency requirements. It is proposed in November to bring to Board recommendations from the third review element; the analysis and review of our use of external service providers. As we then move into 2020 the focus would move to securing and implementing new workplace arrangements.

Annex A: Overview in relation to Crown Estate Scotland roles and skills

	IT & systems	Finance & accounting	Business & contract administration	Commercial & legal	Sector specialists	Collaboration & partnerships	Corporate & governance	Direct land management
Coordinator		✓	✓				✓✓	
Enabler		✓	✓	✓	✓	✓✓	✓	
Investor		✓	✓	✓✓	✓✓	✓	✓	
Asset manager	✓	✓✓	✓✓	✓✓	✓✓	✓	✓	✓✓
Organisational management	✓✓	✓✓	✓✓	✓			✓✓	

✓✓ Significance



Reliance on outsourced capacity



Main areas for consideration

✓ Area supported by new posts at Annex 3

Annex B: Key aspects of skills and capacity

Current issues

The review will address the specific skills and capacity issues identified below.

Organisational management

Crown Estate Scotland is nearing full establishment as a stand-alone Scottish public body. Since formation additional roles and capacity has been recruited to cover the basic corporate and organisational requirements, including appointment of a Head of Marine. The main immediate areas of risk are in finance and IT systems.

The current organisational structure consists broadly of two asset management functions (Marine and Property) and two corporate functions (Finance & Commercial and Corporate Operations). There is a degree of pragmatism as to how emerging needs are met, and the Head of Financial & Commercial does have an asset management role in respect of George Street property, and increasingly in relation to built environment. Whether this structure will remain fit for purpose depends to some extent on future strategic directions for investment and asset management. A significant emerging direction is to become an active investor in port development and in built environment. This will require us to consider roles and team configuration to focus on these growth areas.

As our teams grow there is a need to establish more management structure to empower staff, to provide middle management opportunities, release senior staff for strategic leadership and to ensure clarity of responsibility.

Collaboration and partnerships

Engagement is fundamental to Crown Estate Scotland's success. Working in partnership with local stakeholders will be core to our modus operandi and is currently being spearheaded through our local management pilots. Currently, much day to day coastal and rural stakeholder engagement is undertaken by agents. Whilst a wide range of good relationships have been forged, managing agents are inevitably one step removed from Crown Estate Scotland and operate within their own organisational culture. Hence, the use of engagement intermediaries is a key consideration as Crown Estate Scotland seeks to build long-term relationships with a wide range of stakeholders.

Strengthening Crown Estate Scotland's direct engagement capacity will involve:

- considering internal capacity for long-term strategic engagement and partnerships;
- reviewing the role of agents in coastal and rural community stakeholder engagement; and
- establishing an engagement culture and skills competency framework for relevant staff.

Separating engagement work undertaken by managing agents from agreement and implementation management is not straightforward and, if we were to do this, an evolving approach might be best, for example when staff changes occur or in relation to new partnerships.

As we seek to get closer to our stakeholders there is merit in considering Crown Estate Scotland operating bases. There could be considerable practical and presentational value in increasing our presence closer to key stakeholders and partners. This thought has been raised with HIE who are positive about access to their office network. Locational aspects will be considered through the ongoing review of future accommodation needs.

New functions and initiatives

With the passing of the Act we will need to understand, build capacity for and make governance arrangement for any new coordination and reporting responsibilities.

Furthermore, the Scottish Government is open to exploring expansion of our enabling role funded by Crown Estate Scotland revenues. This could involve a significant amount of new activity, for example in relation to community economic development and sectoral research and development. A number of proposals are currently being discussed with Scottish Government.

Commercial capability for investing and asset management

The Crown Estate Scotland emerging vision is proactive and involves innovative approaches to investment to unlock greater value for Scotland. Emerging ideas include a ports and harbours investment challenge fund and investing in built development. Crown Estate Scotland will need to build capacity and competence to deliver this vision and is likely to require and justify building additional in-house capability for example in relation to commercial partnerships, business legal, built development and scheme management.

