

DRAFT Agenda
Crown Estate Scotland (Interim Management) Board
Third Meeting
8 September 2017
9am – 1pm
Kveldsro House Hotel, Lerwick, Shetland

- 1. Standing Items**
 - 1.1 Welcome and Apologies
 - 1.2 Declarations of Interest
 - 1.3 Approval of Minutes of Meeting held on 19 July 2017 Attached
 - 1.4 Action Tracker and Matters Arising Attached
 - 1.5 Stakeholder Meetings BD(2017)03.01

- 2. Management Reports**
 - * 2.1 Finance Report to 31 July 2017 Paper: LH
 - * 2.2 Business Performance Report (to 31 August 2017) Paper : RQ
 - * 2.3 Portfolio Analysis by Local Authority (proposal) BD(2017)03.04
 - 2.4 Health & Safety Report Paper: AW
 - ** 2.5 Large-scale Seaweed Harvesting BD(2017)03.06

- 3. Business Management**
 - * 3.1 Pay and Reward BD(2017)03.07
 - 3.2 Union Recognition BD(2017)03.08
 - * 3.3 Banking BD(2017)03.09

- 4. Strategy and Planning**
 - 4.1 Corporate Plan BD(2017)03.10
 - ** 4.2 Investment Strategy BD(2017)03.11
 - ** 4.3 Pilots Paper: RQ

- 5. Governance**
 - 5.1 Procurement Approach BD(2017)03.13

- 6. Committee Reports**
 - 6.1 Audit & Risk Committee Verbal
 - ** 6.2 Investment Committee Minutes attached

- 7. Any Other Business**

- 8. Date of Next Meeting**
14 November 2017

*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)03
Meeting date	8 September 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 Scotland Committee to be held in Kveldsro House Hotel, Lerwick, Shetland on Friday, 8 September 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
Lynne Higgins	Head of Finance & Commercial
Helen Howden	Governance Manager (minutes)

1. Standing Items

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting and noted that apologies had been received from Esther Black (Head of Corporate Operations) and Andrew Wells (Head of Property).

The Chair advised that Agenda Item 4.3 would be considered after other business to maximise the time available for discussion.

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 19 July 2017

Noted that:

- (a) Mr Raven had declared an interest in Agenda item 6 (Islands/Local Management Pilot Strategy) as Ardtornish Estate Company Limited of which he is a non executive director offers a mooring service.

- (b) the meeting which was referred to at point 5 of the draft Minutes as “NFUS tenant’s sub-group in August” should be amended to be “NFUS Crown Estates Tenants Working Group in the Autumn.”.

Agreed that:

- (a) except as noted above, the Minutes 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 31 August 2017, of the actions agreed at previous Board meetings.

Noted that:

- (a) in relation to action 2/10, the Chair has raised the pension issue with the sponsor unit. Following the last Board meeting a response had been received from the Government Actuarial Department (“GAD”) which, although it confirmed that the Alpha Scheme was broadly similar to The Crown Estate pension scheme, fell short of the advice which Crown Estate Scotland had been anticipating and for which £30,000 had been invoiced by GAD. Additional advice was required and was being sought.

Agreed that:

- (a) the Scheme of Delegation should be agreed before the end of September 2017.
- (b) the terms of reference for the Investment Committee should be updated as discussed during the Committee meeting on 14 August and circulated electronically to the Board for approval.

Action: HH (3/1)

- (c) action 1/17 should remain open until the Audit & Risk Committee had made its recommendations to the Board.
- (d) the action noted in relation to the Interim Framework on Potential Rural Asset Disposals should remain on the Action Tracker until the Investment Strategy had been agreed.
- (e) the action noted in relation to a separate session to be arranged to consider the Community Empowerment (Scotland) Act 2015 should have the timescale amended to the end of November 2017.
- (f) a note should be prepared for the November Board meeting setting out the approach being taken to publication of Board materials and the grounds on which decisions were taken to withhold publication.

Action: HH (3/2)

- (g) the Head of Finance & Commercial should email Board members with the offer to meet with them to discuss financials in relation to the areas they are leading on (action 2/7).

Action: LH (3/3)

- (h) the Governance Manager would email Board members asking them to provide comments on what additional information they would like in the Managing Agents Briefing paper which the Head of Property was submitting to the November Board meeting. Members should be asked to provide comments by 25 September 2017.

Action: HH (3/4)

- (i) a letter of thanks should be sent on behalf of the Board to Shetland Islands Council thanking them for their hospitality on 7 September 2017.

Action: HH (3/5)

1.5 Stakeholder Meetings (paper BD(2017)03.01)

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

2. Management Reports

2.1 Finance Report (paper BD(2017)03.02)

Closed Business – Commercially confidential

Noted that:

- (a) This item is being treated as closed business and exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002.
- (b) direct costs were lower than predicted but this underspend was not expected to continue throughout the year and where underspends were identified an accrual was being made. Costs in relation to managing agents and legal were being closely monitored.
- (c) indirect expenditure was in line with budget but there would be additional costs, particularly in relation to pensions, to be met. Staff costs across the business were being kept under close watch.
- (d) reforecasting would be carried out at the end of the second quarter. There was currently nothing to suggest that the business would not achieve the key revenue target set for the current financial year.
- (e) significant capital income had been secured but if the three approved rural sales did not complete in the current financial year, there would be a delay in building sufficient capital reserves to allow, for example, surrenders to be accepted to create additional value in the portfolio.
- (f) the process for drafting the budget for 2018/19 was underway. The Scottish Government had requested information to inform the Financial Memorandum which would accompany the Bill to be published in relation to Crown Estate Scotland and it was important that the 2018/19 budget was more fully developed to answer the questions accurately.
- (g) the first VAT return for Crown Estate Scotland had been submitted. Costs were being stringently recorded to ensure that if a request for a special exemption could be made then the necessary information to support the request was available.

- (h) a VAT workshop, focusing on VAT related to property, had been arranged and staff take-up for this was strong.
- (i) This item is being treated as closed business and exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002.

Agreed that:

- (a) the Investment Committee should look at aspects of the decision-making and investments regarding tenancy surrenders. The scope of the Investment Committee should be expanded to include disposals in addition to investments.

Action: AW/HH (3/6)

- (b) the Chair of the Audit & Risk Committee would have initial oversight of the draft budget for 2018/19.

Action: LH (3/7)

2.2 Business Performance Report (to 31 August 2017) (paper BD(2017)03.03)

Closed Business – Commercially confidential

Noted that:

- (a) the RSPB had made application direct to the Supreme Court for a review of the decision made granting consents for the Outer Forth & Tay offshore wind projects. The Supreme Court are to hold an initial hearing in October to decide whether to accept the application. The projects are significant for future capital and revenue income to Crown Estate Scotland.
- (b) the second floor at 39 George Street remained unlet, in part due to the size, however there was some renewed interest which was being followed up by the letting agents.
- (c) once the Corporate Plan was finalised, a communications dashboard would be developed which would allow the Board to monitor performance against agreed KPIs.
- (d) a similar dashboard would be developed in relation to key personnel matters including, for example, staff sickness rates, and would form part of future reporting to the Board.

Agreed that:

- (a) to reflect its importance to the Board, Health & Safety should be the first item on future Business Performance Reports.

Action: RQ (3/8)

- (b) the Board would be asked to review the Biodiversity Statement before it was finalised and made public.

Action: EB (3/9)

- (c) the Board would welcome some high-level information on the nature of the information requests received by Crown Estate Scotland under the Freedom of Information (Scotland) Act 2002.

Action: RLeF (3/10)

2.3 Portfolio Analysis by Local Authority (paper BD(2017)03.04)

Closed Business – in support of formulation of policy

Noted that:

- (a) the paper set out a proposal for a method of enabling the attribution of gross revenue received by CES to each Local Authority area. A small working group had been established to consider a method to do this. [This item is being treated as closed business and exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002].
- (b) any decision on apportionment and distribution of revenue would be made by the Scottish Government.
- (c) the recommendation contained in the paper had been reviewed and endorsed by the Audit & Risk Committee.
- (d) the more complex issues regarding allocations of indirect costs is due to come to the Board in early 2018.

Agreed that:

- (a) the Board approved the recommendation as set out in the paper.

2.4 Health & Safety Report (paper BD(2017)03.05)

Noted that:

- (a) two meetings of the internal Health & Safety Committee had been held since 1 April with the next one to be held in November.
- (b) the development of the Health & Safety Framework had been led by the Head of Property with support from an external consultant and Mr Macdonald. In the absence of the Head of Property it was proposed that, as there were still a number of areas of concern regarding the content of the strategy, consideration of the Framework be deferred until the November Board meeting.
- (c) although the Framework was not yet finalised the business was in a position to demonstrate that all key Health & Safety arrangements were in place.

Agreed that:

- (a) that consideration of the paper be deferred until the November Board meeting. Mr Macdonald would work with the Head of Property to further the development of the Framework.

Action: AMacd/AW (3/11)

2.5 Large-scale Seaweed Harvesting (paper BD(2017)03.06)

Closed Business - in support of formulation of policy

Noted that:

- (a) this paper was presented to make the Board aware of the current position adopted by CES in relation to the emerging approaches to the licensing of large-scale seaweed harvesting. Conscious of the potential consequences for the marine environment of large-scale harvesting of seaweed, Crown Estate Scotland are participating in discussions with other agencies to establish what criteria might be appropriate for a statutory consenting regime which would enable sustainable wild seaweed harvesting.
- (b) Marine Scotland were the regulator and licensing authority. Commercial harvesting of wild seaweed, which currently takes place in Norway and in Europe, has only recently been proposed in Scotland and Marine Scotland were considering the issues surround such harvesting.
- (c) environmental control, monitoring impact and scrutiny of activity were vitally important as was sustainability. Harvesting was unlikely to be a significant revenue stream for CES and financial considerations would not be a driver in any decision by CES.
- (d) not all stakeholders were engaged yet in the discussions on the issues relating to commercial harvesting.

