

Agenda
Crown Estate Scotland (Interim Management) Board
Fourth Meeting

14 November 2017
10.00am – 3.30pm
Bell's Brae, Edinburgh

1. Standing Items

- | | | |
|-----|---------------------------------------------|---------------|
| 1.1 | Welcome and Apologies | |
| 1.2 | Declarations of Interest | |
| 1.3 | Minutes of Meeting held on 8 September 2017 | Attached |
| 1.4 | Matters Arising and Action Tracker | Attached |
| 1.5 | Stakeholder Meetings | BD(2017)04.01 |

2. Management Reports

- | | | | |
|---|-----|-----------------------------------------|---------------|
| * | 2.1 | Finance Report to 30 September 2017 | BD(2017)04.02 |
| * | 2.2 | Business Performance Report (Quarter 3) | BD(2017)04.03 |
| | 2.3 | Health & Safety Framework | BD(2017)04.04 |
| * | 2.4 | Managing Agents | BD(2017)04.05 |

3. Business Management

- | | | | |
|---|-----|----------------------------|---------------|
| * | 3.1 | Carbon Capture and Storage | BD(2017)04.06 |
|---|-----|----------------------------|---------------|

Lunch

David Mallon to join meeting for an update discussion

4. Strategy and Planning

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|----|-----|---------------------------------|---------------|
| ** | 4.1 | Investment Strategy | BD(2017)04.07 |
| ** | 4.2 | Pilots Programme Update | BD(2017)04.08 |
| * | 4.3 | Business Plan 2018/19 | BD(2017)04.09 |
| * | 4.4 | Capital Budget 2018/19 | BD(2017)04.10 |
| * | 4.5 | Draft Revenue Budget 2018/19 | BD(2017)04.11 |
| | 4.6 | Procurement Strategy and Policy | BD(2017)04.12 |

5. Governance

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|--|-----|-----------------------------------------|---------------|
| | 5.1 | Publication of Board Minutes and Papers | BD(2017)04.13 |
|--|-----|-----------------------------------------|---------------|

6. Committee Reports

- | | | | |
|----|-----|---------------------------------------------------|----------|
| ** | 6.1 | Investment Committee (Minutes - 4 October 2017) | Attached |
| * | 6.2 | Audit & Risk Committee (Minutes – 16 August 2017) | Attached |

7. Briefing and Information Papers

- | | | | |
|----|-----|-----------------------------------------|---------------|
| ** | 7.1 | Offshore Wind Leasing | BD(2017)04.14 |
| | 7.2 | Tomintoul & Glenlivet Landscape Project | BD(2017)04.15 |

8. Any Other Business

9. Date of Next Meeting
30 January 2018

*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.

Minutes for	Board	BD(2017)04
Meeting date	14 November 2017	
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 Bell's Brae, Edinburgh on Tuesday, 14 November 2017 at 10am		

Present:

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

In attendance:

Ronnie Quinn	Chief Executive
Esther Black	Head of Corporate Operations (from Minute Item 4.2)
Lynne Higgins	Head of Finance & Commercial
Andrew Wells	Head of Property
Helen Howden	Governance Manager (minutes)

By invitation:

Tom Mallows	Development Manager (for Minute Item 3.1)
David Mallon	Scottish Government (as noted in the Minutes)

1. Standing Items

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that an apology had been received from Esther Black who was unable to attend the whole meeting.

1.2 Declarations of Interest

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

1.3 Approval of Minutes of Meeting held on 8 September 2017

The Minutes of the meeting held on 8 September 2017 were **approved** as an accurate record of the meeting.

1.4 Action Tracker and Matters Arising

The Board received an updated Action Tracker showing the status, as at 7 November 2017, of the actions agreed at previous Board meetings.

Noted that:

- (a) in relation to Action 1/3, the Scheme of Delegation was undergoing a redraft and that input from the sponsor directorate was being sought. The redrafted Scheme of Delegation would be brought to the January Board meeting for review.
- (b) the possibility of holding a consultation on large-scale seaweed harvesting had been raised by the Chief Executive with the sponsor directorate and would be considered by Marine Scotland's licensing steering group. Engagement with the Scottish Seaweed Industry Association was on-going. Further updates would be brought back to the Board in due course.
- (c) confirmation of the Scottish Government's position on non-guaranteed bonuses had been obtained in writing (Action 3/13).
- (d) the proposed HR item (relating to Actions 3/14 and 3/15) had been removed from the Agenda for this meeting following discussion between the Chair and Chief Executive. The Chair had requested that a People Strategy and a Pay and Reward Strategy be developed and brought to the Board for consideration.
- (e) a draft recognition agreement had been received from the Public and Commercial Services Union (PCS). A meeting with PCS had been arranged for 28 November at which it was intended to try to agree the terms of the draft agreement. It would be desirable to have the Board's input into the draft agreement in advance of that meeting.
- (f) action 3/20 still required to be completed and that the Chair would raise this with the sponsor directorate during her next meeting with them.

Agreed that:

- (a) the Board would welcome the development of a People Strategy and a draft Pay and Reward Strategy, which would be subject to annual review.

Action: RQ (4/1)

- (b) the Board would review the draft recognition agreement electronically between meetings.

Action: RQ (4/2)

1.5 Stakeholder Meetings (paper BD(2017)04.01)

Noted that:

- (a) positive meetings with stakeholders had been held over the past two months. A common theme emerging centred around the implications of the pilot projects and demonstrated the need to ensure engagement with all relevant stakeholders throughout the process.

- (b) the Corporate Plan had been launched at the Parliamentary reception held on 31 October. The event had been well attended, positive event and thanks were due to those involved in the arrangements.

2. Management Reports

2.1 Finance Report (paper BD(2017)04.02)

Closed Business – Commercially confidential

Noted that:

- (a) revenue performance at the end of the second quarter was broadly on target however there was a continued underspend on direct costs. This was being reviewed to take steps to avoid direct expenditure being pushed back to the end of the financial year.
- (b) capital receipts and expenditure were less than budgeted, a position which had arisen due to delays in certain transactions and to the mix of transactions being different from that budgeted at the start of the year. Capital performance is being actively managed to ensure that cashflow can be maintained and obligations met.
- (c) the first payment of £1m had been made to the Scottish Consolidated Fund in September and that the further payments were anticipated to be made as scheduled, including a further £1m in December.
- (d) Audit Scotland had confirmed that Grant Thornton had been appointed as the external auditor to Crown Estate Scotland (Interim Management).
- (e) a procurement for an internal audit service was being prepared and would make use of the Crown Commercial Services management consultancy framework.

Agreed that:

- (a) future Finance Reports would include a percentage figure for any variances in performance.

Action: LH (4/3)

2.2 Business Performance Report (to 31 October 2017) (paper BD(2017)04.03)

Closed Business – Commercially confidential

Noted that:

- (a) three health and safety incidents had been recorded in September and October.
- (b) the Supreme Court had rejected the application from the RSPB to hear an appeal against the consents for the Outer Forth and Tay offshore wind projects.
- (c) sales which had previously been approved by the Board were progressing, with the sale of an 8 acre site at Applegirth expected to be settled this month and the adjacent farm sale to be settled in January 2018.

- (d) information on requests made under the Freedom of Information legislation were now included in the Report.

Agreed that:

- (a) the Report contained a lot of information however a dashboard should be developed to accompany this and activity should relate to that identified in the Corporate Plan to allow effective monitoring of implementation.

Action: RQ (4/4)

2.3 Health & Safety Framework (paper BD(2017)04.04)

Noted that:

- (a) an earlier draft of the Framework had been considered by the Board during its third meeting when it had been agreed that further work required to be undertaken to the draft. Following additional input from the external consultant, Greens of Haddington Ltd, and from Mr Macdonald, the Framework had been revised and the Board were being asked now to approve it.
- (b) the Framework was less cumbersome than the previous version and sought to ensure that health and safety was fully integrated into all business planning.
- (c) once the Framework was approved the next key steps were to ensure that the health and safety policies were finalised for adoption by the end of November.
- (d) the external consultant had been appointed following a tender process with the current contract running until the end of March 2018.

Agreed that:

- (a) the Board approved the Health and Safety Framework.
- (b) the draft dashboard, which would facilitate the Board's monitoring of health and safety performance, should include lessons learned and the tracking of improvements. Savills should also be asked to include information on landlord gas appliance safety checks.

Action: AW (4/5)

2.4 Managing Agents Paper (paper BD(2017)04.05)

Closed Business – Commercially confidential

Noted that:

- (a) the paper, into which a lot of work had been put, was extremely helpful in furthering the Board's understanding of the business model.
- (b) the model was considered by the CES team to be an efficient and effective way to manage diverse and complex assets to date, giving staff the ability to draw on expertise as and when required allowing a flexible deployment of resources.

- (c) using managing agents had been the model for management of Crown Estate assets for over thirty years. A review in 2003 had resulted in a greater use of outsourced management and a reduction in the number of in-house staff.
- (d) there was a close working relationship between the managing agents and the internal CES team with regular meetings and almost daily contact. Business management systems were also closely connected and contributed to efficiency.
- (e) anecdotally concerns had been expressed about the agents and that it was important to use the results of the current tenant survey to start to monitor performance of the managing agents appropriately, this should include the customer experience as well as financial performance.

Agreed that:

- (a) there was supplementary detail which the Head of Property and Head of Finance and Commercial could provide to the Board to give assurance that the business was properly managing the performance of the agents. A further paper would be brought to the Board to provide this detail.

Action: AW/LH (4/6)

- (b) an independent review of the current model should be undertaken in the next financial year, this should help inform any decisions around future management models for the assets. This action should be added to the 2018/19 Business Plan.

Action: RQ (4/7)

3. Business Management

Tom Mallows, Development Manager, Crown Estate Scotland, joined the meeting.

3.1 Carbon Capture and Storage (paper BD(2017)03.07)

Closed Business – confidential

Noted that:

- (a) CES, who manage the rights to gas storage in the Gas Importation and Storage Zone, had received a request to grant an exclusive option for an area of seabed off the north east coast of Scotland to be used for the storage of CO₂.
- (b) both the UK and Scottish Governments are supportive of carbon capture and storage.
- (c) negotiations for a similar project had taken place in the past however this was considered a novel transaction for CES and the Board's approval for the negotiations was being sought.
- (d) an approach also required to be made to the Department of Business, Energy and Industrial Strategy (BEIS) requesting that a Memorandum of Understanding (MoU) be entered into in relation to the liabilities associated with CO₂ storage. The option

agreement with the storage company can be entered into prior to finalising the MoU however any lease could not be granted without the MoU being in place.

Agreed that:

- (a) the Board approved the recommendation that an approach be made to BEIS for an MoU and that the negotiations should commence in relation to the option to lease on the basis of the terms set out in the paper.

Action: TM (4/8)

The Development Manager was thanked for his contribution and he left the meeting.

4. Strategy and Planning

4.1 Investment Strategy (paper BD(2017)04.07)

Closed Business – in support of formulation of policy

Noted that:

- (a) the draft Investment Strategy presented to the Board built on the comments which the Board have provided on an earlier draft and incorporated the discussions which the Investment Committee had had during meetings on 4 October and 1 November.
- (b) the draft Strategy was explicit about the need for the business to raise between £4-5m each year for in year business requirements and the additional requirement to create, within the next three years, a capital fund of at least £10m.
- (c) the recommendation from the Investment Committee was that the Strategy should be cautious but should not stop CES from being ambitious or from being flexible on investment in new opportunities or asset classes if appropriate.
- (d) the Investment Committee looked on the Strategy as an articulation of the current position which gave an indication of future direction. The Strategy was intended to be in place for three years but would be subject to annual review.
- (e) to create a capital fund of £10m then sales of approximately £20m would require to be achieved and that this would be a challenge for the business.
- (f) the detailed investment appraisal methodology was still under development but would be in accordance with the Corporate Plan.