We also see value in establishing a commercial skills competency framework to ensure that all staff leading commercial activity are equipped with the required competencies, for example in relation to financial analysis, contract law, business cases, commercial negotiation and due diligence.

Contract administration

The approach to contract administration (agreements and procurement) varies within Crown Estate Scotland. Marine contracts are mainly managed in house, whilst rural and coastal contracts are mainly managed by agents. Whilst this might in part be explained by the number and value of contracts, work is required to analyse the nature of our contracts and to understand the costs and benefits of different options for contract administration.

Managing agents also specify and let contracts on behalf of Crown Estate Scotland. Some of them are substantial, for example in relation to capital building works. This needs to be fully understood in relation to accountability, liability and financial efficiency.

Some portfolios have a high number of low value agreements. Some are a net cost to Crown Estate Scotland. In parallel with this review we should explore opportunities to reduce administration costs, including innovative ideas for how we might handle these types of situation going forward.

Direct land management

Crown Estate Scotland currently undertakes direct management of forestry, some buildings maintenance in Moray, and recreation management at Glenlivet. These arrangements are inherited from the predecessor organisation. The rationale for direct and indirect management of different aspects/assets may need to be tested in the context of Crown Estate Scotland's future priorities. However, it is not seen to be helpful at this stage to fundamentally review our approach. Rather, the rationale and business case should be examined prior to any future filling of direct management posts.



Staff development and succession planning

We are currently developing a Crown Estate Scotland People Strategy. This will lay out our strategic approach to staff development and succession planning. One specific initiative which could bring considerable benefits is to create graduate trainee posts. The post holders would spend time in all parts of the business, learning from team members, promoting knowledge sharing across business and providing an important input into succession planning. We will also want to remain alive to apprenticeship opportunities across the organisation.

Annex C: Immediate skills and capacity needs

Post	Key aspects (see Annex B)	Commentary
Financial Controller	Completing organisational formation New functions and initiatives	Permanent. Addresses financial risk identified in the risk register. Accommodates wider range and more complex financial transactions and accounting requirements likely to arise from evolving CES roles. Releases Head of Finance and Commercial capacity to lead on built development.
IT System Manager	Completing organisational formation	Two-year FTA. Addresses financial risk identified in the risk register. External review currently underway to evaluate IT systems following recent IT challenges.
Junior admin officer	Completing organisational formation New functions and initiatives Staff development and succession planning	Permanent. Supporting public body administration. Supporting development of evolving CES roles and new initiatives, helping to release other staff from administrative tasks. Opportunity to offer a Modern Apprenticeship.
Property Senior Development Manager	Building commercial capability New functions and initiatives Strengthening direct engagement capacity Staff development and succession planning	Permanent. Addressing workload issues in Property team. Recruiting expertise for investment and built development. Increasing senior capacity for partnerships, engagement and supporting local management. Developing succession routes within the Property team. Supported by making Pilots Manager post permanent (recast as Local Management Coordinator). Provides management capacity should more managing agent work be brought in house.

Head of External Affairs	<p>New functions and initiatives</p> <p>Strengthening direct engagement capacity</p>	<p>Permanent.</p> <p>Supporting community regeneration and economic development work packages.</p> <p>Dependent on go-ahead for new work packages.</p> <p>Embedded within the Corporate Operations Team and leading wider policy activity.</p> <p>A key foundation for building our collaborative culture and strategic partnerships.</p>
Aquaculture Planning and Stakeholder Manager	<p>New functions and initiatives</p> <p>Strengthening direct engagement capacity</p>	<p>Permanent.</p> <p>Leading new work packages on marine master planning, finfish and seaweed.</p> <p>Dependent on go-ahead for new work packages.</p> <p>Strengthens our ability to engage over aquaculture leasing.</p> <p>Strong link to supporting local management pilots.</p>
E&I Graduate	<p>Completing organisational formation</p> <p>New functions and initiatives</p> <p>Staff development and succession planning</p> <p>Building commercial capability</p>	<p>Permanent, but with succession into substantive role.</p> <p>Releasing E&I Development Managers build existing and new initiatives.</p> <p>Plugging current capacity deficit for E&I agreement management.</p> <p>A 'pathfinder' for developing a Crown Estate Scotland graduate programme.</p>