Agreed that:

- (a) the approach to current discussions was appropriate however the Chief Executive should explore with the sponsor unit the possibility for a public consultation on large-scale seaweed harvesting.

Action: RQ (3/12)

3. Business Management

The Head of Commercial and Finance and the Governance Manager left the meeting for this item.

3.1 Pay and Reward (paper BD(2017)03.07)

Closed Business – confidential

Agreed that:

- (a) the Board approved the proposed 1% salary increase for 2017/18 in line with the public pay policy. This included approval of the fixed pay uplift for staff earning below the Low Pay Threshold.

- (b) CES should recognise the St Andrew's Day public holiday.
- (c) the Scottish Government position on the payment of non-guaranteed bonuses in 2017/18 financial year should be obtained in writing.

Action: RQ (3/13)

- (d) a review of pay and reward should be undertaken and as part of that review salary bandings should be identified.

Action: RQ/LT (3/14)

- (e) the Board would be provided with an analysis of the 2016/17 bonus payments by percentage and with details of the sum available in 2017/18 for distribution as bonus. The Board would be provided with a fuller picture in relation to the scope for reward and recognition before coming to a view on 2017/18 bonus payments.

Action: RQ (3/15)

The Head of Commercial and Finance and the Governance Manager rejoined the meeting.

3.2 Union Recognition (paper BD(2017)03.08)

Noted that:

- (a) a request had been received from the Public and Commercial Service Union (PCS) to be formally recognised for collective bargaining on behalf of Crown Estate Scotland staff. The Executive Committee were supportive of this, which was in line with the Scottish Government commitment to working in partnership with Trade Unions in Scotland.

Agreed that:

- (a) the recommendation was approved subject to negotiation of the terms of the recognition agreement, which should be brought to the Board for approval.

Action: RQ (3/16)

3.3 Banking (paper BD(2017)03.09)

Closed Business – commercially confidential

Noted that:

- (a) application had been made to the Royal Bank of Scotland plc to open bank accounts for Crown Estate Scotland and that a process had been identified to facilitate a smooth transfer of the current accounts held under the auspices of the Scottish Government.
- (b) the Audit & Risk Committee intended to look at the processes behind the operation of the bank accounts during a future committee meeting.

Agreed that:

- (a) the proposed banking arrangements were approved.

4. Strategy and Planning

4.1 Corporate Plan (paper BD(2017)03.10)

Agreed that:

- (a) the Board were broadly content with the current draft of the Corporate Plan and that any additional comments would be emailed to the Head of Corporate Operations and copied to the other Board members.

Action: All (3/17)

4.2 Investment Strategy (paper BD(2017)03.11)

Closed Business – in support of formulation of policy

Noted that:

- (a) this was the second iteration of a paper which had been considered at the Investment Committee meeting held on 14 August. It was not yet a strategy but was a discussion document which had stimulated useful discussion during the Committee meeting.
- (b) any strategy needed to recognise the interim nature of the current organisation as well as the requirement to raise capital. There was a need for further guidance from the Scottish Government to identify if there were certain actions which the organisation should or shouldn't be taking.
- (c) business planning for 2018/19 was already underway on the basis of the medium scenario identified in the paper.
- (d) it was intended that the first draft of the Investment Strategy would be considered by the Investment Committee during its meeting on 4 October.

Agreed that:

- (a) Board members should email any detailed comments on the paper to the Chief Executive.

Action: All (3/18)

- (b) the need for further guidance should be raised with the Scottish Government, perhaps during the forthcoming meeting with the Cabinet Secretary for Environment, Climate Change and Land Reform.

Action: AB (3/19)

- (c) in the absence of further guidance and until the Bill on the long-term future of the Crown Estate in Scotland was published then the medium strategy, holding position had to be adopted for business planning purposes. The organisation had to be in a position to identify opportunities for capital growth as required by the 1961 Crown Estate Act and it had to be recognised that delivering £10m out of the Crown Assets in Scotland each year would be a challenge.

5. Governance

5.1 Procurement Approach (paper BD(2017)03.13)

Noted that:

- (a) the Audit & Risk Committee had considered the proposed approach to procurement and agreed that it was proportionate and sensible for the size of the organisation.
- (b) it was understood that the Scottish Government had agreed that there could be a derogation from the Scottish Public Finance Manual ("SPFM") but that this has not yet been reduced to writing. It was further understood that there may be additional questions on the approach but these had not yet been received.

Agreed that:

- (a) the Board accepted the recommendation to adopt the proposed approach to procurement.
- (b) the Chair would raise the position with regard to the derogation and any further questions in relation to the approach with the sponsor unit during her next meeting with them.

Action: AB (3/20)

6. Committee Reports

6.1 Audit & Risk Committee

Noted that:

- (a) the minutes of the meeting had been drafted and would be circulated shortly.
- (b) the Committee had considered risk management in detail. They had requested that a risk champion be identified and that the Chief Executive had agreed to take this on. Proposals for assessing the Board's risk appetite would be considered at the next Committee meeting and brought forward to the Board after that.
- (c) arrangements for both internal and external audit were considered and further work had been requested by the Committee in relation to the provision of both services.

6.2 Investment Committee

Closed Business – commercially confidential and in support of formulation of policy

Noted that:

- (a) the Committee had considered its terms of reference and had identified changes to be made.

Agreed that:

- (a) as discussed earlier in the meeting, the amended terms of reference would be circulated to the Board electronically for approval.

Action: HH (3/1)

8. Strategy and Planning

8.1 Local Management Pilots (paper BD(2017)03.12)

Closed Business – in support of formulation of policy

Noted that:

- (a) the emerging tight timescale for establishing criteria for assessment of pilots and the actual assessment of proposed pilots was challenging with the current resources available. Additional resource was required on a fixed term basis.
- (b) This item is being treated as closed business and exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002.
- (c) the meeting with the three Islands Councils held on 7 September had been extremely useful but it became apparent that they were now seeking an umbrella framework under which three very different pilots would operate.
- (d) it was currently being assumed that Crown Estate Scotland was exempt from the procurement requirements of the SPFM.

Agreed that:

- (a) it was important to remain in dialogue with the three Islands Councils and to build on the connections made. An early meeting among officers would allow Crown Estate Scotland officer to introduce the organisation to the Council officers.

Action: RQ (3/21)

- (b) the contribution which the pilots would make to the delivery of Crown Estate Scotland's Corporate Plan needed to be clearly identified.
- (c) This item is being treated as closed business and exempt from publication in terms of s29(1)(a) of the Freedom of Information (Scotland) Act 2002.
- (d) proposals for pilot models had to fit with the approach to devolution of management within the Scottish Government's Consultation on the Long Term Management of the Crown Estate in Scotland.
- (e) timing was vitally important as there could be significant contractual implications for Crown Estate Scotland if any current contracts required to be amended or terminated in order to facilitate a pilot. Additional costs to the organisation should not be a barrier but they did require to be recognised along with the benefits.

- (f) the additional resource requested was approved and that geographic location should not prohibit the best candidates for the roles being identified.
- (g) the criteria proposed should be further developed as agreed and should be capable of application across all proposals for pilots received. The criteria should be brought to the November meeting for consideration and, if appropriate, for approval. Once developed the criteria should be used to assess the current Islands model.

Action: RQ (3/22)

- (h) a proposed timeframe should be identified but should have regard to whether it was appropriate to start to run pilots before the Bill for the long-term future of the Crown Estate in Scotland had been published. Further guidance from the Scottish Government should be sought if required.

Action: AB/RQ (3/23)

- (i) a response should be prepared to be sent to the Islands Councils updating them on the outcome of the Board discussion during this meeting.

Action: AB/RQ (3/24)

9. Any Other Business

9.1 Meeting with Cabinet Secretary

Noted that:

- (a) the Cabinet Secretary for Environment, Climate Change and Land Reform was scheduled to meet with the Board and Crown Estate Scotland staff on Thursday, 14 September. All Board members had confirmed that they would attend the meeting.

Agreed that:

- (a) the Board would meet at 9am at Bell's Brae in advance of the meeting with the Cabinet Secretary.

9.2 Responses to Scottish Government Consultation on the Long Term Management of the Crown Estate in Scotland

Noted that:

- (a) no further information had been received from the Scottish Government in relation to the responses to the Consultation.

**Helen Howden
Governance Manager
8 September 2017**

Minutes of the 2nd Board Meeting of Crown Estate Scotland (Interim Management) (“Crown Estate Scotland”) held on Wednesday 19 July 2017 at Civic Centre, Helensburgh

Present: Amanda Bryan - Chair
Dr Michael Foxley
Robert Mackenzie (RHM)
Richard Morris (RM)
Hugh Raven
Alister Steele MBE

Apologies: Andrew MacDonald

In attendance: Ronnie Quinn (Chief Executive)
Andy Wells (Head of Property)
Lynne Higgins (Head of Finance & Commercial)
Esther Black (Head of Corporate Operations)
Helen Howden (Governance Manager)
Ashley MacIntyre (Interim Governance Manager)

1. Welcome and Apologies

The Chair welcomed everyone to the meeting.