Agreed that:

- (a) the Investment Strategy was approved and should be adopted, subject to any further comment received from Scottish Government.

David Mallon, Marine Scotland, joined the meeting at this point and gave the Board a general update on the progress in preparation of the Crown Estate Bill which is to be introduced in 2017-18.

Mr Mallon was thanked for accepting the Board's invitation and for his contribution. He left the meeting.

4.2 Pilots Programme Update (paper BD(2017)04.08)
Closed Business – in support of formulation of policy

Noted that:

- (a) since the September Board meeting, a session had been held with officials representing the three Islands Councils to discuss in further detail the Our Islands, Our Future proposals. The meeting had concluded that individual pilot projects might be preferable.
- (b) an additional resource had been recruited to lead on the project and that she had already started to meet with staff and stakeholders and had assisted in developing two outline project plans. The first plan allowed for an accelerated approach to facilitate pilots with the islands (or other local authorities) with a wider public consultation to follow. The second plan would combine the processes reducing the risk of challenge to the process of launching a pilot before consultation.

Agreed that:

- (a) the Board supported the development of a single set of criteria which would apply to both islands and other local authorities and communities however they wanted demonstrable progress and to be able to consider proposed criteria at the January meeting with the launch of consultation as soon as possible thereafter. It was accepted that this would not necessarily be as fully formed or as polished as officers would have wanted it to be however the need to make progress outweighed this concern.

Action: RQ (4/9)

- (b) the sponsor directorate should be consulted on the proposed timing of any consultation to ensure that it did not have an impact of the laying of the Draft Bill in Parliament.

Action: AB/RQ (4/10)

4.3 Business Plan (paper BD(2017)04.09)
Closed Business – confidential

Noted that:

- (a) this was a high level draft and that significant work had been undertaken to prepare the detailed analysis which sat behind it.

Agreed that:

- (a) the content was appropriate and the Board endorsed the Business Plan however the format required further work and it was extremely important that there was consistency with the language used in the Corporate Plan. Assets and business areas required to be referred to using the same terminology.

Action: EB (4/11)

- (b) the performance indicators required to be measurable and care should be taken when reviewing the wording to ensure that they were. A dashboard would require to be

developed to allow the Board to monitor delivery and the use of a RAG rating system should be considered.

Action: EB (4/12)

4.4 Capital Budget 2018/19 (paper BD(2017)04.10)

Closed Business – confidential

Noted that:

- (a) the draft Capital Budget had been reviewed by the Audit & Risk Committee. All parts of the business had given input into the budget which supported the delivery of the key objectives of the Investment Strategy, including the generation of the £10m capital fund by 2020.
- (b) there was a reliance on concluding some key transactions, including sales and surrenders, in order to generate capital receipts. To mitigate risk, it was proposed that capital expenditure be spread over a larger number of small transactions. If the sales did not proceed then expenditure could be delayed or postponed. Investment into surrenders was important to unlock future value in assets.
- (c) the business monitored the progress of transactions closely, with the transaction tracker being reviewed every two weeks.

Agreed that:

- (a) the proposed urban expenditure should be delayed until after the proposed sale of fishing rights had been concluded in order to ensure that positive cashflow was maintained.

Action: LH (4/13)

- (b) the Capital Budget for 2018/19 and the programme of proposed transactions was approved. All transactions remained subject to approval once business cases were finalised.

4.5 Draft Revenue Budget 2018/19

Closed Business – confidential

Noted that:

- (a) the draft Revenue Budget had been prepared to align with the Investment Strategy. Input from across the business had been obtained. Forecasting would be more accurate than for the current financial year as the requirements of a standalone business were now better understood. Prudence had been exercised in preparing the Budget.
- (b) there was a projected increase in net profit arising primarily from the implementation of the finfish rent review; the commencement of rental income from the Beatrice offshore wind project; and income from coastal dredging.
- (c) cost efficiencies were being assumed from participation in framework agreements which were now available for CES to use.

- (d) it was assumed that the current arrangements in relation to transfers between capital and revenue would continue.

Agreed that:

- (a) the Revenue Budget for 2018/19 and the submission to the Scottish Government of the anticipated net distributable profit for 2018/19 were approved.

Action: LH (4/14)

4.5 Procurement Strategy and Policy (paper BD(2017)04.12)

Noted that:

- (a) the draft Procurement Strategy and Procurement Policy had been considered by the Executive Committee and by the Audit & Risk Committee who had both recommended them for approval by the Board.

Agreed that:

- (a) the Strategy and Policy were approved however consideration should be given to combining them in one document to avoid unnecessary repetition.

Action: LH (4/15)

5. Governance

5.1 Publication of Board Minutes and Papers (paper BD(2017)04.13)

Noted that:

- (a) the paper had been requested by the Board at the previous meeting and set out the process for publication of Board Minutes and Papers.

Agreed that:

- (a) there was a requirement for a clear statement that there was a presumption in favour of the publication. The wording on the website should be reviewed to ensure that this was included and that reviews were periodically undertaken to identify papers which no longer required to be redacted.

Action: HH (4/16)

6. Committee Reports

6.1 Investment Committee

Noted that:

- (a) since the previous Board meeting, the Committee had met twice to discuss and comment on the draft Investment Strategy. No other business had been considered at those meetings and the next meeting would be held on 18 December 2017.

6.2 Audit & Risk Committee

Noted that:

- (a) the Committee had asked to review the Fraud Policy and Fraud Reporting Policy at its next meeting in February.
- (b) it had reviewed the draft Capital and Revenue Budgets for the next financial year.
- (c) as had previously been noted during consideration of the Finance Paper (BD(2017)04.02) the external auditor had been appointed and the procurement of an internal auditor was in progress.
- (d) the Committee had recommended that the Board have a session on risk management and in particular to consider risk appetite. It was intended that this be held as part of the Board meeting on 30 January 2018.

7. Briefing and Information Papers

7.1 Offshore Wind Leasing (paper BD(2017)04.14) **Closed Business – in support of formulation of policy**

The Board **noted** the content of the paper.

7.2 Tomintoul & Glenlivet Landscape Partnership (paper BD(2017)04.15)

The Board **noted** the content of the paper.

8. Any Other Business

8.1 Scottish Government Public Bodies Unit Training

Noted that:

- (a) an invitation had been extended to the Board to participate in a financial training session in January 2018 organised by the Scottish Government Public Bodies Unit.

Agreed that:

- (a) members of the Audit & Risk Committee would attend the training.

Signed:

Date:

Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Stakeholder Meetings BD(2017)04.01	
Security classification	Unclassified	
Presented by	Amanda Bryan/Ronnie Quinn	
Author	Helen Howden	
Annexes	None	
Recommendation	The Board is invited to note this Paper	
The committee secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. This Paper is to ensure the Board is aware of the meetings with Crown Estate Scotland stakeholders which the Chair and the Chief Executive have held since the Third Board meeting in September.

Meetings held

2. The Chair and Chief Executive jointly attended meetings with:
 - ECCLR Committee, Scottish Parliament on 26 September 2017
 - Parliamentary Reception, Edinburgh on 31 October 2017
3. The Chair attended meetings with:
 - Marine Scotland (sponsor Directorate) on 14 September 2017
 - Islands Local Authorities: Conference Call on 26 October 2017
 - NFUS Tenant Working Group on 26 October 2017
 - SG New Entrants Champion on 26 October 2017
 - RYA Scotland on 31 October 2017
4. The Chief Executive attended or met with:
 - Scottish Renewables Marine Conference, Inverness on 12 September 2017
 - Representatives of the three Islands Councils, Edinburgh on 14 September 2017
 - BEIS, London on 19 September 2017
 - BEIS and The Crown Estate, London on 19 September 2017
 - Society for Underwater Technology, Aberdeen on 20 September 2017
 - Edinburgh Chamber of Commerce, Edinburgh on 22 September 2017

- Marine Scotland (sponsor Directorate) on 26 September 2017
- SCDI Executive Committee, Edinburgh on 27 September 2017
- Offshore Wind Developer, Glasgow on 28 September 2017
- Marina Operator, Edinburgh on 28 September 2017
- ORE Catapult, Glasgow on 2 October 2017
- ReNews, Edinburgh on 3 October 2017
- Offshore Wind Industry Council on 4 October 2017
- Marine Scotland on 5 October 2017
- Westminster Energy, Environment & Transport Forum, London on 10 October 2017
- Offshore Wind Industry Council Meeting, London on 10 October 2017
- Accountable Officer's Event, Edinburgh on 11 October 2017
- SG/TCE Programme Board Completion, Edinburgh on 23 October 2017
- Renewable Developer on 24 October 2017
- Marine Scotland (sponsor Directorate) on 2 November 2017
- Low Carbon Contracts Company on 2 November 2017
- Tidal Developer, Glasgow on 3 November 2017
- Business in the Community, Edinburgh on 3 November 2017
- All-Energy Organisers, Edinburgh on 7 November 2017
- Offshore Wind Week, Parliamentary Reception on 8 November 2017

Upcoming Meeting

5. The Chair and Chief Executive will meet with Dumfries & Galloway Council on 15 November 2017.

Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Health & Safety Framework BD(2017)04.04	
Security classification	Unclassified	
Presented by	Andrew Wells	
Author	Andrew Wells	
Annexes	Annex A: Health & Safety Framework Annex B: Reporting Dashboard	
Recommendation	The Board is invited to approve the Health & Safety Framework at Annex A and provide comment on the reporting template at Annex B.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. To ensure Crown Estate Scotland (Interim Management) (CES) met its legal obligations towards the Health & Safety (H&S) in accordance with the 1974 Health and Safety at Work Act and all relevant regulations and statutory provisions, a Framework document and policy was prepared prior to transfer.
2. At the first meeting of the Board it was agreed that the Framework would be reviewed to ensure it met the business needs of the new organisation. A revised Framework was considered by the Board on 8 September 2017. The Board agreed that there were still areas of concern which required to be addressed. To allow further work to be undertaken on the Framework, and to allow the Head of Property to be present during the discussion, consideration of the Framework was deferred until this meeting.
3. With input from our external H&S consultant (Andrew Green, Greens of Haddington Ltd) and from Mr Macdonald, the Framework has been revised and is attached at **Annex A** for approval.
4. The Framework refers to a “dashboard” which is to be used as part of the reporting on H&S matters to the central H&S Committee, the Executive Committee and the Board. The dashboard template is attached at **Annex B** and the Board is invited to comment on the format. Please note: this template is intended for illustrative purposes only and does not contain actual data.

5. As set out in the previous Board paper on the H&S Framework (paper BD(2017)03.05) the Framework provides a robust basis for the continuing development of the CES H&S management system, ensuring that risks to employees, customers, business partners and other people who may be affected by our business activities are managed appropriately.