Board	Twelfth Board Meeting	BD(2019)12
Meeting date	26 February 2019	
Paper title	Crown Estate Scotland Future Workplace Requirements BD(2019)12.3	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Simon Hodge	
Author	Simon Hodge	
Annexes	n/a	
Recommendation	The Board is invited to agree parameters for determining Crown Estate Scotland's future workplace requirements.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Purpose

1. This paper follows paper BD(2019)OOM1 Crown Estate Scotland's Future Accommodation Requirements, which was put to Board members on 1 February 2019. Feedback from Board sought further analysis of future operating models and workplace options. This paper seeks to inform further Board consideration of the options going forward.

Background

2. Crown Estate Scotland was established two years ago as a Scottish public body to manage the Scottish Crown Estate. The organisation has been successfully established and work is ongoing to form a strong network of relationships to help shape and present our role as part of the Scottish public sector.
3. The Scottish Crown Estate is an unusually varied portfolio of assets which is highly dispersed, particularly around Scotland's coasts and islands. Most of the assets are managed via agreements with third parties. Direct management of terrestrial and coastal agreements has historically been via land agents, whilst marine agreements have tended to be managed directly. Forestry and some direct recreation and maintenance activity is in hand and centred on Moray.
4. The current Edinburgh office was The Crown Estate's main Scottish base for many years. The lease was assigned to Crown Estate Scotland at devolution. This lease expires on 19 December 2020, precipitating the requirement to consider future office accommodation needs.

Context – staff and organisational formation

5. Crown Estate Scotland has successfully established and is now two years old. An enormous amount has been achieved with organisation formation and successful delivery. This has been sustained through a period of significant uncertainty, political debate, workload expansion and staff change.
6. We are currently in the midst of a fundamental review of pay and conditions, with a requirement to make a major change from a private sector pay and reward model to a public sector model. The impact of this process on staff is significant.
7. Over the last two years Crown Estate Scotland's skills and capabilities have been progressively evolving. Around one third of staff have been recruited in the last year. We have used this churn and expansion to bring in new skills and outlooks, but the pace and scale of personnel change has been at the limit of organisational capacity to assimilate change.
8. At the time of formation, establishment of Crown Estate Scotland in-house and outsourcing arrangements drew on the approach of The Crown Estate and the work pattern at transfer. The last two years has seen significant changes in our operating environment and in 2019 a skills and capacity review will be undertaken to look at what the future balance of in-house and outsourced capacity should be. Again, this will inevitably impact staff morale and uncertainty.
9. The need to move office comes amidst this intense period of change and uncertainty for staff. It is crucial that we manage the cumulative impact in order to mitigate the risk of staff stress, uncertainty, reduced productivity and loss of key personnel.

Context - staff arrangements and policies

10. Some 35 Crown Estate Scotland personnel are based in Edinburgh, with seven staff located in Moray and focused on management of Glenlivet and Fochabers estates.
11. The current suite of roles in the Edinburgh office fall into three main categories:
 - Asset and development managers.
 - Policy, communication and relationship managers.
 - Corporate and service providers.
12. Some workforce expansion is likely as we respond to organisational needs and opportunities to develop Crown Estate Scotland's roles and contribution. Some of this expansion is likely to be around our emerging role as 'enabler' and involve more working with local partners.
13. Current HR policies support a flexible working environment. A significant number of staff have arrangements involving flexible or compressed hours and some home working. Through the current review of pay and conditions, we are likely to continue to evolve opportunities for flexible working.

14. We have opened engagement with the Scottish Futures Trust Smarter Workplaces Programme, which offers an approach to developing flexible working practices and planning the most efficient and effective approach to providing office facilities and services.
15. Initial discussions have taken place with HIE about use of the HIE office network across the highlands and islands.