Apologies for absence had been received from Andrew MacDonald. Hugh Raven gave his apologies for having to leave the Board Meeting early.

The Board agreed that Item 4 on the Agenda for this meeting (Revised Health and Safety Policy) was to be rescheduled and revisited by the Board at a later date, possibly at the September or November board meeting.

The Chair noted that Item 9 on the Agenda for this meeting (Draft Corporate Plan 2017/2020) was to be moved and considered by the Board prior to Items 6 and 7 in order that Hugh Raven could participate in the discussion in relation to the Draft Corporate Plan.

2. Declarations of Interest

There were no substantive declarations of interest in relation to the current agenda. The Chair and Chief Executive responded to a query from HR about his own interests and when these should be declared. There was one declaration of interest noted from Hugh Raven who declared that he was a non-executive director of Ardtornish Estates.

3. Minutes/Matters Arising

The Board considered and approved the draft minutes of the meeting held on 13 June 2017, subject to amendments agreed by the Board.

4. Review of Action Tracker

The action tracker from the previous meeting was reviewed and the following matters noted:

The following actions are closed: 1/1; 1/2; 1/4; 1/6; 1/7; 1/8; 1/9; 1/10; 1/11; 1/12; 1/13; 1/14; 1/15; 1/18; 1/19; 1/20; 1/21

The following actions are ongoing: 1/3; 1/5; 1/16; 1/17; 1/22

The following status updates were provided:

Framework Document

It was noted that the Board's comments on the draft Framework Document had been forwarded to the sponsor Directorate and the sponsor Directorate would provide an updated draft. It was further noted once received, the revised draft Framework Document would be forwarded to the Board for approval and this would be in advance of the September board meeting.

Scheme of Delegation

It was noted that the revised draft Scheme of Delegation, incorporating the Sponsor Directorate's comments, is with the Sponsor Directorate for approval.

Arrangements for Meetings of the Board

It was noted that the Board's comments on the draft Arrangements for Meetings of the Board had been incorporated and were to be reviewed by the Chair in the first instance.

Audit and Risk Committee and Investment Committee Terms of Reference

It was noted that the Board's comments on the Audit and Risk Committee and Investment Committee Terms of Reference had been incorporated and were to be reviewed by the Chair in the first instance.

Framework on Potential Rural Asset Disposals

The Board approved the framework on an interim basis and it was agreed it should be published on Crown Estate Scotland's website on an interim basis. It was noted that going forward the framework should be reviewed with the Investment Strategy.

It was noted that in relation to the Board considering the implications of the Community Empowerment Act, in the first instance a separate session among the Chair, Dr Michael Foxley and Andy Wells should be arranged to consider the way forward regarding the Community Empowerment Act.

Decision Paper: Proposed Dinwoodie Farm Sale

It was noted that the paper had been provided to the Cabinet Secretary and this process had been appreciated by the sponsor unit. It was further noted that the process for selling on the open market would commence at the beginning of August.

Forward Programme of Board Meetings

It was noted that the Chair and Governance Manager would meet to agree board and committee meetings.

5. Matters arising

The Board discussed that board papers and board minutes should be made available on the Crown Estate Scotland website. It was agreed that a protocol should be established for publishing board minutes and board papers, including arrangements regarding commercially sensitive information.

Action:

2/1 A protocol should be established for publishing board minutes and board papers, including arrangements regarding commercially sensitive information.

A meeting of the Scottish Government Stakeholder Advisory Group on the Crown Estate was held on 29 June 2017 and attended by the Chief Executive. The Board queried whether there was any indication on the timescales for publishing the consultation analysis. The Chief Executive noted that there was no definitive timetable given, however the analysis could be published alongside the draft legislation. A further meeting of the Stakeholder Advisory Group was to take place in September.

It was agreed that a schedule of meetings to be attended by the Chair and Chief Executive would be introduced as a standing item to board meetings. The Board discussed meetings previously attended by the Chair and Chief Executive and future meetings to be attended.

In particular, in relation to future meeting it was noted:

- the Chair is due to meet with the NFUS Crown Estates Tenants Working Group in the Autumn. It was agreed that Hugh Raven will lead on engagement with rural estate tenants and will also attend. A mutually agreed date to meet with the Working Group is to be found;
- the Cabinet Secretary was provisionally due to attend Bells Brae on 14 September 2017. It was noted that this was an opportunity for board members to meet with the Cabinet Secretary and if board members were available they should confirm with the Governance Manager;
- the Chief Executive had met with the PCS union representative and that a paper would be presented at the September board meeting in relation to pay and reward, including pay reviews, salary scales and bonuses.

Action:

2/2 A schedule of external meetings attended by the Chair and Chief Executive to be introduced as a standing item to board meetings.

2/3 A meeting to be arranged to meet with NFUS Crown Estates Tenants Working Group.

2/4 Board members to confirm with the Governance Manager if they are available to attend Bells Brae on 14 September 2017 to meet with the Cabinet Secretary.

2/5 A paper to be presented at the September board meeting in relation to pay and reward, including pay reviews, salary scales and bonuses.

Management Reports

6. Finance Report

The Board wished to record thanks to the Head of Finance & Commercial and the team for preparation of the report in the timescales.

The background to the Statement of Income and Capital Accounts was discussed and that the financial contents of the Statement effectively constitutes the opening balance sheet for Crown Estate Scotland.

It was noted that discussions are ongoing in relation to arrangements for quarterly financial reporting.

A summary of the revenue performance to 31 May 2017 was discussed and in general it was noted that revenue performance was on target. It was noted that there is an underspend in direct and indirect expenditure. However, it is expected that this will be negated going forward by timing differences on spending and accruing outsourced costs that have not been billed or notified.

A summary of the capital performance to 31 May 2017 was discussed. It was noted that Crown Estate Scotland was ahead on its capital programme and this was as a result of the particular focus on driving through capital transactions, in particular in the rural sector.

A summary of the cash and cash flow to 31 May 2017 was discussed and in general it was noted that this was on target.

The Board considered the draft Performance Dashboard. It was noted that the audit and risk committee would work with the Head of Finance & Commercial to develop the draft Performance Dashboard, which would incorporate financial and other key performance indicators. It was further noted that it would be useful for the Performance Dashboard to highlight current performance against annual forecast performance. In addition it was noted that it may be useful to have a further degree of granularity to the financial performance reporting.

It was agreed that it would be useful for board members to arrange time with the Head of Finance & Commercial to discuss the financials in relation to the areas they are leading on.

It was noted that new bank accounts for Crown Estate Scotland are in the process of being opened.

Action:

2/6 The audit and risk committee to work with the Head of Finance & Commercial to develop the draft Performance Dashboard, which would incorporate financial and other key performance indicators.

2/7 Board members to arrange times to meet with the Head of Finance & Commercial to discuss the financials in relation to the areas they are leading on.

7. Business Performance Report

The Board considered the Business Performance Report circulated to the board prior to the meeting.

It was agreed that a performance dashboard, similar to the dashboard in the Business Plan, should be developed and incorporated within the Business Performance Report going forward.

It was agreed that the audit and risk committee should further develop the Risk Register.

The Board discussed the status of the pension arrangements and the timescales for the new pension provision being in place. It was noted that the Government Actuary's Department (GAD) had indicated its pensions report would be available at the end of July. It was agreed that this matter required to be escalated and the Chair would liaise directly with the sponsor unit and update the Board.

It was noted that it may be useful for the three policy consultation responses submitted by Crown Estate Scotland (Scottish Government – Guidance on Engaging With Communities in Decisions Relating to Land; Scottish Government – Draft Energy Strategy; DBEIS – Building Our Industrial Strategy) to be provided to the Board as this could influence corporate strategy.

An update on the letting of 39 George Street, Edinburgh was provided.

Action:

- 2/8 The Head of Corporate Operations to circulate draft performance dashboard for review by the board.**
- 2/9 The audit and risk committee to further develop the Risk Register.**
- 2/10 The Chair to liaise directly with the sponsor unit to escalate the availability of the new pension provision.**
- 2/11 The three policy consultation responses submitted by Crown Estate Scotland (Scottish Government – Guidance on Engaging With Communities in Decisions Relating to Land; Scottish Government – Draft Energy Strategy; DBEIS – Building Our Industrial Strategy) to be provided to the Board.**

Decision Papers

8. Decision Papers

This item is being treated as closed business and exempt from publication in terms of s33(1)(b) of the Freedom of Information (Scotland) Act 2002.

9. Managing Agents Briefing Paper

The Board considered the managing agents briefing paper circulated to the Board prior to the meeting.

The Chair noted that a further discussion paper would be presented to the Board at the September board meeting and the purpose of the current briefing paper was to consider further information, which the Board may require in relation to Crown Estate Scotland's use of managing agents.

The Board had a high-level discussion on items to be incorporated into a further paper, including:

- What are the managing agents skills/policies in relation to environmental matters and community interests;
- How do managing agents deal with any conflicts between the managing agents employer company and Crown Estate Scotland;
- How accountable are the Managing Agents to Crown Estate Scotland and how do we measure their delivery;
- What proportion of time do managing agents dedicate to Crown Estate Scotland;
- How would services be delivered if management agents were not used by Crown Estate Scotland;
- What are the arrangements in relation to ownership and transfer of intellectual property rights;
- What are the challenges in working with managing agents;
- Is there an ability to terminate the current managing agents appointments;
- Do the fees represent value for money.