Financial

6. Incorporated into business budgets are the costs of implementing the Framework and related policies, the costs associated with H&S consultant's advice/support, the management of specific property related risks (where these are known), staff training, survey work, protective equipment and other direct costs.
7. In addition to those costs budgeted at business level an allowance of £100K has been allowed in Corporate overhead budgets in 2018/19 to cover consultancy costs (external advisor) and other ancillary costs associated with H&S management including appropriate accreditation costs. Costs up to the end of August of meeting consultancy fees are £6.5K
8. Budgeted and non-budgeted costs associated with H&S will be incorporated into the reporting framework as required.

Sustainability

9. H&S is a fundamental component of sustainable business management as set out in the framework and the policy.

Legal implications

10. The legal obligations for CES are set out in a range of legislation, including The Health and Safety at Work, etc., Act 1974; The Workplace (Health, Safety and Welfare) Regulations 1992; The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995; The Management of Health and Safety at Work Regulations 1999; The Provision and Use of Work Equipment Regulations 1998; and The Control Substances Hazardous to Health Regulations 2002.

Risk

11. The management of risk is the cornerstone of an effective H&S management system. The system set out in the Framework has been revised to meet CES requirements and to facilitate future audit and accreditation. It is considered fit for purpose for the management of CES responsibilities and liabilities.
12. An immediate priority has been to review all H&S policies with the appointed H&S consultant and this process is on-going. Further reports will be provided to the Board in due course.

Board paper

People considerations

13. The safety and welfare of all CES staff is a priority and the framework clearly states the importance placed on the management of H&S across the business. All staff are affected by the policy and the significance of this has been communicated to staff.
14. The involvement of all staff in the management system has been identified and processes put in place to ensure information is available and staff are aware of the key workplace hazards.

Reputational / PR implications

15. Failure to manage H&S effectively carries significant reputational risk. The framework document is an essential element of CES management processes to minimise any potential negative PR risk.

Recommendation

16. The Board is invited to approve the Health & Safety Framework attached at Annex A and to comment on the reporting dashboard attached at Annex B.

HEALTH & SAFETY FRAMEWORK

This document outlines how Health and Safety (H&S) issues are managed within Crown Estate Scotland (CES).

The framework is based on the following essential principles

- Strong and Active Leadership from senior management and the Board
 - Visible, active commitment from the Board
 - Effective “downward” communication
 - Integration of good H&S management with business decisions
- Worker Involvement
 - Engaging the workforce in the promotion and achievement of safe and healthy conditions
 - Effective “upward” communication
 - Providing high quality training
- Assessment & Review
 - Identifying and managing risks
 - Accessing competent advice
 - Monitoring, reporting and reviewing performance

Crown Estate Scotland recognises the 3 main reasons why H&S compliance is vital:

1. Legal Reason

The Health & Safety at Work etc Act 1974 places broad duties on employers to ensure, so far as reasonably practicable:

- the health, safety and welfare of its employees; and,
- the health and safety of people who are not employed but who are affected by its undertaking

Failure to comply with the Act and the regulations made under it could be subject to a criminal prosecution; the fines for which are significant.

2. Financial Reason

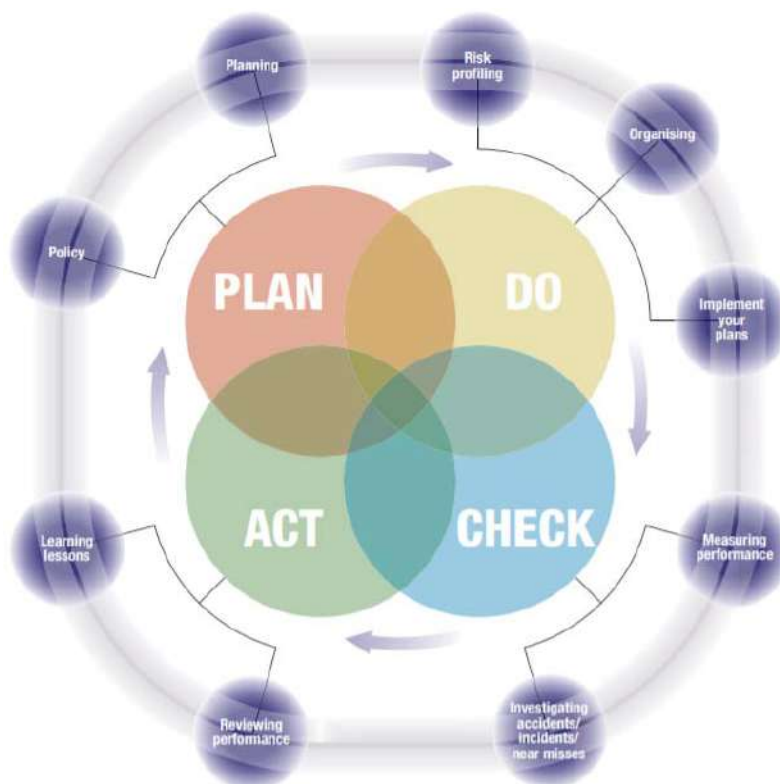
The cost of failure to comply with Health & Safety regulations can be significant, in terms of human cost, lost output and potential fines. Complying with Health & Safety legislation is therefore good business and CES considers the price of compliance as an investment rather than a cost.

3. Moral Reason

There is no justifiable reason why the environment should negatively suffer or the Health & Safety of CES employees or members of the public should be compromised as a result of the activities of CES. Therefore, CES does its utmost to comply with the legislation and best practice.

Management Health & Safety (H&S) matters in Crown Estate Scotland

CES has adopted a 4-point approach, based on the Health & Safety Executive (HSE) and Institute of Directors (IoD) guidance “Leading Health and Safety at Work – INDG417(rev1)”, outlined in the following diagram:



This is managed in the following way:

PLAN

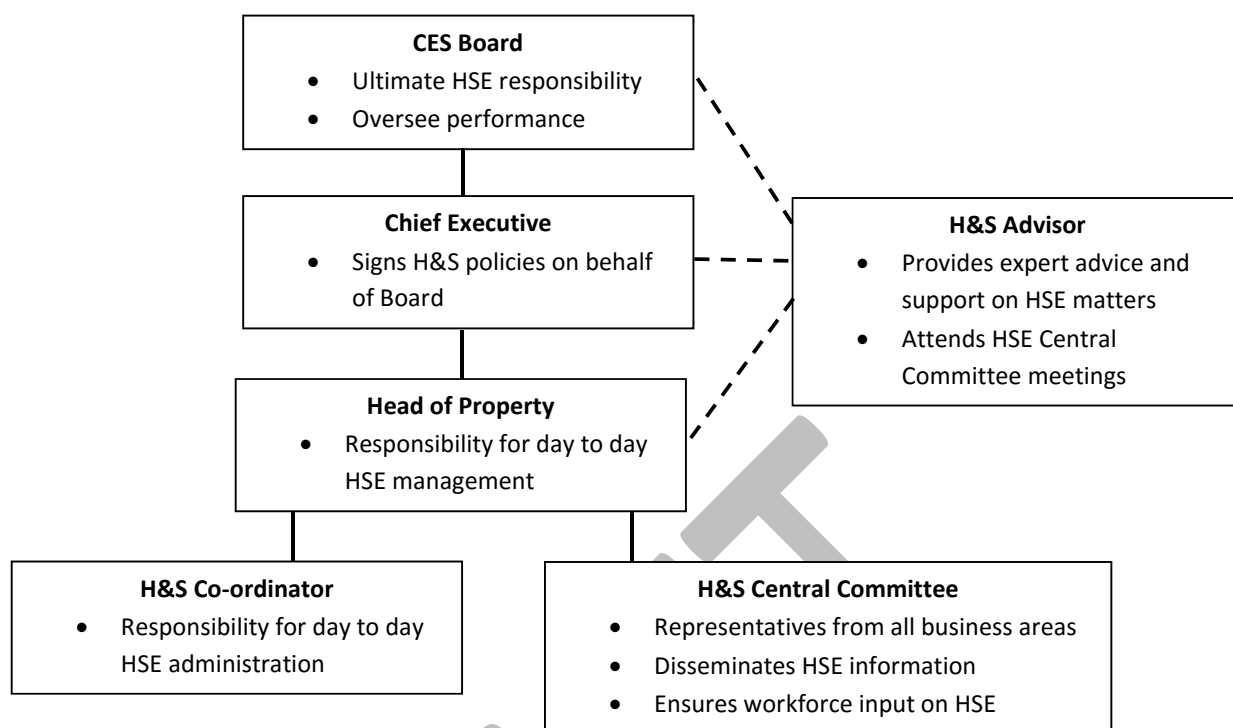
A H&S policy statement is signed off by the Chief Executive and is available on CES website. This is a short statement setting out the commitment to H&S and describing the policies in place to address key requirements.

CES provides H&S policies that form the basis of the system of management. The policies cover all aspects of H&S management and are designed to be dynamic, working documents that evolve as legislation, guidance, systems of work and equipment changes in the workplace. The main policies are signed by the Chief Executive on behalf of the Board as evidence they have been accepted.

DO

Delivery depends on an effective management system to ensure, so far as reasonably practicable, the H&S of employees, tenants, suppliers, partners and members of the public is adequately accounted for in business planning, management and evaluation.

The management structure of CES(IM) is as follows



Managing Agents are required to take responsibility for H&S within their areas of responsibility in accordance with the relevant Policies and as defined in the Management Appointments. This is summarised below.

- **Savills** have responsibility to ensure compliance relating to all rural and urban property management issues
- **Savills** have responsibility for the day-to-day supervision and management of the in-house maintenance staff based at Fochabers.
- **Bidwells** have responsibility to ensure compliance relating to all coastal management issues
- **Wardell Armstrong** have responsibility to ensure compliance relating to the management issues of active quarries and mineral works

Health & Safety is an agenda item on all board meetings, Executive Committee meetings and business management meetings.

Professional H&S advice is provided for the whole business by an external consultant (H&S Advisor) who attends all relevant meetings, advises on H&S policies, management systems and investigates/reviews all reported incidents.

There is a central H&S committee, including members from all business areas, that meets quarterly under the chairmanship of the Head of Property, to which the Health & Safety Advisor is invited. Committee membership includes representatives from all business areas.

Mitigation measures / controls are put in place to reduce all risks to an acceptable level in line with risk assessments and staff are instructed to abide by the terms of the H&S policies.

Job specific training managed through the Human Resources (HR) function is undertaken to ensure maximum performance and minimum levels of injury, ill health or detriment to the environment.

CHECK

Monitoring & Reporting are vital parts of a health & safety culture.

- All accident reports are passed to the **Health & Safety Coordinator and Head of Property** who enlist the Health & Safety Adviser as required to investigate or follow up incidents as required.
- All incidents and near misses are similarly reported and passed as per accident reports
- Sickness absence is recorded by the HR manager and passed to the **Head of Property** who will enlist the Health & Safety Adviser if required.
- Any environmental issue such as spillage of oil, pollution from third party, fly tipping etc. is recorded and passed to the **Health & Safety Coordinator and Head of Property** who will enlist the Health & Safety Adviser if required.
- Managing agents are required to submit monthly compliance reports recording management activities, incidents and any H&S issues that arise within their management areas.
- A reporting dashboard which covers all key risk areas is prepared for the central H&S committee and for reporting to the Executive Committee and the Board.

A full investigation is done following receipt of the accident/incident form to determine the cause and to identify measures to prevent the accident/incident repeating.