Context – future Crown Estate Scotland roles

16. The role of Crown Estate Scotland is evolving in response to the Scottish Crown Estate Act, the internal establishment of new strategic directions and roles, and the opportunities being created to play a broader role as a Scottish public body.
17. The 2019 skills and capacity review will lead to a workforce plan built around an assessment of future CES functions and priorities. Emerging trends in relation to our key roles are:
 - Coordinator. Increasing. Acting as the Government's agents for oversight of the entire Scottish Crown Estate and its managers.
 - Enabler. Increasing. Forming relationships with a range of local and business partners around Scotland to make more of Scottish Crown Estate assets.
 - Investor. Increasing. Building our role as an active investor and developer provides the potential for increasing the value-added from our resources and contribution. The focus is likely to be in investing with partners where we can support regeneration and unlock economic potential.
 - Asset manager. Evolving. Entering into agreements with tenants and fulfilling the strategic landlord role. There may be further local devolution of some of this activity. Limited direct management is focused on forestry, recreation and maintenance, mainly in Moray. Rural and coastal agreements are administered by agents, whilst aquaculture and most marine agreements administered directly. The role of managing agents will be reviewed in 2019.
18. These evolving roles will influence Crown Estate Scotland's mode of operation, likely involving:
 - Closer links with Scottish Government, Scottish Ministers and MSPs.
 - Closer links with (especially coastal) local authorities.
 - Partnership working with enterprise agencies and other economic development bodies.
 - Increased partnership working with private sector as well as community sector bodies
 - Increased need for direct local stakeholder engagement.
 - Increased engagement with locally-based business partners such as ports and harbours.
 - Increased need for in-house or proximate business expertise.

Key considerations for Crown Estate Scotland's future workplace arrangements

19. Whilst future directions are still in formation, the expiry of the Bells Brae lease does provide the opportunity to consider the future Crown Estate Scotland operating model. Seven key considerations have been identified:
 - Local engagement. Emerging strategic directions are likely to lead to an increase in local engagement and partnership working. The geography of engagement networks is not yet clear. Currently there is increased engagement with the island authorities, and a relatively high level of casework related engagement in Moray but this is likely to evolve over time.



At a leadership level, local engagement is highly dispersed, for example across local authorities and a proportion of engagement with local stakeholders takes place in Edinburgh during local stakeholder visits to the capital. Given the highly dispersed nature of the Scottish Crown Estate, the logistics of local engagement is a key consideration, for example in relation to public transport networks.

- Working with government. As a new Scottish public body, we are investing greatly in building trust and relationship with Ministers, MSPs, Scottish Government, and Scottish Government public bodies. This work is crucial for our future positioning. At a practical level much of this activity takes place in Edinburgh, at Parliament, Scottish Government offices, public body offices, and to a significantly lesser degree in Glasgow. Edinburgh is also the usual location of government and parliamentary networking events and engagement initiatives. Irrespective of office location, staff involved with policy, governance and senior engagement will spend a lot of time in Edinburgh
- Engagement with national bodies and networks. Senior staff and our corporate, asset and development managers spend a considerable amount of time engaging with sectoral bodies and networks. Likewise, our business service staff are closely engaged with service providers, for example for legal, financial and HR services. Much of this engagement is Edinburgh based. For some team members, particularly in relation to marine activity, there is considerable engagement at other city locations such as London, Aberdeen and Glasgow, requiring proximity to good public transport links.
- Team cohesion. The Crown Estate Scotland workforce was formed from personnel working in discrete divisions of The Crown Estate. Cross-team working and moving beyond any silo boundaries has been, and remains, an important part of organisational formation and effectiveness. Future workplace arrangements need to facilitate continued formation of a strong, joined-up, collaborative and cohesive team. New corporate directions will require increased flexibility and cross-team working, for example as we build our wider Blue Economy approach, and as we seek to link investor, asset manager and enabler activity into holistic local packages.
- Impact on staff. Crown Estate Scotland staff are highly valued. We are working hard to retain key skills and capabilities through the period of organisational formation and fundamental change to working conditions via a pay and conditions review, as well as uncertainty arising from the proposed skills and capacity review. A review of workplace arrangements will further impact on the morale and productivity of the current workforce. Options involving moving the workplace from the Edinburgh area would require staff relocation and is likely to lead to loss of key staff, potential conflict with Scottish Government compulsory redundancy policy and potentially cases for constructive dismissal. Significant changes to workplace arrangements could affect our ability to recruit key skills at a time critical for organisational success. Failure to provide appropriate good quality workplace facilities will erode our attractiveness as an employer of choice.
- Cost and risk. Future workplace arrangements must offer good value for money and Best Value in contributing to the success of the organisation. One element of this is the direct costs of providing workplace facilities and the cost of any changes to staff terms and conditions. Another is the indirect costs of change associated with staff relocation, loss of key staff, potential legal claims, and loss of focus on business delivery. A third is the potential ongoing wider cost to the business of suboptimal workplace geography, for