It was agreed that these matters would be addressed in the further paper to be presented to the Board at the September board meeting.

Action:

2/12 A Managing Agents Discussion Paper to be presented to the Board at the September board meeting, incorporating the above comments.

2/13 The Board to email Andy Wells with any items they would like to include in the further paper.

10. Islands/Local Management Pilot Strategy Presentation

The Chief Executive gave a presentation to the Board on the proposed Islands/Local Management Pilot between the 3 Islands Councils, Comhairle nan Eilean Siar (Western Isles Council), Orkney Islands Council and Shetland Islands Council. The presentation focused on the positions of the Islands Councils, the Scottish Government and Crown Estate Scotland and the potential scope for a pilot scheme.

It was agreed that early discussion with the Islands Councils' was key to discuss what the Councils' sought and how this could be best achieved.

Action:

2/14 An invitation to be extended to representatives of the Islands Councils' to attend the September board meeting.

2/15 In advance of the September board meeting, the Chair to work with the Chief Executive and Head of Corporate Operations to consider proposed options in relation to pilot.

11. Corporate Plan 2017/2020

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

Action:

- 2/16 The Board to provide further comments on draft Corporate Plan by Monday 24 July 2017.**
- 2/17 A separate work stream should be set up to develop the draft Corporate Plan before it is re-issued to the Board as a whole. The Chair, Alister Steele, Robert Mackenzie and Richard Morris would work with the Head of Corporate Operations.**

Discussion Papers

12. Tenant and Customer Satisfaction Survey proposal

The Board considered the tenant satisfaction survey proposal circulated to the Board prior to the meeting.

In relation to the questions covered by the survey it was noted that a question in relation to how things could be done better by Crown Estate Scotland would be useful. It was further noted that it would be useful to consider processes for increasing tenant responses.

It was agreed that once complete, overall feedback and a summary of results would be provided to the Board.

13. Stakeholder research proposal

The Board considered the stakeholder research proposal circulated to the Board prior to the meeting.

It was noted that prior to circulation it would be useful to engage in an exercise to determine the full range of stakeholders.

It was agreed that stakeholder research was an important work-stream and should be progressed.

The Board noted how important the two surveys discussed are in relation to establishing a baseline for measuring our performance.

14. Communications and engagement plan

The Board considered the communications and engagement plan circulated to the Board prior to the meeting.

It was noted in relation to the Scottish Liaison Group the next meeting in November should continue this year and at the annual meeting the group should be advised that a review of stakeholder engagement more widely was proposed and invite feedback in relation to communications including the future use of the group.

In relation to engagement activity it was agreed that it would be useful for the Board to share calendars and have visibility on events being attended by other board members.

- 2/18 A process to be established for board members sharing calendars and events to be attended.**

15. AOB

The Chair noted the successful engagement with both officers and Members of Argyll and Bute Council the day before the Board Meeting and their provision of facilities to host the Board Meeting itself. This marks the start of a programme of wider engagement for the Board which will continue in September.

2/19 Chair to send letter of thanks to Argyll & Bute Council.

16. Date of next meeting

The next meeting would be held on 7/8 September 2017 in Shetland.

Crown Estate Scotland (Interim Management) Action Tracker – 2017

Updated as at 31 August 2017

Actions from the first meeting of the Board

No.	Action	Responsibility	Timescale	Status
Scheme of Delegation				
1/3	A revised draft of the Scheme of Delegation, incorporating the Board and Sponsor Directorate's comments, to be circulated to the board by email for approval.	AM	w/c 10 July 2017 (subject to response from SG)	Not completed by 10 July. Comments received and being reviewed. Timescale extended to before September Board meeting.

Actions from the second meeting of the Board

No.	Action	Responsibility	Timescale	Status
Review of Action Tracker				
Action noted under Minute Item 4	Going forward, the Framework on Potential Rural Asset Disposals should be reviewed with the Investment Strategy.	AW	TBC – subject to development of the Investment Strategy	Noted. Will be considered with draft Investment Strategy. Action closed
Action noted under Minute Item 4	A separate session among the Chair, Dr Michael Foxley and Andy Wells should be arranged to consider the way forward regarding the Community Empowerment Act.	Chair	Prior to 7/8 Sept 2017.	
Publication of Board Minutes and Board Papers				

2/1	A protocol should be established for publishing board minutes and board papers, including arrangements regarding commercially sensitive information.	EB/HH	Prior to 7/8 Sept 2017.	Protocol developed. Agenda, papers and minutes from first Board meeting published on website. Action closed.
2/2	A schedule of external meetings attended by the Chair and Chief Executive to be introduced as a standing item to board meetings.	HH	Prior to 7/8 Sept 2017.	On Agenda. Action closed.
2/3	A meeting to be arranged to meet with NFUS rural estate tenants.	HR/HH	w/c 31 July 2017	Meeting held. Action closed.
2/4	Board members to confirm with the Governance Manager if they are available to attend Bells Brae on 14 September 2017 to meet with the Cabinet Secretary.	HH	w/c 31 July 2017	Action closed.
2/5	A paper to be presented at the September board meeting in relation to pay and reward, including pay reviews, salary scales and bonuses.	RQ	Prior to 7/8 Sept 2017	On Agenda for 8 September. Action closed.
2/6	The audit and risk committee to work with the Head of Finance & Commercial to develop the draft Performance Dashboard, which would incorporate financial and other key performance indicators.	LH, Audit and Risk Committee	TBC	To be considered by Committee on 30 August. Action closed.
2/7	Board members to arrange times to meet with the Head of Finance & Commercial to discuss the financials in relation to the areas they are leading on.	LH	TBC	
Business Performance Report				
2/8	Head of Corporate Operations to circulate draft performance dashboard,	EB	Prior to 7/8 Sept 2017	Action closed.

	to be incorporated in Business Performance Report, for review by the Board.			
2/9	The audit and risk committee to further develop the Risk Register.	Audit and Risk Committee	TBC	On Agenda for 30 August. Action closed.
2/10	The Chair to liaise directly with the sponsor unit to escalate the availability of the new pension provision.	Chair	To discuss with sponsor unit on 21 July 2017	Action closed. Discussions are on-going.
2/11	The three policy consultation responses submitted by Crown Estate Scotland to be provided to the Board.	HH	By end of September	This Action was not originally picked up on the Action Tracker. The responses have now been circulated.
Managing Agents Briefing Paper				
2/12	A Managing Agents Discussion Paper to be presented to the Board at the September board meeting, incorporating the Board's comments.	AW	Prior to 7/8 Sept 2017	On Agenda for meeting on 14 November 2017.
2/13	The Board to email Andy Wells with any items they would like to include in the further paper.	AW	AW to arrange for email to be sent to board requesting comments by w/c 7 August 2017	Deadline passed. Action closed.
Islands/Local Management Pilot Strategy				
2/14	An invitation to be extended to representatives of the Islands Councils' to attend the September board meeting.	Chair/RQ/EB	Prior to 7/8 Sept 2017	Invitation issued and meeting arranged. Action closed.
2/15	In advance of the September board meeting, the Chair to work with the Chief Executive and Head of Corporate Operations to consider proposed options in relation to pilot.	Chair/RQ/EB	Prior to 7/8 Sept 2017	On Agenda for 8 September. Action closed.
Draft Corporate Plan				

2/16	The Board to provide further comments on draft Corporate Plan by Monday 24 July 2017.	EB	24 July 2017	Deadline passed. Action closed.
2/17	A separate work stream should be set up to develop the draft Corporate Plan before it is re-issued to the Board as a whole.	Chair, AS, RM, RHM, EB	TBC	Action closed.
Communications and engagement plan				
2/18	A process to be established for board members sharing calendars and events to be attended.	EB/HH	TBC	This will be included in Sharepoint site for Board use. Action closed.
AOB				
2/19	Chair to send letter of thanks to Argyll & Bute Council.	EB/Chair	Prior to 7/8 Sept 2017	Letter sent. Action closed.

Board	Third Board Meeting	BD(2017)03
Meeting date	8 September 2017	
Paper title	Stakeholder Meetings BD(2017)03.01	
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 chairman 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 Second Board meeting.

Meetings held

2. The Chair and Chief Executive jointly attended meetings with:
 - Orkney Islands Council on 28 July 2017
 - Western Isles Council on 25 August 2017
 - Moray Council on 6 September 2017
 - Rachel Hunter (Area Manager, Shetland) HIE on 7 September 2017
 - Shetland Islands Council on 7 September 2017
3. The Chair attended meeting with:
 - Scottish Tenant Farmers Association with Andrew Wells at Glenlivet Community Hall on 20 July 2017. Twenty eight tenant farmers were present.
 - Visits to seven farms on the Applegirth Estate with Savills and CES staff on 24 July 2017
 - Ian Hepburn (Chair) and Lindsay Chalmers (Development Manager), Community Land Scotland on 9 August 2017
 - Graham Black (Director), Marine Scotland on 21 August 2017
 - Bob McIntosh, Tenant Farming Commissioner on 24 August 2017.