The results of investigations and learning points are communicated to all staff through email updates, staff meetings, posters and other relevant forms of communication.

The number of accidents and incidents and their causes are presented to the Board at their regular meetings; The Board of CES oversee performance and ensure adequate resources are in place to manage H&S issues in line with best practice.

Internal monitoring of H&S compliance by managers and department heads is undertaken monthly during team meetings. Following these meetings action lists are developed and subsequently monitored to ensure/improve compliance and to reduce the risk of an accident / incident occurring.

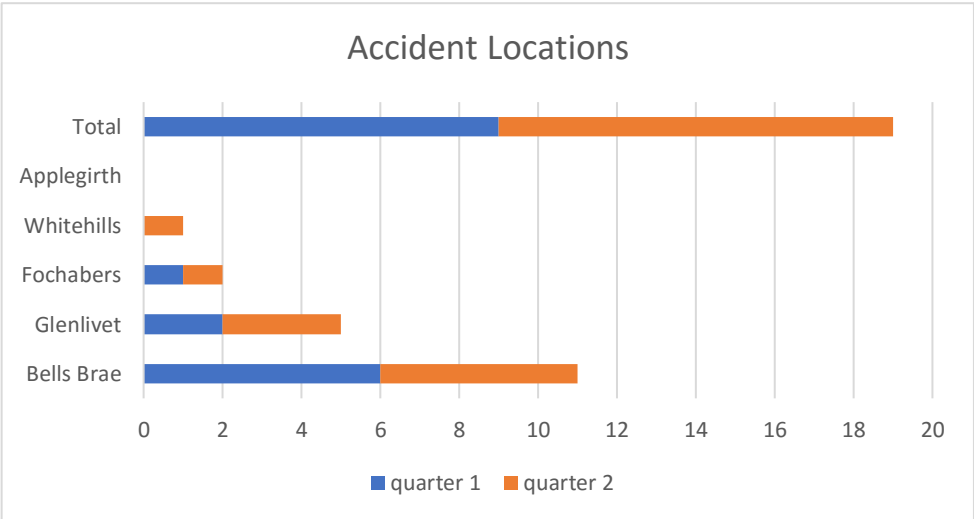
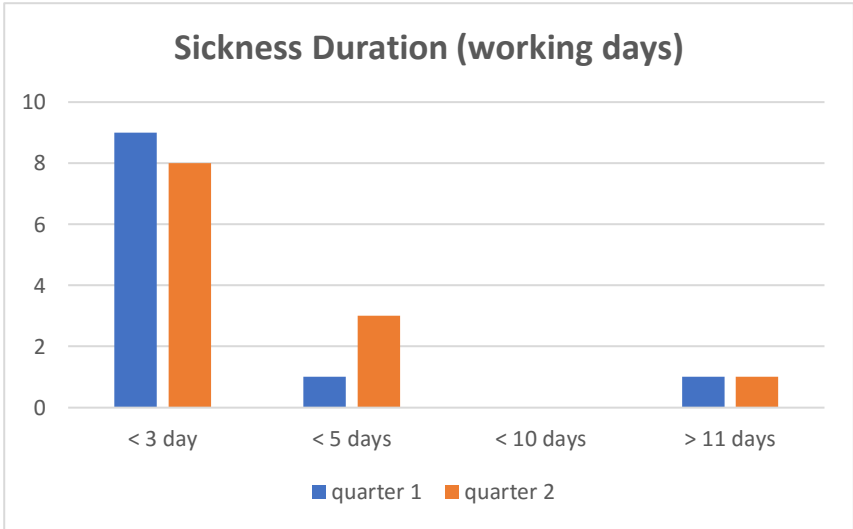
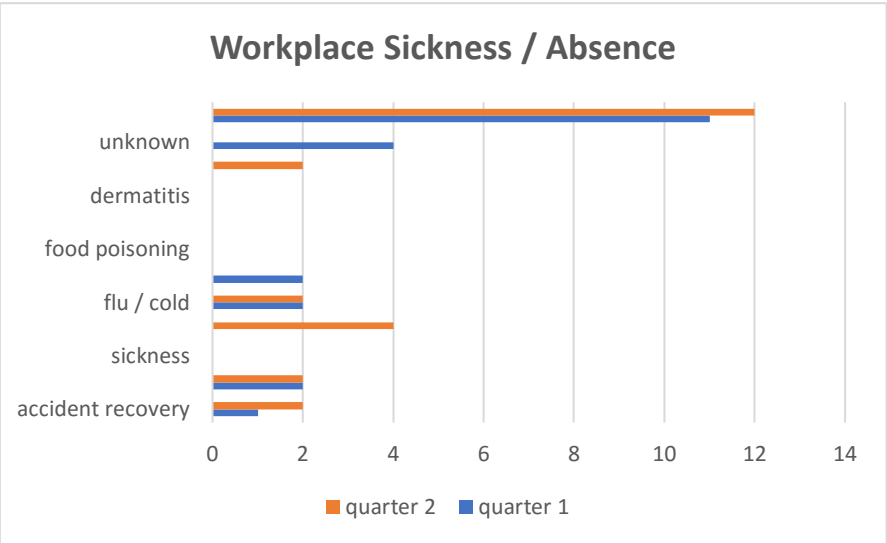
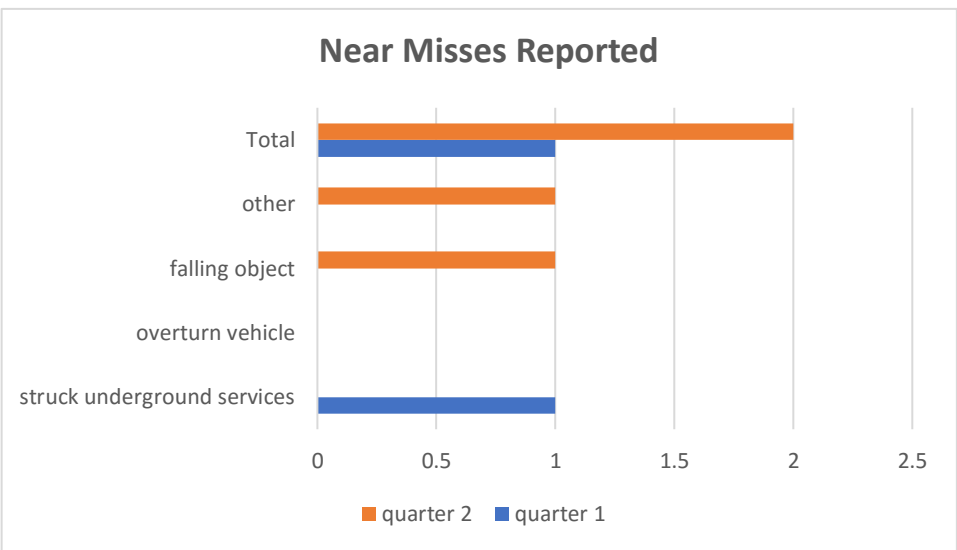
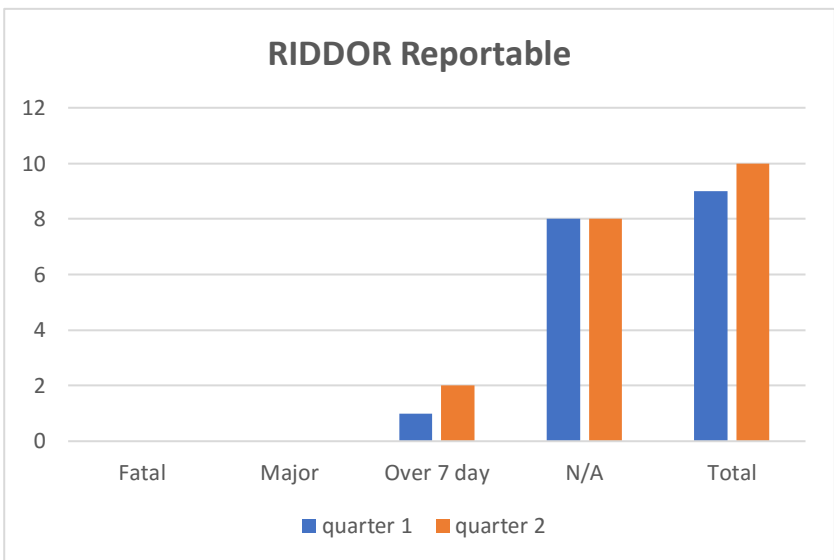
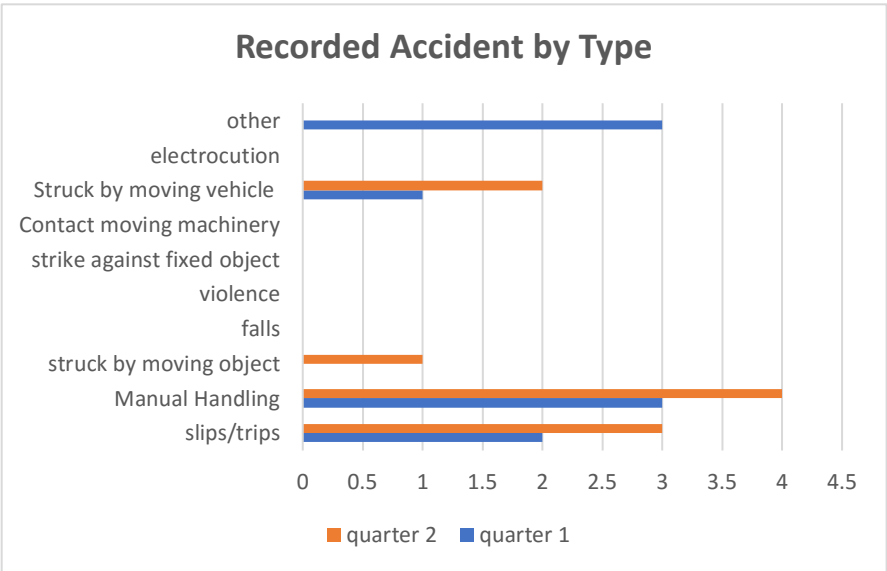
ACT

A formal Board review of H&S performance is held on an annual basis and performance compared with other years. From this, targets are set for the following years (including responsibility and associated timescales) and policies and procedures updated accordingly.