example if this made it difficult to sustain key relationships or engage in influential initiatives. The more change involved with the option, the greater will be the short and medium term risk of business failure through loss of key skills, capacity and capability.

- Reputational messaging. Workplace arrangements inevitably form part of our corporate messaging, for example in relation to corporate identity; appropriateness for a public body; how we treat our people; whether we collocate; who we collocate with; and who we want to be near.

Options for Crown Estate Scotland's future workplace arrangements

20. Three broad sets of variables are of particular relevance to Crown Estate Scotland's future workplace arrangements (current arrangements for staff at Glenlivet and Fochabers do not form part of this analysis):

- Workplace model (centralised, hub & satellite, virtual).
- Main base (Edinburgh, Central Belt, elsewhere).
- Co-location (solo, co-location public body, co-location private/third sector).

21. The following tables rate these variables against the seven key considerations.

Workplace model	Centralised	Hub & satellite	Virtual
Local engagement	✓✓	✓✓✓	✓✓
Working with government	✓✓✓	✓✓	✓
Engagement with national bodies and networks	✓✓	✓✓	✓
Team cohesion	✓✓✓	✓✓	✓
Impact on staff	✓✓	✓✓✓	✓
Cost and risk	✓✓	✓✓	✓
Reputational messaging	✓✓	✓✓✓	✓✓

Main base	Edinburgh	Central Belt	elsewhere
Local engagement	✓✓	✓✓	✓
Working with government	✓✓✓	✓✓	✓
Engagement with national bodies and networks	✓✓✓	✓✓	✓
Team cohesion	✓✓✓	✓	✓
Impact on staff	✓✓✓	✓✓	✓
Cost and risk	✓✓	✓✓	✓
Reputational messaging	✓✓	✓✓	✓✓

Co-location	Solo	Public body	Private/third sector
Local engagement	✓✓	✓✓	✓✓
Working with government	✓✓	✓✓	✓✓
Engagement with national bodies and networks	✓✓	✓✓✓	✓✓
Team cohesion	✓✓	✓✓	✓✓
Impact on staff	✓	✓✓	✓✓
Cost and risk	✓✓	✓✓✓	✓✓✓
Reputational messaging	✓	✓✓✓	✓✓

Workplace model

22. This paper recommends that a hub and satellite workplace model is most likely to best fit Crown Estate Scotland's requirements going forward. Compared to a fully centralised model it would provide opportunities for locating local-facing staff more closely to the communities and partners they will be working with, whilst retaining the cohesion and focus of a main base for effective organisational management. Crown Estate Scotland currently has very few local-facing staff outside Moray, but this may change if our enabler role develops further and/or if we decide to bring in house some of the engagement activity currently undertaken by agents.
23. A flexible approach could be taken to establishing satellites, which could involve a combination of shared office space and home working. Discussions are underway about potential use of the HIE office network. This model would support flexible working options which might be attractive to some staff. Firm arrangements would be needed to maintain standards of staff management, team cohesion and individual performance.
24. Clearly, the location of a main base is material to its effectiveness, and this is considered below. A 'virtual' workplace model, with all staff home working or dispersed around co-location points is not considered to be a viable model for Crown Estate Scotland, at least during its current formative era - the likely loss of organisational cohesion, failure to establish a consistent appropriate culture and loss of team and cross-team working would risk business failure.