4. The Chief Executive met with:

- Department of Business Energy and Industrial Strategy (BEIS) on 20 July 2017
- Defence Infrastructure Organisation (DIO) on 21 July 2017
- Defence Infrastructure Organisation (DIO) on 9 August 2017
- Scottish Land & Estates on 16 August 2017
- Society for Underwater Technology on 21 August 2017
- The Crown Estate on 22 August 2017
- Offshore Wind Industry Council on 5 September 2017

Board	Third Board Meeting	BD(2017)03
Meeting date	8 September 2017	
Paper title	Health & Safety Framework BD(2017)03.05	
Security classification	Unclassified	
Presented by	Ronnie Quinn	
Author	Andrew Wells	
Annexes	Annex A: Health & Safety Framework Document Annex B: Draft Reporting Dashboard template	
Recommendation	To approve the revised Health & Safety Framework Document at Annex A and provide comments/ observations on the reporting template at Annex B to inform future reports to the Board.	
The board secretary or chairman should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. It is a legal requirement for Crown Estate Scotland (Interim Management) (CES) to manage the Health and Safety of its employees in accordance with the 1974 Health and Safety at Work Act and all relevant regulations and statutory provisions.
2. A framework document and policy was prepared prior to the transfer from The Crown Estate to CES to ensure the legal obligations in this respect were satisfied and health and safety was treated as a high priority in the establishment of the new business. This was presented to the Board at its first meeting on 13 June 2017. It was a stated intention that this document would be reviewed early in the first year of operation to ensure it met business requirements.
3. Following recommendations from the Board this framework has been revised. The final draft of the revised framework document setting out how systems of management of health and safety (H&S) are managed in CES is attached to this paper. This revised document provides a more robust basis for the ongoing development of a H&S management system to ensure risks to employees, customers, business partners and other people who may be affected by CES business activities are managed appropriately.
4. The revised framework refers to a reporting 'dashboard' – that can be used for collating H&S management information for reporting purposes – both to the central H&S Committee, the

Executive Committee and the Board. A draft template for this dashboard is also included with this paper and the Board is invited to comment on its contents making suggestions and observations that can inform future reporting to the Board. Please note: this template is intended for illustrative purposes only and does not contain actual data.

5. Approval is sought for the revised Framework Document and suggestions requested to help finalise the format of the dashboard reporting template for future Board reports.

Discussion

6. Health and Safety law states that employers must:
 - Assess risks to employees, customers, partners and any other people who could be affected by their activities;
 - Arrange for the effective planning, organisation, control, monitoring and review of preventive and protective measures;
 - Have a written health and safety policy if they have five or more employees;
 - Ensure they have access to competent health and safety advice;
 - Consult employees about their risks at work and current preventive and protective measures.
7. Failure to comply with these requirements can have serious consequences – for both organisations and individuals. Sanctions include fines, imprisonment and disqualification.
8. The original CES H&S framework document was developed with advice from the former Crown Estate H&S manager. The revised framework has been prepared with the involvement of Andrew Green from Greens of Haddington Ltd who has been appointed as an external H&S consultant to advise CES on all aspect of health and safety management.

Financial

9. The costs of implementing the framework and subsequent policies and the costs associated with the provision of H&S consultant's advice/support and management of specific property related risks (where these are known), staff training, survey work, protective equipment and other direct costs, are incorporated into business budgets.
10. Management of H&S costs in relation to property liabilities can be significant. These costs are normally built into business planning/budgeting processes but they are not always known and can result from unexpected circumstances (e.g. weather related events). In the current financial year, these are anticipated to fall within the budget limits set.
11. In addition to those costs budgeted at business/estate level (e.g asbestos management, electrical/property inspections and follow up work etc.) an allowance of £100K has been allowed in Corporate overhead budgets in 18/19 to cover consultancy costs (external

advisor) and other ancillary costs associated with H&S management including accreditation costs (see para. 14).

12. Budgeted and non-budgeted costs associated with H&S will be incorporated into the reporting framework as required.

Sustainability

13. H&S is a fundamental component of sustainable business management as set out in the framework and the policy.
14. The Crown Estate held accreditation under the OHSAS 18001 and ISO 14001 standards. The former is a standard of requirements against which a business Health & Safety Management System can be evaluated and the latter is a standard of requirements which clearly defines and establishes controls to reduce a business's environmental impact. Given that CES is a new business and management systems have yet to be fully agreed and bedded into operational management, a decision has been taken to postpone reapplication for both accreditations until all relevant systems have been agreed and integrated into operational management and evaluated against the new versions of the standards which are now force. We anticipate this will

Legal implications

15. The legal obligations for CES are set out in a range of legislation. From the employers perspective, the main items of legislation are as follows:
 - The Health and Safety at Work, etc. Act 1974 Often referred to as HASAW or HSW: This Act of Parliament is the main piece of UK health and safety legislation. Section 2 places a duty on all employers "to ensure, so far as is reasonably practicable, the health, safety and welfare at work" of all their employees.
 - Section 3 of HASAW Act places duties on the employer and the self-employed to ensure, so far as is reasonably practicable, the health & safety of persons who are not employed but who are affected by its undertaking.
 - Management of Health and Safety at Work Regulations 1999: The Management of Health and Safety at Work Regulations 1999 places a duty on employers to assess and manage risks to their employees and others arising from work activities.
 - Control of Substances Hazardous to Health Regulations 2002: Known as COSHH, these regulations require a similar risk assessment to be carried out on those substances hazardous to health that are used, produced or are present in the work environment and then to put in places the identified measures to reduce the risk of exposure

- Provision and Use of Work Equipment Regulations 1998: Known as PUWER, these regulations relate the design, guarding, training, operation, maintenance and inspection of ALL work equipment
- Workplace (Health, Safety and Welfare) Regulations 1992: These regulations are concerned with the working environment. They place a duty on employers to make sure that the workplace is safe and suitable for the tasks being carried out there, and that it does not present risks to employees and others.
- Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995: Known as RIDDOR, these regulations require employers, the self-employed and people in control of premises, to report work-related deaths, major injuries, work-related diseases and dangerous occurrences.
- A range of other legislation and regulations address specific property related H&S risks associated with asbestos safety, electrical and gas safety. The details of these are not included here.

Risk

16. 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.
17. An immediate priority has been to review this system with the appointed H&S consultant and this process is on-going. Further reports will be provided to the Board in due course.

People considerations

18. 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.
19. 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

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

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

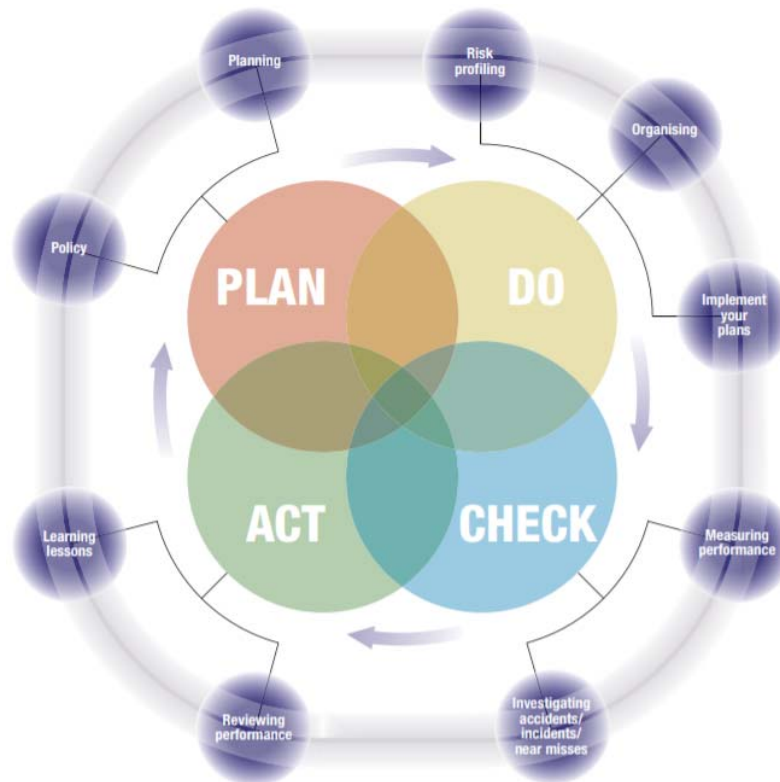
The cost of failure to comply with Health & Safety regulations can be significant, in terms of human cost, lost output and potential fines. Complying with Health & Safety legislation is therefore good business and CES considers the price of compliance as an investment rather than a cost.