HEALTH & SAFETY PERFORMANCE

Reporting Dashboard

NB - For illustration purposes only. The data illustrated in these graphs is NOT actual data



Other potential reporting metrics:
Property Management

The Crown Estates – Scotland
Health & Safety Performance Dashboard Q1 2017



Compliance Levels YTD																																																								
<div><p>Smoke and CO alarms fitted</p><table><tr><th>Location</th><th>Total properties</th><th>No. compliant</th></tr><tr><td>Applegirith</td><td>35</td><td>35</td></tr><tr><td>Whitehill</td><td>10</td><td>10</td></tr><tr><td>Stirling</td><td>5</td><td>5</td></tr><tr><td>Fochabers</td><td>35</td><td>35</td></tr><tr><td>Glenlivet</td><td>15</td><td>15</td></tr></table></div> <div><p>Carbon Monoxide Graph 1</p><ul style="list-style-type: none">Carbon monoxide detectors have been installed as part of the fixed wiring inspection programme and comprise a mixture of battery and hard wired. There are no plans at this stage to replace the battery detectors with hard wired detectors.</div>	Location	Total properties	No. compliant	Applegirith	35	35	Whitehill	10	10	Stirling	5	5	Fochabers	35	35	Glenlivet	15	15	<div><p>Unoccupied and derelict properties</p><table><tr><th>Location</th><th>Total properties</th><th>No. compliant</th></tr><tr><td>Applegirith</td><td>8</td><td>1</td></tr><tr><td>Whitehill</td><td>1</td><td>0</td></tr><tr><td>Stirling</td><td>1</td><td>0</td></tr><tr><td>Fochabers</td><td>4</td><td>2</td></tr><tr><td>Glenlivet</td><td>4</td><td>0</td></tr></table></div> <div><p>Unoccupied and derelict Graph 2</p><ul style="list-style-type: none">Vacant property register is attached. The register excludes, land, wayleaves and fishings.The programme for inspections is currently on an ad hoc basis according to the location of the property. It is recognised that a more formal process needs to be adopted and agreed with Crown Estate Scotland".</div>	Location	Total properties	No. compliant	Applegirith	8	1	Whitehill	1	0	Stirling	1	0	Fochabers	4	2	Glenlivet	4	0	<div><p>Fixed wire electrical inspection</p><table><tr><th>Location</th><th>Total properties</th><th>No. compliant</th></tr><tr><td>Applegirith</td><td>35</td><td>35</td></tr><tr><td>Whitehill</td><td>10</td><td>10</td></tr><tr><td>Stirling</td><td>5</td><td>5</td></tr><tr><td>Fochabers</td><td>35</td><td>35</td></tr><tr><td>Glenlivet</td><td>15</td><td>15</td></tr></table></div> <div><p>Electrical inspection and testing Graph 3</p><ul style="list-style-type: none">The Electrical testing and remediation works for the directly managed residential property is now complete.Electrical testing for farm buildings is underway, but not represented in the above bar chart.</div>	Location	Total properties	No. compliant	Applegirith	35	35	Whitehill	10	10	Stirling	5	5	Fochabers	35	35	Glenlivet	15	15
Location	Total properties	No. compliant																																																						
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Successes	Incidents	CDM Projects	Future activities																																																					
<p>Savills has fully implemented our revised CDM2015 processes for minor works and major projects across its Estate Management teams. This has been supported by an extensive training programme – with formally trained RICS Building Surveyors fulfilling the role of Principal Designer on all major projects.</p>	<p>Whitehill Estate</p> <ul style="list-style-type: none">Kirkettle Farm chimney fire 26/1/17 reported under Incident log no 10158587 and case sheet 17/678/04 and . Remedial works. Date for receipt of tenders for remedial works 31/3/17. <p>Applegirith</p> <ul style="list-style-type: none">Poldean Farm biomass fire (tenants fixed equipment) causing damage to Landlords building 4/3/17. Reported under Incident log 788276622. Remedial works being supervised by tenant with tenant insurers <p>Fochabers</p> <ul style="list-style-type: none">Nil <p>Glenlivet</p> <ul style="list-style-type: none">Nil	<ul style="list-style-type: none">No F10 notifiable projects underway or at the pre-construction planning phase.The following projects fall into the Savills CDM Type 2 (major projects) and are definition underway or at the pre-construction planning phase. <p>Whitehill</p> <ul style="list-style-type: none">Kirkettle Farmhouse chimney fire. <p>Applegirith</p> <ul style="list-style-type: none">Dryfesdalegate farm roof replacements.Dryfeholm Clock Tower demolition. <p>Fochabers</p> <ul style="list-style-type: none">Braes of Enzie Cattle Court Replacement <p>Glenlivet</p> <ul style="list-style-type: none">Deskie Farm, Cattle Court Replacement	<ul style="list-style-type: none">Further refinement of CDM2015 processes with clarification of all roles holder positions.A project to identify and manage risks related to tenants works on electrical installations.																																																					

Board	Board	BD(2017)04
Meeting date	14 November 2017	
Paper title	Local Management Pilots – Update BD(2017)04.08	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Ronnie Quinn	
Author	Ronnie Quinn	
Annexes	Annex A – Option 1 Annex B – Option 2	
Recommendations	The Board are invited to note the update and to consider the outline plan options at Annex A and Annex B.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

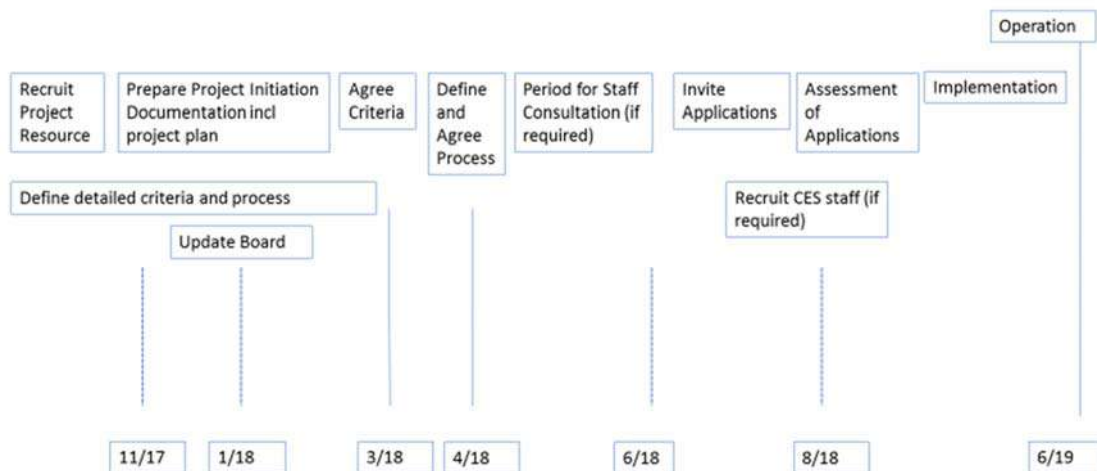
Background

1. At its meeting in September the Board considered a paper on the development of Local Management Pilots. This paper provides an update on activity.

Update

2. A working level meeting was held with officials of the three island Councils. The meeting established that individual pilots would be more suited to the needs and requirements of the individual authorities.
3. Scottish Government have been advised that the information being considered as required from a Local Authority or community group (a “manager”) as part of their pilot proposal would potentially include:
 - the Crown Estate Scotland asset or function to be subject to the pilot;
 - the type of management proposed;
 - the identity of the party or parties involved in the proposal. If more than one then all must demonstrate the extent of involvement and commitment to the pilot;
 - evidence that the manager has the ability and resources to manage the asset or function (including having staff with appropriate expertise);
 - clear articulation of the benefits to be delivered to the local community or local authority as a result of the pilot;
 - evidence of support from local communities or relevant interests including existing CES tenants;

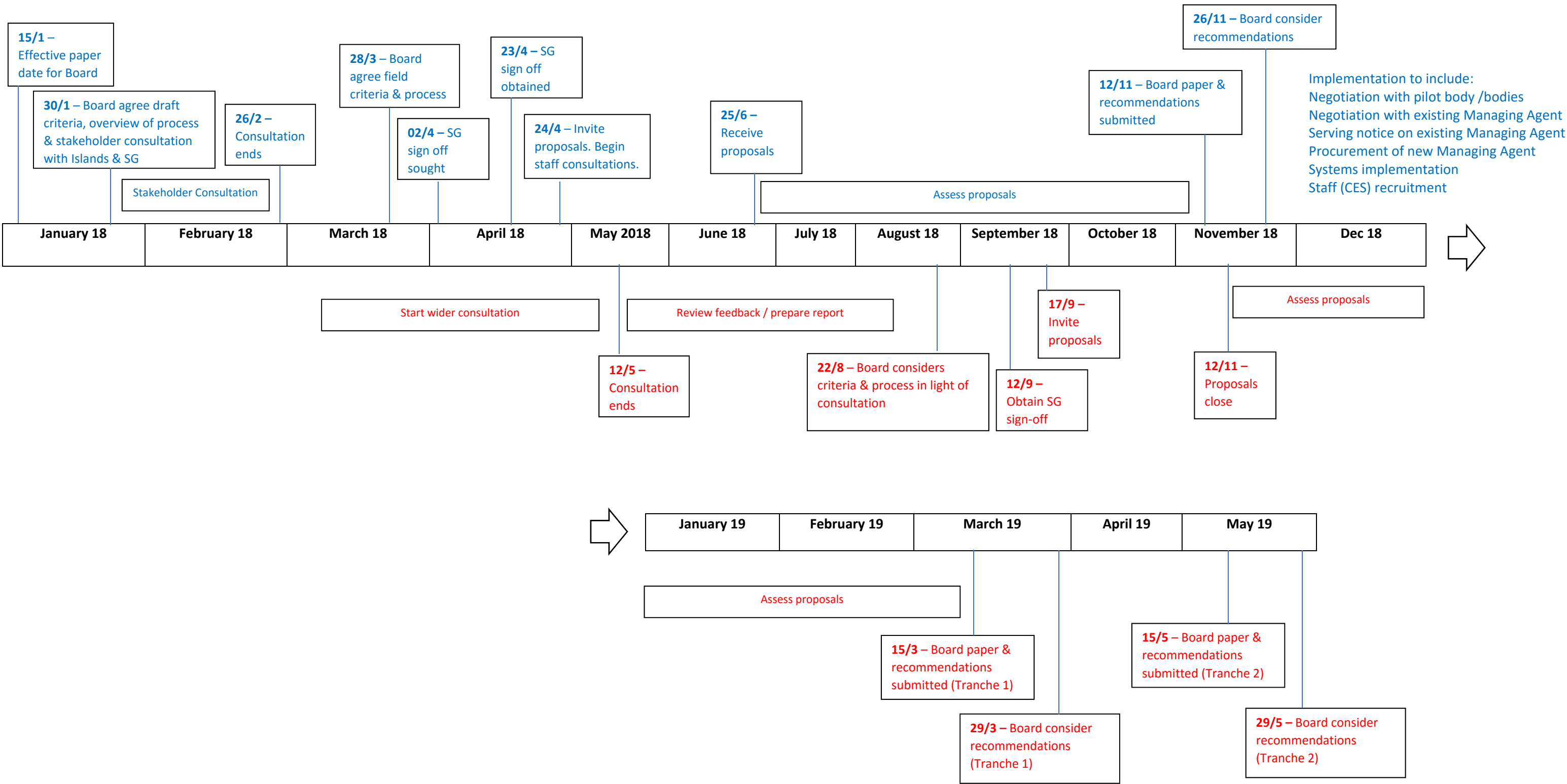
- how the pilot would contribute to delivery of the CES Corporate Plan;
 - [length of project?]
 - [business plan?]
4. The proposed assessment criteria for pilot proposals would include:
- does the pilot model provide the manager with an increased or desired level of control?
 - does the pilot provide an efficient or cost-effective way of managing an asset or function measured by;
 - i. the manager's financial strength, assessed as a ratio to the value of assets or function they will manage.
 - ii. the manager's ability to manage the assets or function and to deliver the benefits identified in proposal.
 - iii. Impact on gross and net revenues.
 - iv. Impact on capital value.
 - v. Impact on costs of CES.
 - vi. Impact on organisation/staff of CES.
 - vii. Costs and timeframe to set-up (for both CES and manager).
 - viii. System implications, including costs and timeframes for both parties.
 - ix. Tenant interactions (impact on existing tenants? Consultation with existing tenants?).
 - x. Impact on CES existing management contracts (not a barrier to a pilot but required to identify additional costs)
 - xi. Ability to wind back or reverse pilot.
5. The Board approved the recruitment of resource to develop the project further. Andrew Macdonald assisted in the selection process and a lead consultant has been appointed to lead on this work.
6. The project plan will be worked up further in collaboration with the lead consultant, however two main outline plans are suggested and the Board are requested to consider these.
7. Option 1 (at Annex A) allows for an accelerated approach for the islands (or other local authorities) with wider public consultation on criteria and process following. Option 2 (at Annex B) brings the processes together, and while taking slightly longer reduces the risk of challenge or nugatory work in the event that public consultation introduces new or substantially revised criteria. Option 2 is the recommended approach.
8. It is recommended that the timeline for the stakeholder and public consultation needs to allow sufficient time, whilst still making reasonable progress. It is recommended that the criteria and process have been subject to sufficient scrutiny before they are put into practice with the first projects. The lead consultant has advised that it would be best practice, as well as reducing the reputational risk associated with this work.