Main base

25. This paper recommends that an Edinburgh main base offers strong advantages for proximity to Scottish Government, Parliament, the wide range of Edinburgh-based stakeholders, hubs and service providers, as well as the transport network. It is also the main base option that will provide the best opportunity to manage impacts on staff.
26. Ongoing costs of Edinburgh accommodation are likely to be higher than some other locations, but the cost of impacts on staff and business continuity are likely to be substantially lower. Current accommodation costs are particularly low, at about £100K/year, due to the historic lease deal. Costs for an alternative in Edinburgh very much depend on location and

specification but are likely to be 2-2.5x this figure. Other locations close to good transport links are likely to be 1.5-2x current cost, and even less sought-after locations are unlikely to match the current cost.

27. An additional direct accommodation cost of £100-150K/yr is likely to be significantly lower than the direct costs of moving and losing staff. A plausible scenario that resulted in 10 relocations, 10 redundancies/constructive dismissal claims, and 10 excess travel cost arrangements is likely to cost in the region of £3M over 5 years.
28. Clearly, there would also be significant indirect costs associated with relocating the main base outside Edinburgh, and dealing with the consequences of disruption, loss of staff and loss of focus on business delivery. The risk of business failure would be high if moving the main base away from Edinburgh resulted in this scale of staffing impact. In addition, other locations may not provide the same talent pool or drawing power for recruitment into some posts.

Co-location

29. This paper recommends that co-location could provide cost and efficiency advantages and provides the best opportunity to meet with priority workplace criteria in terms of layout, access to shared facilities and providing a positive working environment. Co-location with an appropriate public body could provide networking and reputational advantages and is likely to be favoured by Scottish Government property managers. Emerging Crown Estate Scotland strategic directions would point to the potential value of co-location with organisations involved in the delivery of rural development, economic regeneration and/or sustainable use of natural resources.

Summary of proposed option for Crown Estate Scotland future workplace arrangements

30. In summary, this paper recommends that:
 - A hub and satellite workplace model is most likely to best fit Crown Estate Scotland's requirements going forward.
 - An Edinburgh main base offers strong advantages.
 - Co-location with an appropriate public body could provide advantages.
31. Accommodation costs will rise significantly with any move. An Edinburgh location is likely to result in the most significant rise in accommodation costs but the lowest overall cost given minimum workforce disruption.
32. Further analysis will be undertaken on the detailed business case for the leading options. However, this will involve making assumptions pending identification of specific workplace options, and assumptions will have to be made regarding impact on staff.

Accommodation criteria

33. Paper BD(2019)OOM1 provided the Board with feedback from staff on what they seek in a workplace, alongside aspects identified by the Executive Team. These would be prioritised for a Crown Estate Scotland main base as follows:



- a. Reasonable journey to work logistics and safe location for staff.
- b. Convenient to public transport hubs (train/bus/airport) and key stakeholders.
- c. Flexible space on one floor and for up to 40 staff (based on a Smarter Working¹).
- d. Good working environment (quiet, daylight, air).
- e. Staff facilities (parking and bike storage, changing facilities; kitchen; social area).
- f. Meeting inclusivity and sustainability standards.
- g. Ample meeting rooms, with ability to host events for up to 50 people.
- h. Achieves Best Value in overall costs and benefits.
- i. Appropriate corporate head-office presence; reflecting our brand and values.
- j. Out of hours access.
- k. Long-term stability of tenure.
- l. Housing for ICT hardware.

Process and next steps

- 34. The Scottish Government have a long-term initiative to consolidate the accommodation of public bodies. Crown Estate Scotland will be required to engage with this process and early contact with Property Division is being made. We are also engaging with the Scottish Futures Trust on the Smarter Workplaces Programme, which supports public bodies in adopting flexible working culture and configuration.
- 35. Finding a suitable accommodation solution will require Crown Estate Scotland clarity on our requirements with supporting data. To support this, we are undertaking mapping of stakeholder interactions, staff journeys to work and utilisation of current office workspaces.
- 36. This is a sensitive issue for staff. Once the Board has provided initial direction, we will want to take forward our proposals in an open and engaged way to ensure staff perspectives are considered, and as far as possible to manage negative impacts on staff confidence and morale.

¹ <https://www.scottishfuturestrust.org.uk/page/workspace>