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 of Safety, Health & Environmental (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

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 Policies are as follows

- HSP01: Health and Safety Policy
- HSP02: Management of common risks
- HSP03: Fire, emergency and incident response
- HSP04: Environmental Management
- HSP05: Electrical and Gas Safety
- HSP06: Asbestos Management
- HSP07: Asset Management: Rural
- HSP08: Asset Management: Coastal
- HSP09: Plant, Equipment and Heavy Operations

HSP010: Audit, Inspection and Review

HSP11: Occupational Health and Wellbeing

HSP12: Work at Height

HSP13: Construction and Project Safety

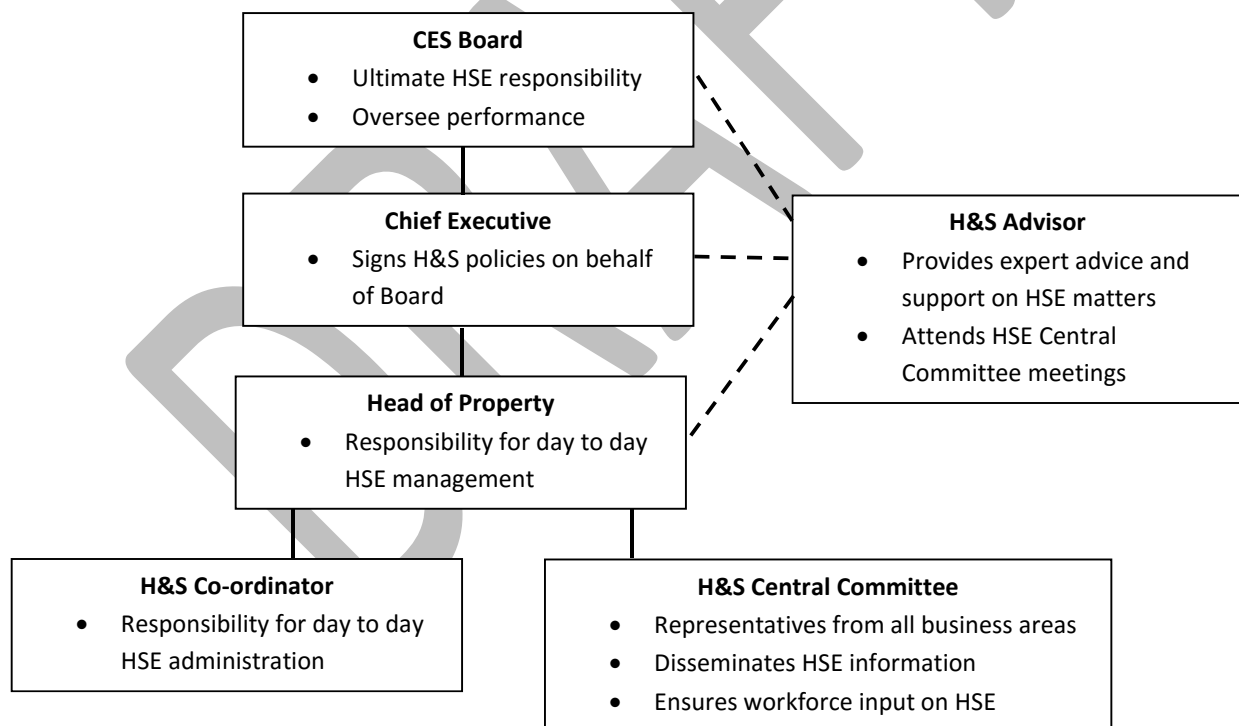
A H&S policy statement is signed off by the Chief Executive and is available on CES website. This is a short statement setting out the commitment to H&S and describing the policies in place to address key requirements.

The main policies are signed by the Chief Executive on behalf of the board as evidence that 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 as defined in the Management Appointments and as summarised below.

- **Savills** have responsibility to ensure compliance relating to all rural and urban property management issues
- **Savills** have responsibility for the 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.

A risk register identifies all anticipated and known H&S risks associated with CES business/staff activities. Generic risk assessments are in place for these and other regular tasks and duties of all staff and others affected by CES business operations.

Site specific risk assessments are undertaken by maintenance staff/other staff when they arrive on site to carry out work.

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 (listed above).

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.

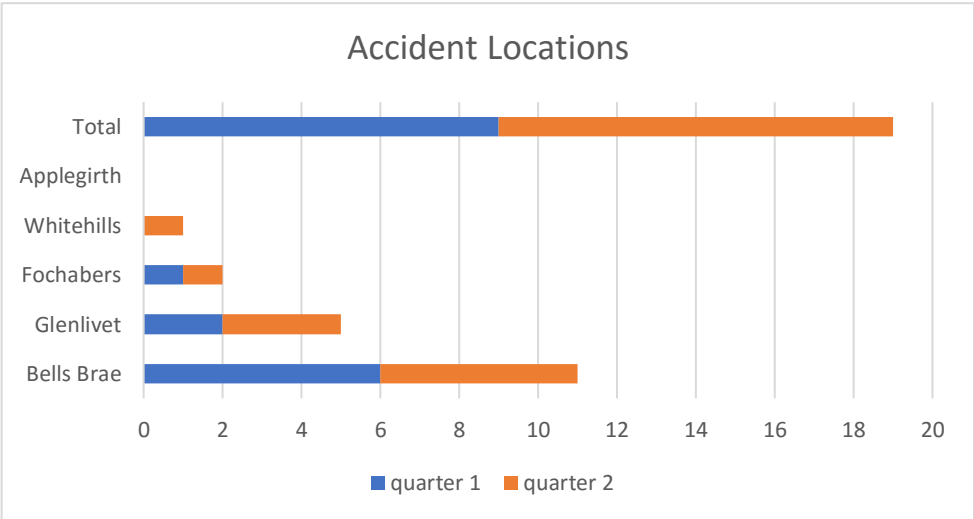
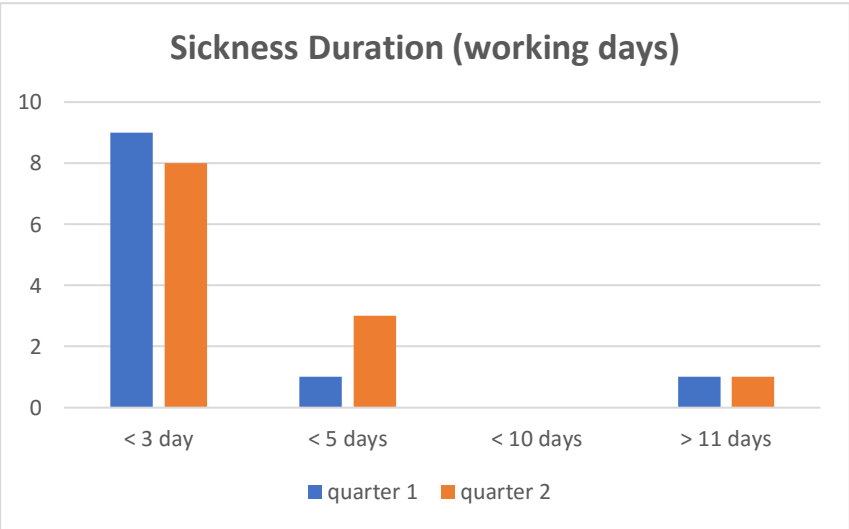
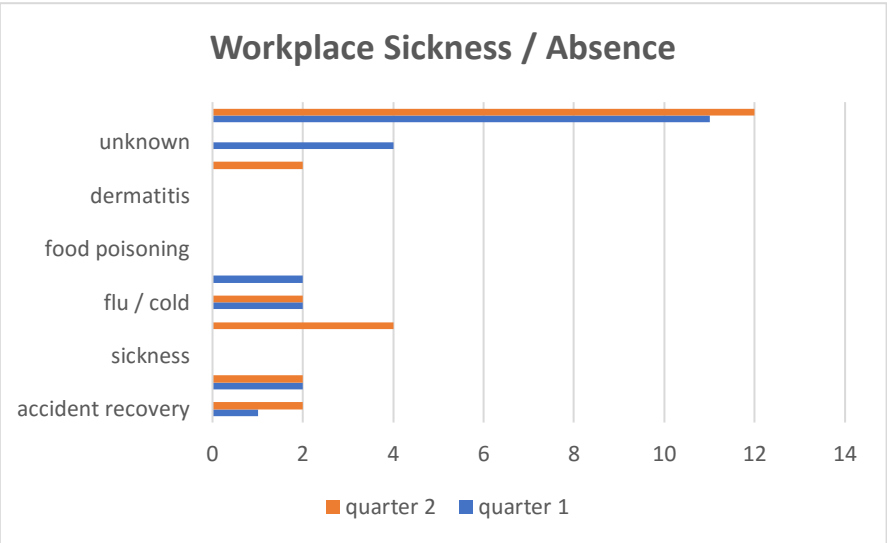
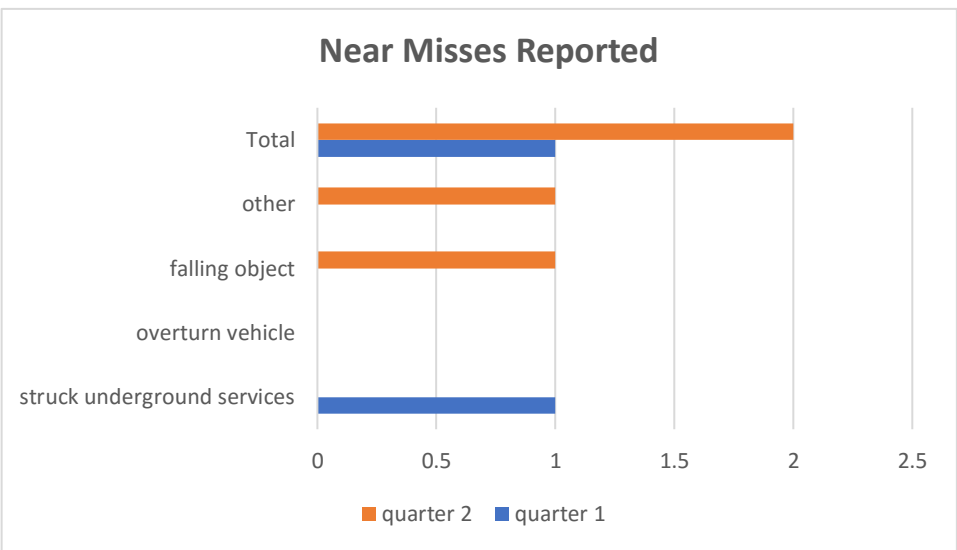
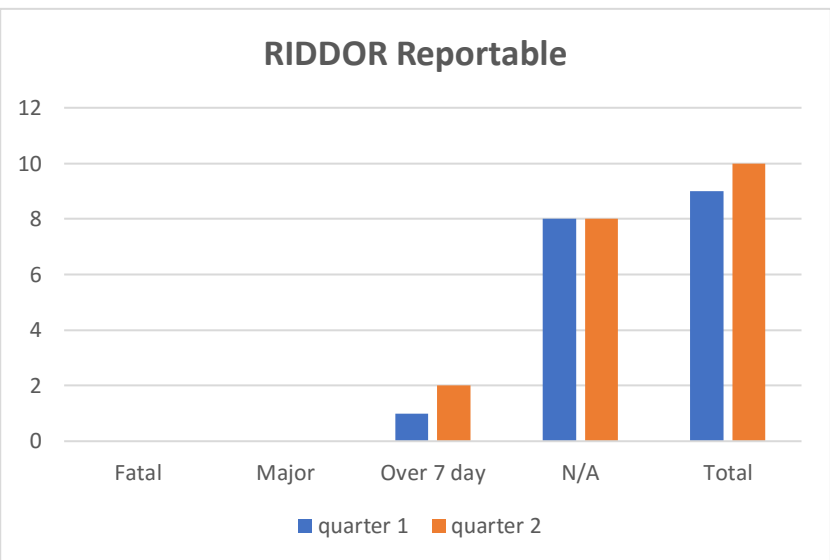
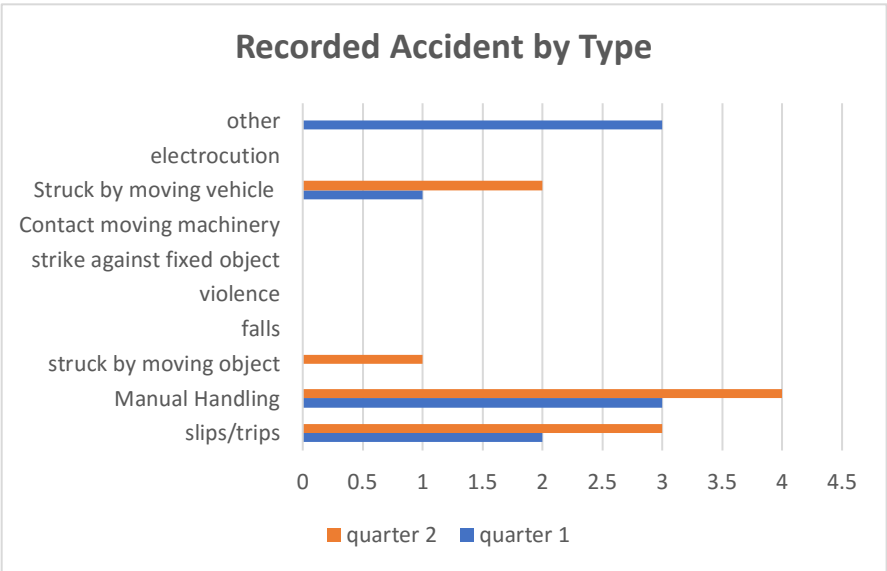
ACT