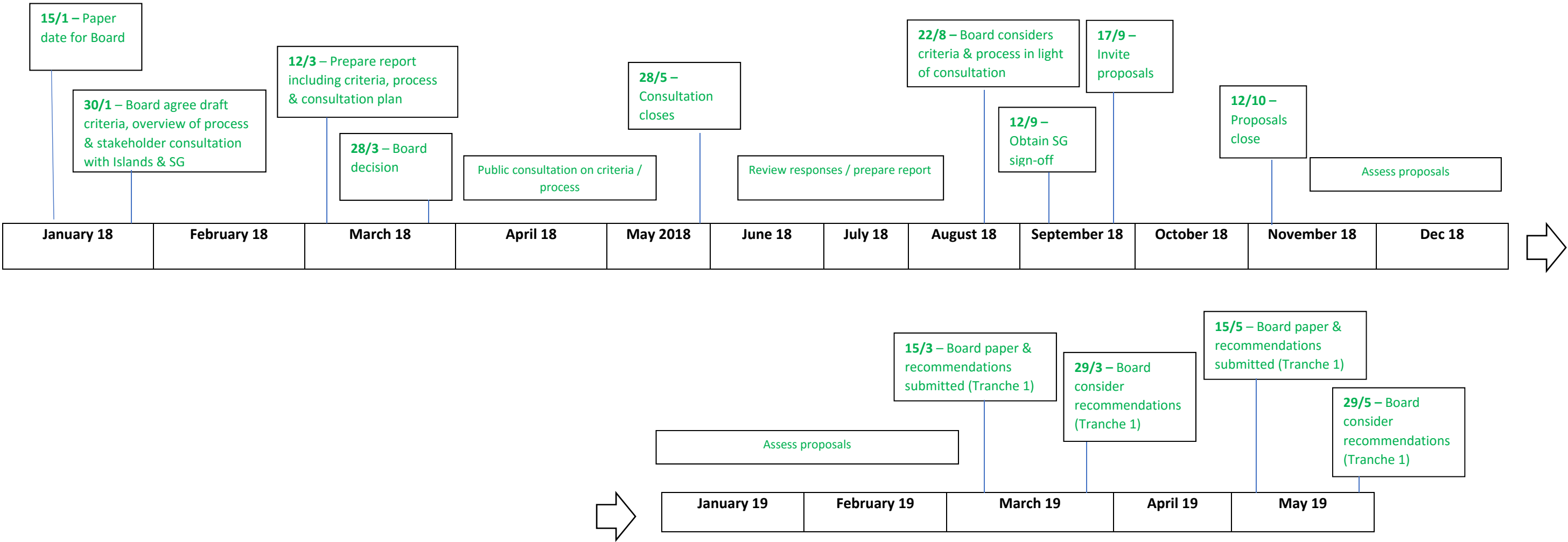


Recommendations

9. That the Board note this update and consider the outline plan options.

Accelerated Local Authority Model with Wider Public Body Implementation





Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Key activities to feature in Business Plan 2018/19 BD(2017)04.09	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Ronnie Quinn	
Author	Annie Breden	
Annexes	Annex A: Business Plan Targets	
Recommendation	The Board is invited to comment on this paper.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. This paper outlines Crown Estate Scotland's business planning process for 2018/19 and details the key activities and targets/deliverables that have been identified. Associated budget information (including financial targets) will be presented to the Board separately.
2. The Board is invited to note and comment on these key activities to enable Corporate Operations to then develop the full business plan, which will come back to Board to allow a further opportunity to comment.
3. The next steps are:
 - December 2017 - contents of this paper will be worked up into a fuller business plan with targets and budget information, and circulated to our sponsor team and Board for comment;
 - January 2018 - stakeholder consultation;
 - February 2018 - sign off by Chair; sent to SG for final approval; design starts;
 - March 2018 – published.

Discussion

4. The business planning process for 2018/19 has been similar to 2017/18. Teams prepared submissions for capital/revenue budgets and detailed targets for all their activities.
5. Targets have been informed by the strategic direction set out in the Corporate Plan and all targets flow from the strategic objectives set out in the Corporate Plan.

6. Key targets are those with a significant capital spend, those relating to new areas of work for CES and those which are anticipated to be of most interest to external stakeholders.
7. A comprehensive spreadsheet of approximately 100 detailed targets (including business as usual activities) has been prepared and will be used internally by staff teams to track progress against the business plan.

Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Procurement Strategy & Policy BD(2017)04.12	
Security classification	Unclassified	
Presented by	Lynne Higgins	
Author	Andy Riley	
Annexes	Annex A – Draft Procurement Strategy Annex B – Draft Procurement Policy	
Recommendation	The Board is invited to approve on the draft Procurement Strategy and the draft Procurement Policy.	
The board secretary or chairman should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. The Board approved a Procurement Approach (paper BD(2017)03.13) during its meeting on 8 September 2017 and agreed that a Procurement Strategy and Procurement Policy be developed for approval.
2. A draft Procurement Strategy was considered by the Audit & Risk Committee on 16 October and, having taken cognisance of their comments, a draft Procurement Strategy is contained in Annex A and a draft Procurement Policy is contained in Annex B. The Executive Committee have approved these drafts.

Discussion

3. The principles set out in the Procurement Approach underpin the Strategy and Policy. These are:
 - i) Procurement processes should be transparent and proportionate (both to contract value and CES resource).
 - ii) CES should leverage maximum value from collaborative procurement activities (e.g. framework agreements, best practice guidance, electronic procurement portals).
 - iii) Clear identification of award criteria and weighting (including sustainability impacts) to be established prior to individual procurement processes commencing.
 - iv) Active and effective contract management to be followed over the course of any contract, to ensure good value is achieved.

Implementation

4. The procurement principles detailed in point 3. above will be adopted across CES's activities.

5. Overall responsibility for delivery of the Procurement Strategy and Procurement Policy lies with the Chief Executive Officer, supported by CES's Commercial Manager and Head of Finance & Commercial.
6. For each business area, a staff member has been designated as responsible for procurement activities and will receive appropriate training.
7. All staff will have the opportunity to attend a Lunch and Learn session devoted to Procurement.

Financial

8. Implementation of the Strategy and Policy will directly support achieving Business Plan targets for managing operating costs.

Sustainability

9. Sustainability impacts will be systematically addressed when individual procurement activities are undertaken.

Legal Implications

10. Legal input (along with commercial and financial) will be considered for all procurement activities with a value/cost in excess of £50,000.

Risk

11. Approval of the draft Procurement Strategy and Policy will help ensure delivery of Best Value from CES procurement activities.

People Considerations

12. This strategy and policy will broaden the range of procurement tools available to CES staff, supporting the delivery of Best Practice.
13. Appropriate training and support will be delivered to individual staff members, as required.

Reputational/ PR Implications

14. Delivering this strategy will have positive reputational implications by demonstrating CES commitment to integrity, due process and Best Value in its contractual dealings.
15. The measures recommended will assist in evidencing openness and transparency and furthering related Business Plan objectives.

Recommendation

16. The Board are invited to approve the draft Procurement Strategy and Policy.

Annex A

Crown Estate Scotland Procurement Strategy

What will we do?

1. This strategy will support delivery of Business Plan targets by ensuring that all procurement activities deliver Best Value for CES and by evidencing openness and transparency of activities.
2. All Procurement activities will be guided by these Procurement Principles:
 - i) Procurement processes should be transparent and proportionate.
 - ii) CES should leverage maximum value from collaborative procurement activities.
 - iii) Clear identification of award criteria and weighting, including sustainability impacts.
 - iv) Active and effective contract management over the course of any contract.
3. Procurement activities will display CES values of commercialism, collaboration and integrity.
4. Procurement data will be collected (by designated staff) and held centrally (by the Commercial Manager), to provide comprehensive insight into procurement activities, including developing appropriate performance targets. Procurement data will be reviewed on an annual basis.
5. Documentation associated with procurement activities (including all tender documentation, received quotes/ tenders and associated assessment(s)) will be retained in line with CES document retention policy (7 years, subject to formal adoption by CES of that policy).

How will we do it?

6. Specific procurement requirements will be determined by contract value. Contract value means total contract value – e.g. for a 3-year contract, total value is taken across all 3 years.

Contract value	Procedure	Comment
A Up to £5,000	Ad hoc procedure	<ul style="list-style-type: none"> Ideally, source 2 suppliers for quotes Suppliers T&C will normally apply
B £5,000-£10,000	Consider Competition	<ul style="list-style-type: none"> If no competition, explain why Ideally, source 3 suppliers for quotes Suppliers T&C will normally apply
C £10,000-£50,000	Competition	<ul style="list-style-type: none"> Tenders (price, quality and service) must be obtained from at least 3 suppliers Clear decision rationale documented Consider use of Quick Quote facility on Public Contracts Scotland Portal (PCSP)
D £50,000+	Competition	<ul style="list-style-type: none"> Advertise on PCSP (Non-OJEU Contract Notice) Multi person award decision Commercial/ financial/ legal advice to be enlisted as necessary Clear decision rationale documented
E Framework	Set up/ Call off	<ul style="list-style-type: none"> Discuss requirements with Commercial Manager

Table 1: Procurement Approach & Control Limits

7. Detailed advice and guidance on competitive tendering processes is contained in the accompanying Procurement Policy document.
8. To ensure Best Value, Procurement Principles iii) and iv) are of particular importance.
9. Principle iii) (clear identification of award criteria and weighting) needs to be addressed at the outset of any procurement activity. For low value, generic purchases, the award criteria may simply be price (with sustainability requirements addressed in the product specification).
10. For higher value, more complex procurement activities, award criteria must be considered in detail. That consideration must include both identification of criteria and assessment of relative weighting of that criteria within the overall procurement decision.
11. For competitive procurement decisions (generally, those in excess of £10K value), a clear decision rationale should be documented.
12. All contract award decisions should be recorded via completion of a Decision Record Sheet (DRS).
13. Once a contract is awarded, Principle iv) (active and effective contract management) becomes pertinent. Best Value will be realised if contract delivery is consistent with contract terms.

Who will do what?