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			
<p>Smoke and CO alarms fitted</p> <p>Carbon Monoxide Graph 1</p>	<p>Unoccupied and derelict properties</p> <p>Unoccupied and derelict Graph 2</p>	<p>Fixed wire electrical inspection</p> <p>Electrical inspection and testing Graph 3</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.	<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".	<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.	
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>Applegirth</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>Applegirth</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	Third Board Meeting	BD(2017)03
Meeting date	8 September 2017	
Paper title	Union Recognition BD(2017)03.08	
Security classification	Unclassified	
Presented by	Ronnie Quinn	
Author	Laura Turner	
Annexes	None	
Recommendation	To formally recognise the Public and Commercial Service Union for collective bargaining on behalf of Crown Estate Scotland (Interim Management) staff.	
The board secretary or chairman should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. The Public and Commercial Service Union (PCS) has made a formal request for recognition for collective bargaining on behalf of Crown Estate Scotland (Interim Management) staff.
2. Scottish Ministers are committed to working in partnership with Trade Unions in Scotland.

Discussion

3. Collective bargaining will involve working with the union to discuss any proposals which could impact on staff pay and terms and conditions of employment with a view to reaching agreement.
4. A recognition agreement will be formalised setting out the process, principles and when and how often meetings will happen.
5. Negotiating and consulting on workplace issues with a recognised union may encourage trust and commitment amongst the workforce and staff could feel more involved in the decisions which have a direct impact on them.
6. The union will bring a broader perspective on many workplace issues.

Risk

7. If the request is not accepted the union may seek recognition by statutory means by making an application to the Central Arbitration Committee.

People considerations

8. Just under 20% of the current workforce are active members of the PCS union.
9. Union reps and members can request reasonable time off for union duties and training.

Board	Third Board Meeting	BD(2017)03
Meeting date	8 September 2017	
Paper title	Banking Facilities BD(2017)03.09	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Lynne Higgins	
Author	Helen Howden	
Annexes	None	
Recommendation	To approve the proposed banking arrangements	
The board secretary or chairman should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. Currently the eight Crown Estate Scotland (CES) bank accounts are operated under the auspices of the Scottish Government (SG) with the accounts being held at the Royal Bank of Scotland plc (RBS).
2. Application has been made to RBS to open accounts for CES and the bank have been carrying out their due diligence on CES, the Board and senior management to allow a new account to be opened. Once that has happened it is intended that the existing accounts will be novated to CES. This will avoid the administrative burden of opening a further seven accounts and of transferring Direct Debits and Standing Orders.
3. The eight bank accounts are used as follows: one for revenue (e.g. overheads and corporate spend); one for capital; one for in-house property management income; and five tenant deposit accounts.
4. It is proposed that two authorised signatories will be required to sign cheques; instruct Direct Debits, Standing Orders and electronic payments; opening accounts; closing accounts and making or responding to instructions or requests for information in relation to the accounts. [Redaction - This item is being treated as closed business under s33(1)(b) of the Freedom of Information (Scotland) Act 2002]

Recommendation

5. The Board are invited to approve the proposal to authorise Ronnie Quinn, Lynne Higgins, Andrew Wells and Esther Black to operate the new CES bank accounts.

Board	Third Board Meeting	BD(2017)03
Meeting date	8 September 2017	
Paper title	Procurement Approach BD(2017)03.13	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Lynne Higgins	
Author	Andy Riley	
Annexes	Annex A – Competitive Contract Award Processes	
Recommendation	The Board is invited to approve the adoption of the Procurement approach detailed in this paper.	
The board secretary or chairman should be advised if the contents of this paper give rise to any conflict of interest		

Background

1. Crown Estate Scotland (CES) annual procurement spend amounts to typically £1.5-£2.0m. Individual contract values range from £100+ up to £700K+, encompassing simple purchases through to complex service agreements.
2. Given the scale of spend and CES' status as a recently established, public body organisation, it is imperative to agree and implement an appropriate Procurement Strategy.
3. As a public body, CES has access to a range of government sponsored procurement processes, activities and agreements (e.g. Public Contracts Scotland, best practice networks, Crown Commercial Service framework agreements).
4. Staff and management resource in CES is limited, so it is important to ensure that any Procurement processes adopted, as well as enabling compliance, are as efficient and streamlined as possible.
5. Legal opinion has been provided to the effect that CES is not a 'body governed by public law' under the terms of The Public Contracts (Scotland) Regulations 2015 and so cannot be considered a 'contracting authority' for the purposes of those Regulations.
6. The linchpin of the opinion is the 'commercial character' of CES dealings and its' duty (under the 1961 Crown Estate Act) to obtain '*best consideration in money or money's worth which in their opinion can reasonably be obtained, having regard to all the circumstances of the case but excluding any element of monopoly value*'.

7. As a result of this conclusion, CES is not bound by the requirements of the 2015 Regulations. In particular, it avoids onerous reporting provisions – for example, clause 83 states:-
‘every contract or framework agreement covered by this Part, and every time a dynamic purchasing system is established, a contracting authority must draw up a written report’
8. There is no requirement to publish an annual Procurement Report or Procurement Strategy.
9. A derogation from the procurement provisions of the Scottish Public Sector Finance Manual (SPFM) has been agreed with the Crown Estate Strategy Unit within Marine Scotland. This avoids CES being tied into the requirements of the 2015 Regulations via the application of the SPFM.

Discussion

10. This Procurement approach is designed to enhance existing practice within CES, without creating undue administrative burdens. If approved, it will form the foundation of Procurement Strategy and Procurement Policy papers, to be presented for consideration at the November Board meeting.
11. This position has been developed after a review of procurement practice in public bodies with a similar ‘arms-length’ relationship with the Scottish Government (e.g. David MacBrayne Ltd, Scottish Canals, Scottish Futures Trust).
12. In addition, procurement professionals within Scottish Government were consulted with regard to systems, advice and support available to CES.
13. It is recommended that the following principles form the basis of CES’s Procurement approach:
 - 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.
14. As the value/ complexity of a procurement decision increases, it makes sense to apply more substantive procurement processes and control limits.
15. It is recommended that CES harmonise its procurement control limits with those used across similar Scottish Government bodies, for consistency and demonstration of best practice.

16. Proposed Procurement Approach and Control Limits

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+ (Supplies & services) £2m+ (Capital contract)	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

17. A fuller description of the proposed competitive contract award processes (for C and D (and B as appropriate) above) is detailed in Annex A.