14. Overall responsibility for delivery of the Procurement Strategy and Procurement Policy lies with the Chief Executive, supported by CES's Commercial Manager and Head of Finance & Commercial.
15. Within each business area, a staff member will be designated responsible for procurement activities. Appropriate training will be given by the Commercial Manager.
16. Managing Agent (MA) procurement systems will require to be consistent with CES's Procurement Strategy and Policy.
17. A key aspect of the strategy is to leverage maximum value from collaborative activities. The Commercial Manager will represent CES in such activities (e.g. Scottish Government Cluster Groups, designed to disseminate Best Practice in procurement).
18. Designated staff in each business area will have responsibility for individual procurement activities, with Commercial/ Financial/ Legal support as necessary. In particular, they will oversee:
 - i) Development (including relative weighting) of contract award criteria.
 - ii) Contract management (in the contract delivery phase).

Board paper

When?

19. This Strategy and Policy will be implemented from the date of approval and will remain in effect until reviewed or replaced.
20. Staff briefing and training will be carried out as soon as practical thereafter.

Annex B

Crown Estate Scotland Procurement Policy

Background & Purpose

1. This Procurement Policy is designed to support delivery of CES Procurement Strategy, as approved by the CES Board from time to time. The Procurement Strategy is fundamentally focussed on delivering Best Value in procurement for CES.
2. Best Value for CES includes economic, social and environmental value (whilst remaining at all times within the *vires* of the 1961 Crown Estate Act and amending provisions or replacement legislation).
3. All Procurement activities will be guided by these Procurement Principles:
 - i) Procurement processes should be transparent and proportionate.
 - ii) CES should leverage maximum value from collaborative procurement activities.
 - iii) Clear identification of award criteria and weighting, including sustainability impacts.
 - iv) Active and effective contract management over the course of any contract.

Roles & Responsibilities

4. This policy (and any amendments or changes that follow) must be approved by the CES Board.
5. Overall responsibility for application of the Policy lies with the Chief Executive (CE).
6. The CE is supported centrally by the Head of Finance & Commercial and the Commercial Manager. The Commercial Manager has specific responsibilities to:
 - i) Provide appropriate training and support to members of staff carrying out individual procurement activities;
 - ii) Maintain appropriate procurement documentation (e.g. Terms & Conditions, Invitation to Tender (ITT) documents, scoring matrices).
 - iii) Consider what (if any) other support is required in an individual procurement activity (e.g. legal);
 - iv) Collect, maintain, analyse and disseminate procurement data, as required.
7. The Commercial Manager is responsible for representing CES in Scottish Government (SG) related procurement activities and efforts (e.g. Cluster Group best practice networks). They are also responsible for administering CES access to the Public Contracts Scotland Portal (PCSP) and understanding the range of SG Framework Agreements open to CES.
8. Within each business area, an individual staff member ('responsible person') will be designated (by the relevant member of the Executive Committee) to have responsibility for procurement in that area. They will be supported by the Commercial Manager, as detailed above.

9. For each Managing Agent, the lead Partner will have responsibility to ensure that any procurement undertaken on behalf of CES will be carried out in agreement with this Policy.

Control Limits & Processes

10. The fundamental approach to individual procurement activities, with associated financial control limits, is described below:

Contract value	Procedure	Comment
A Up to £5,000	Ad hoc procedure	<ul style="list-style-type: none"> • Ideally, source 2 suppliers for quotes • Suppliers T&C will normally apply
B £5,000-£10,000	Consider Competition	<ul style="list-style-type: none"> • If no competition, explain why • Ideally, source 3 suppliers for quotes • Suppliers T&C will normally apply
C £10,000-£50,000	Competition	<ul style="list-style-type: none"> • Tenders (price, quality and service) must be obtained from at least 3 suppliers • Clear decision rationale documented • Consider use of Quick Quote facility on Public Contracts Scotland Portal (PCSP)
D £50,000+	Competition	<ul style="list-style-type: none"> • Advertise on PCSP (Non-OJEU Contract Notice) • Multi person award decision • Commercial/ financial/ legal advice to be enlisted as necessary • Clear decision rationale documented
E Framework	Set up/ Call off	<ul style="list-style-type: none"> • Discuss requirements with Commercial Manager

< £5,000 Contract Value

11. Small purchases of below £5,000 will be subject to ad-hoc procurement procedures.
12. Attention is required to ensure a suitable specification/ scope of work is developed, prior to procurement being undertaken. That specification or scope should encompass consideration of desired product/ service attributes (e.g. if buying paper, should it be recycled or is better quality necessary).
13. The Commercial Manager should be consulted to ascertain whether there is an appropriate SG or other Framework Agreement through which the item could be procured.
14. If a SG or other Framework Agreement is not available, then a minimum of 2 competitive prices should be sought from potential suppliers.

£5,000 - £10,000 Contract Value

15. For contract values between £5,000 and £10,000, there is a presumed need for a competitive tendering process. If the responsible person considers (for whatever reason) that competitive tendering is not necessary, that approach must be discussed and agreed with the Commercial Manager before procurement is started.

16. Ideally, 3 competitive quotes should be obtained from suppliers. A clear specification or scope of work should be developed beforehand, including desired attributes other than price (e.g. can it be locally sourced or environmental attributes).
17. At this level of contract value, use of the suppliers Terms & Conditions would normally be considered. The Commercial Manager should be consulted if there is any doubt in this regard.

£10,000 - £50,000 Contract Value

18. For contract values between £10,000 and £50,000, there is an absolute requirement for competitive tendering to be undertaken. An exception to this is a situation where the required product or service is specialist or geographically difficult to source, to the extent that competitive tendering is not possible. This situation must be discussed and agreed with the Commercial Manager before procurement is started.
19. To aid transparency and support delivery of Best Value, it is recommended that, where possible, the Quick Quote facility on the PCSP is to be used to tender contract values in this range. Tenders from 3 suppliers should be sought.
20. Whether or not the Quick Quote facility is used, the basic process for contracts of this value will be the same:
 - i) Potential suppliers should be identified (either via PCSP or other means);
 - ii) An Invitation to Quote (ITQ) or Invitation to Tender (ITT) should be prepared. This must include a Brief (a comprehensive product specification or service scope of work), description (including relative weighting) of the evaluation criteria to be used and model Contract;
 - iii) The ITQ should be posted via the Quick Quote function of PCSP. An ITT (if Quick Quote not being used) should be sent to the potential suppliers identified;
 - iv) Responses should be received (by the date specified in the ITQ/ITT) and evaluated (against the evaluation criteria included in the ITQ/ITT). The preferred supplier is thus identified;
 - v) The result of the evaluation is then communicated to the preferred supplier (via a Contract Award Letter) and the other respondees (via an Unsuccessful Tenderer Letter). If Quick Quote is used, a Contract Award Notice should be posted;
 - vi) The Contract is then issued to the successful party.

£50,000+

21. For contract values in excess of £50,000, there is a requirement for competitive tendering to be undertaken.
22. To aid transparency and support delivery of Best Value, tenders from at least 3 suppliers should be sought via the PCSP.

23. The basic process to be followed is as follows:

- i) The opportunity should be advertised on PCSP through the use of a 'Non-OJEU Contract Notice';
- ii) An Invitation to Quote (ITQ) or Invitation to Tender (ITT) should be prepared. This must include a Brief (a comprehensive product specification or service scope of work), description (including relative weighting) of the evaluation criteria to be used and model Contract;
- iii) The ITQ should be posted via the PCSP;
- iv) Responses should be received (by the date specified in the ITQ) and evaluated (against the evaluation criteria included in the ITQ). Evaluation criteria and approach for contracts of this scale is necessarily more rigorous than for lower value agreements. In particular, a multi person award panel decision is required. In addition, appropriate commercial/ financial/ legal advice should be enlisted. The preferred supplier is thus identified;
- v) The result of the evaluation is then communicated to the preferred supplier (via a Contract Award Letter) and the other respondees (via an Unsuccessful Tenderer Letter). A Contract Award Notice should be posted on the PCSP;
- vi) The Contract is then issued to the successful party.

Framework Agreements

- 24.** A framework agreement is a general term for agreements with suppliers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.
- 25.** Generally, CES may make use of framework agreements established by other bodies (e.g. Scottish Government, UK Government, Crown bodies). CES may not have automatic access to all SG/ UK Government framework agreements.
- 26.** The Commercial Manager should be consulted before access to a particular framework agreement is attempted.

Selection Criteria & Weighting

- 27.** Given our legal duty to achieve 'Best Consideration' under The Crown Estate Act 1961, the cost implications of any contract proposal will continue to carry significant weight when it comes to assessing that proposal.
- 28.** Other criteria must also be taken into account (and given appropriate weighting):
 - i) Quality and deliverability;
 - ii) Sustainability (including social and environmental impacts).
- 29.** Sustainability impacts are inherently more difficult to assess/demonstrate than financial impacts. Care must be taken at the ITT/ITQ stage to ensure desired criteria are properly identified, along with means of assessing them.

Documentation

- 30. Copies of all relevant contract documentation will be stored centrally (including ITT/ITQ and evaluation documents).
- 31. Copies of all relevant contract documentation (including successful and unsuccessful bids, associated evaluation documentation and DRS's) will be retained in line with adopted CES Document Retention policy (7 years, subject to formal adoption of that policy by CES).
- 32. Confirmation and details of awarded contracts should be sent to the Commercial Manager on completion, including counterparty, term, indicative value and scope of work/ specification. This allows a comprehensive picture of procurement activities to be built-up and maintained.
- 33. A Decision Record Sheet, and the process behind it, will be used to capture each contract award.

Contract Management

- 34. Proactive contract management is a vital component of ensuring Best Value delivery.
- 35. Supplier performance will be managed throughout the lifetime of the contract by the **person who instigated the procurement of the contract/ product**, or their successor.
- 36. Contract variations may result in the need for a new procurement process. As such, variations should be treated as exceptional and kept to a minimum – changes should not materially alter the original contract.
- 37. The Commercial Manager should be consulted regarding a potential contract variation.

Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Publication of Board Papers BD(2017)04.13	
Security classification	Unclassified	
Presented by	Helen Howden	
Author	Helen Howden	
Annexes	None	
Recommendation	The Board is invited to note the content of this paper.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. Crown Estate Scotland is required by article 4 of the Crown Estate Scotland (Interim Management) Order 2017 to operate in a way which is “so far as reasonably practicable ... transparent and accountable”.
2. We will generally look to publish as much information about the operation of the Board and the decisions it takes on the Crown Estate Scotland website. There are however occasions when we consider that there is information which should not, at that time, be published. This could be because papers contain information which could prejudice the commercial interests of Crown Estate Scotland or those we transact with or because publication would disclose the personal data of a third party.
3. We base any decision on whether to redact information on the exemptions which are set out in the Freedom of Information (Scotland) Act 2002 (“FOISA”). Where we have taken the decision to redact information, we identify the grounds on which we have based our decision.
4. If a decision is taken to redact information then the exemptions from publication we would be most likely to use are:
 - a. Formulation of Scottish Administration Policy (section 29 FOISA);
 - b. Commercial interests (section 33 FOISA); and
 - c. Personal Information (section 38 FOISA).

5. We cannot apply these exemptions without considering public interest. Where we consider an exemption applies we must still disclose the information unless the public interest in disclosing the information is outweighed by the public interest in maintaining the exemption.
6. The decision on whether to withhold the publication of information will be taken by the Governance Manager and the author of the paper in which the information appears. Any decision to redact information has to be robust and defensible. Any decision is subject to review on request by any member of the public and potentially to scrutiny by the Scottish Information Commissioner.

Financial

7. There are no financial implications to consider.

Sustainability

8. Board papers are published electronically both to members and on Crown Estate Scotland website.

Legal implications

9. Crown Estate Scotland has a legal duty to comply with the terms of article 4 of the Crown Estate Scotland (Interim Management) Order 2017 and with FOISA. Publication of Board minutes and papers supports compliance with these duties.

Risk

10. Failure to comply with the legal duties set out above carries a reputational as well as legal risk.

People considerations

11. The work required to publish Board minutes and papers is carried out by the Governance Manager as part of her regular work.

Reputational / PR implications

12. Crown Estate Scotland operates in an open and transparent way and publication of as much of the Board minutes and papers as practicable evidences that.

Board	Fourth Board Meeting	BD(2017)04
Meeting date	14 November 2017	
Paper title	Landscape Partnership Project – Glenlivet BD(2017)04.15	
Security classification	Unclassified	
Presented by	Andrew Wells	
Author	Vicky Hilton	
Annexes	Annex A – Plan of Partnership Area Annex B – List of Partnership Projects	
Recommendation	The Board are invited to note this paper.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. The Tomintoul & Glenlivet Landscape Partnership (TGLP) is a scheme that will deliver 20 projects to celebrate and promote the rich heritage, improve the environment and develop skills and opportunities across the partnership area. The TGLP is led by a partnership of local, regional and national interests, which the community has been integral in shaping. The TGLP offers a range of opportunities that will benefit visitors and the local community, contributing to sustainable rural regeneration.
2. TGLP is a 4 year scheme, running until October 2020, after which the 20 projects will require to be maintained for a further 10 years. The partnership area includes the Glenlivet Estate (excluding the hill land). A plan of the partnership area is at Annex A.
3. Core funding is from the Heritage Lottery Fund (HLF), with support from public and private funders, including Crown Estate Scotland (see Financial section below). The budget for the scheme is £3.6m.
4. The Cairngorms National Park Authority (CNPA) is the lead partner in the project.
5. The TGLP Vision is; *“Our hidden landscapes are revealed, shared and enjoyed by people living and visiting here. The management of Tomintoul and Glenlivet’s productive landscape is secure and continues to employ young people in traditional activities as well as new land based businesses. We celebrate and value the significance of our landscape heritage and its role in our future.”*

6. There are three strands of activity:

- **Improving Heritage** which includes projects to restore, conserve and enhance important natural and built heritage features for a sustainable future.
- **Learning about Heritage** which includes projects which provide opportunities for people to participate in, or be supported to, record and research elements of the natural and cultural heritage of the area. These will include opportunities to volunteer, develop new skills and learn more about heritage.
- **Engaging with Heritage** which includes projects will provide better access to the partnership area's heritage through engaging and inspiring interpretation. Improvements will be made to footpaths and there will be events and celebrations for locals and visitors.

A list of projects within the TGLP is at Annex B.

Financial

7. CES is committed to £200,000 of direct funding (four annual capital payments of £50,000 between 2016-2020). CES is also the Project Lead on three projects and will be responsible for the 10 year maintenance of these.
8. There is a TGLP maintenance fund for the first 5 years of the maintenance phase (2020-2025), after this, respective project leads will be responsible for maintenance until 2030.
9. Additional match funding against the HLF grant is still required for the overall project budget and this is continually sought during the length of the project.
10. Conservation works will be undertaken to various buildings on Glenlivet Estate including; the stabilisation & conservation of Blairfindy Castle, the conservation and repair of two old farm barns with in-situ threshing machines at Scalan.
11. Other schemes will be delivered on Glenlivet Estate via working in partnership with farm tenants using AECS (Agri- Environment & Climate Scheme) funding, including a number of natural flood management works and trials of green engineering techniques on rivers, and Wader friendly farming techniques and surveys. These include demonstration sites to encourage other farmers to sign up to schemes. These are delivered by Landscape Project staff working in partnership with Farm tenants, and liaising with CES as necessary. The Glenlivet Estate Ranger Service and the estate forest manager provide in-kind staff time and support for the management of these projects.
12. There are several education projects which will help young people develop new skills and a training project to support rural skills development and employment opportunities.
13. The natural and cultural heritage projects will conserve and enhance wildlife, habitats, dark skies and built heritage across the project area.

14. Community capacity will be increased due to the creation of the Tomintoul Business Centre (office space) and it is hoped that job opportunities will extend beyond the length of the project.
15. The TGLP Project will attract significant investment into the area and create several new tourism projects that will attract more visitors helping to strengthen the rural economy.

Legal implications

16. A Partnership Agreement was drawn up in the Development Phase, which was signed by The Crown Estate. This document lists the main partners and supporting partners and defines their roles and responsibilities.
17. Where CES is the Lead Partner on a project, a grant agreement will be put in place with the Cairngorms National Park Authority, guaranteeing grant payments to CES for costs incurred in delivery of the project, as per the agreed budget.
18. CES or its successor will be responsible for maintenance of various projects for 10 years up to 2030. The majority of maintenance is not onerous and will be encompassed into the Glenlivet Estate Ranger Service daily work.
19. HLF do not expect any significant capital investment to be made into capital projects in the event of significant major works required during the maintenance phase.

Risk

20. The TGLP Board is finalising a strategic risk register at present for the project. The risk for delivery of the project lies with the TGLP. The TGLP Board hold and manage a contingency budget. The most significant risks identified are securing the necessary match funding and the potential for capital projects to run over budget.
21. Each project lead will be responsible for identifying and managing the risks of their project, in partnership with the project staff (including H&S).

People considerations

22. The CES representative on the Board is Vicky Hilton, Countryside Manager at Glenlivet Estate.
23. The Blairfindy Castle Project and the Scalan Barns project will be managed by Vicky Hilton, with support from the Heritage Officer. Both projects will employ professional consultants to lead the work.
24. The woodland improvement project will be led by Nick Page, Forest Manager, with support from the Land Management officer.
25. CES are also heavily involved in the Natural History (Wildlife) project, and assisting with numerous other projects including; education, access, water environment, wader project, and interpretation project, through both direct delivery (e.g. education project), but mostly by liaison with project staff, and estate tenants.

- 26.** Savills, may be involved on occasion where negotiation with tenants such as small land resumptions (for siting bird hide, footpaths etc) is required. Savills fees are met from the project funds.

Reputational / PR implications

- 27.** This is a significant partnership project, where CES is one of the major partners.
- 28.** The local community (local residents, tenant farmers, schools etc) are closely involved in the project which has been recognised as an exemplar of local collaboration and partnership working, in which CES has been a key catalyst working with the CNPA.
- 29.** The LP has a communications officer, who will lead on general community engagement and PR and a communications strategy is in place.
- 30.** CES is lead on three projects which each will generate positive PR.
- 31.** The tourism and visitor experience on Glenlivet Estate will be enhanced, which will be a long-term benefit for the Estate and the area.

Recommendation

The Board are invited to note the content of this paper and provide any comment or request any further information that may be required.

Tomintoul & Glenlivet Landscape Partnership Boundary

Annex A



List of Projects within Tomintoul & Glenlivet Landscape Partnership (TGLP) Project

	Delivery Partner	Approx. project budget	Project summary
Improving Heritage			
Peesie (Waders) Project	RSPB / LP staff	£96,000	Working with land managers to create and manage habitat for wading birds, such as lapwing and snipe Constructing a bird hide to enable viewing and use for education programmes Providing training opportunities for volunteers
Our Water Environment: Slowing the Flow	LP staff (<i>Spey Catchment Initiative</i>)	£142,000	Taking action to stabilise river banks, tackle pollution and slow the flow of water
Our Water Environment: Water Margin Management	“	£180,000	Restoring and enhancing rivers and burns using green engineering techniques
Our Water Environment: Fish Barrier Easement	“	£65,000	Fish barrier installation
Scalan Mill Buildings	Crown Estate Scotland / LP staff	£294,000	Conserve Scalan mill buildings and create access into buildings Conserve the graffiti and agricultural implements collection Offer demonstrations in traditional crafts and skills, open site to public
Blairfindy Castle	Crown Estate Scotland / LP staff	£507,000	Stabilise the structure of Blairfindy Castle Create public access for visitors with signage and waymarking. Training in traditional building and conservation skills
Woodland Improvement	Crown Estate Scotland	£78,000	Strategically review the nature, extent and spatial arrangement of commercial conifer plantations and other woodlands across the partnership area, with the aim of enhancing the landscape character of the area
Learning About Heritage			
Training & Skills	Cairngorms Learning Partnership / LP staff	£148,000	Identify training needs for tourism and land based businesses Help businesses to better understand the heritage around them in Tomintoul and Glenlivet

			Develop a learning hub in Tomintoul to deliver direct and remote training for businesses and residents
Oral History	Tomintoul & Glenlivet Development Trust	£5,000	Gather memories and stories about life in the Tomintoul and Glenlivet area Support individuals as volunteers to conduct the interviews Record a snapshot of young people's perceptions of Tomintoul and Glenlivet now
Our Water Environment; Fishing for the Future	LP staff	£28,000	Encouraging youth into fishing Improvements to infrastructure along community fishing beats
Community Cultural Heritage	Heritage Environment Scotland / LP staff	£44,000	Support volunteers to undertake a community landscapes archaeology project Identify and check existing archaeological data and prioritise sites for further investigation
Community Natural Heritage	CES / LP staff (CNPA)	£56,000	Identify opportunities for conservation and nature related projects Establish local wildlife group, who will distribute a £50,000 local wildlife fund
Education & Learning	LP staff (CNPA)	£10,000	Run Junior Ranger programme with Speyside HS and deliver elements of Rural Skills Programme Create educational resources specific to the cultural and natural heritage of Tomintoul & Glenlivet Help young people from deprived areas connect with the rural landscape using the John Muir Award
Our Heritage School Project	Tomintoul & Glenlivet Primary Schools	£39,000	Arts company <i>Wildbird</i> are working with the schools to explore their local countryside and heritage and create films, music and live performances
Engaging with Heritage			
Interpretation & Digital	LP staff (CNPA)	£201,000	Create a visitor profile, audit of existing interpretation, interpretive plan, interpretive strategy Investigate digital technology to improve interpretation for visitors Create a website and web based resources to share information and experiences of the other projects
Tomintoul & Glenlivet Discovery Centre	Tomintoul & Glenlivet	£445,000	Museum re-fit to develop interactive displays and interpretation to enhance the visitor experience

	Development Trust		Create a hub for all visitors to the area, showcasing our rich heritage and sites of importance Create office space for the LP staff team above museum
Events & Celebration	Tomintoul & Glenlivet Development Trust / LP staff	£41,000	Celebrate the landscape, heritage and culture of Tomintoul and Glenlivet through a series of events Showcase to visitors about what makes our area so special and unique Provide opportunities for visitors and residents to engage with and celebrate our landscape
Accessing the Landscape	LP staff (CNPA)	£347,000	Upgrade the Speyside Way spur (5km) to encourage more walkers to visit the area 2km of new low level path to Blairfindy Castle Path construction and maintenance training for volunteers
Dark Skies	Community individual / LP staff	£21,000	Celebrate the area's dark skies with a series of astronomy events Work with partners to convert all outdoor lighting (street lights, farm, distillery and household lights) to dark sky friendly lights Achieve Dark Sky Park status
Landscape, Heritage & Song	Glenlivet Village Hall Association	£3,000	Series of traditional music workshops and creation of music CD