18. Along with price and quality, sustainability is a key consideration in CES procurement processes. Appropriate sustainability criteria, including relative weighting for decision making, will be included in procurement activities.

Implementation

19. It is proposed that the procurement principles described above be adopted immediately, to inform procurement activities going forward.

20. Procurement strategy and policy papers will be developed and submitted for consideration at the November Board meeting.

21. Overall responsibility for delivery of the Procurement Strategy will lie with the Chief Executive Officer, supported by CES's Commercial Manager and Head of Finance & Commercial. For each business area, a staff member will be designated to carry out procurement activities. They will be given appropriate training by the Commercial Manager.

22. Briefings for all staff will be given via Lunch and Learn session(s) over the next 2 months.

- 23. Managing Agent (MA) procurement systems will be assessed to ensure they are consistent with the principles contained here and CES procurement strategy and policy, once adopted. MA expenditure authorisation levels are low, so CES have direct authority over most MA procurement decisions. This will make enforcement of any changes to MA procurement activities straightforward.
- 24. Existing contracts will, for the most part, go to term before coming under the auspices of this approach.
- 25. Renewal of current contracts will follow the principles described above. In general, current suppliers will be able to bid for the replacement contract.
- 26. If it is considered that a contract bidder faces a potential conflict of interest if awarded that contract, CES will reserve the right to exclude that party.

Financial

- 27. The strategy is designed to deliver optimal value to CES, both through accessing a range of potential suppliers and leveraging investment made by others.
- 28. Implementation of this strategy will directly support achieving Business Plan targets for managing operating costs.

Sustainability

- 29. CES will appraise sustainability issues when assessing contract proposals (see 18. above).

Legal implications

- 30. Legal opinion has confirmed statutory procurement requirements applicable to CES (see 5.-9. above). In particular there is no requirement to publish an annual Procurement Report or Procurement Strategy. A derogation from the SPFM in this respect has been agreed.
- 31. Legal input (along with commercial and financial) will be considered for all procurement activities with value in excess of £50,000.

Risk

- 32. There are 2 key risks mitigated via this strategy:
 - i) Financial – CES will ensure good value contract provision.
 - ii) Resource – CES will reduce the resources required for procurement by leveraging external resources and not being bound by onerous regulatory requirements.

People considerations

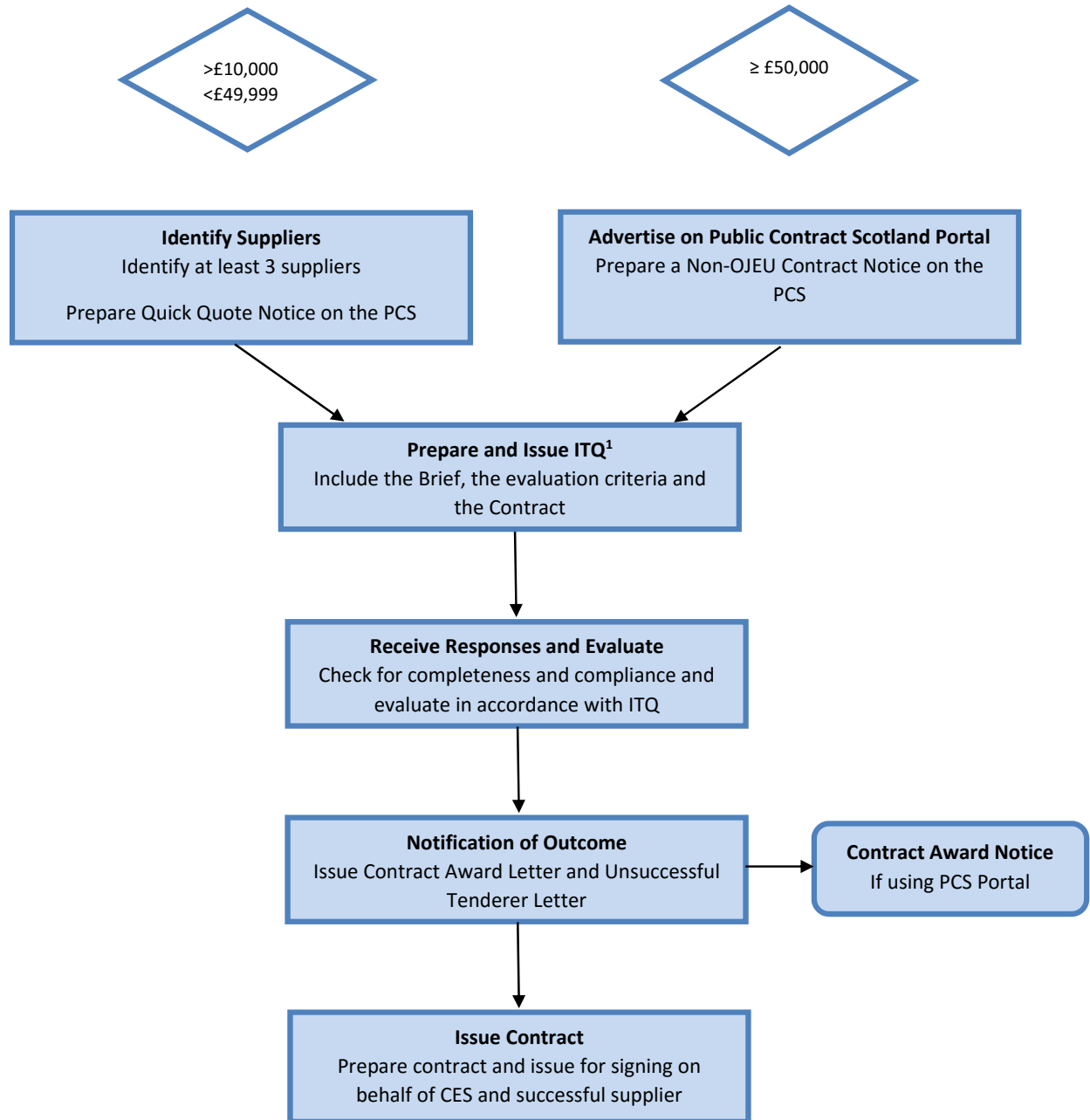
- 33. This strategy will broaden the range of procurement tools available to CES staff across the portfolio, easing the delivery of robust procurement processes.
- 34. It will also avoid the imposition of unwieldy and onerous procurement processes, particularly with regard to reporting requirements.
- 35. Appropriate training and support will be delivered to individual staff members, as procurement activity is identified (see 21. above).

Reputational / PR implications

- 36. Delivering this strategy will have positive reputational implications by demonstrating CES commitment to integrity, due process and to value for money in its contractual dealings.

Annex A

Competitive Contract Award Processes



¹ Invitation to Quote

**Minutes of the 1st Investment committee of Crown Estate Scotland (Interim Management)
("Crown Estate Scotland") held on Monday 14th August at Bells Brae, Edinburgh**

Present: Alister Steele - Chair
Dr Michael Foxley (via video link)
Hugh Raven (via video link)

In attendance: Ronnie Quinn (Chief Executive)
Andy Wells (Head of Property)
Lynne Higgins (Head of Finance & Commercial)
Lisa MacIsaac (Minutes)

1. Welcome and Apologies

The Chair welcomed all to the first meeting of the Investment Committee.

The Chair noted that the main discussion of the meeting will be item 4 of the Agenda, Investment Strategy.

2. Declarations of Interest

There are no declarations of interest to report.

3. Terms of reference

The Chair introduced the Terms of Reference paper and the Committee discussed the contents of the paper.

The Committee agreed the following:

- The terms of reference are to initially be reviewed on a six-monthly basis.
- Telephone conference is not effective for Committee meetings and a video conference facility should be put in place for future meetings as a priority.
- The responsibilities are to include the valuation of the assets and an oversight of the process and oversight of capital investment.
- Performance criteria are to be established to monitor performance of investments.
- The Investment Strategy is to be reviewed in line with the corporate plan.

Subject to the above agreed amendments, the Committee approved the Terms of Reference.

ACTION

1/1 Video conference facilities are to be explored for the office at 6 Bells Brae.

4. Investment Strategy

The Chief Executive introduced the draft Investment Strategy paper and emphasised that this paper was drafted as a 'straw man' to begin the discussion. It was noted that the presentation and formatting will be finalised when the contents are agreed and the overall structure of the strategy is to be set within the context of the Corporate Plan.

It was noted that the paper set out three possible approaches, minimalist, moderate and accelerated and the Committee were provided with definitions of these approaches. It was also noted that the current Business Plan has been developed as the 'moderate' option.

The Chair noted that the contents and discussion from this paper will result in the Strategy itself which will be a more succinct document.

The Committee discussed the contents of the paper and the following points were raised:

- As a general principle, potential sales should include history and background of the sale and include a direct link between a sale and outcome
- The need to understand the capital expenditure requirements across the various sectors in which the organisation operates
- Guidance will be required from the Crown Estate Scotland Board on what activity can be undertaken as an interim body.
- The dimensions of a triple bottom line should be balanced in the strategy and not just the financial bottom line.
- Urban assets are readily liquid and perform very well - at present there is little appetite for the sale of these assets as it would be difficult to replace them with investments that provide an equally strong yield.
- The rural assets were discussed and the implications, including political, of leaving or reducing presence in this sector, and it was agreed that there would need to be a robust rationale in place for such a decision.
- It was noted that the Rural Estate is the main stream for raising capital.

The Committee were given an overview of the investment options and it was agreed that a written description of each estate is to be developed including costs benefit analysis. This will assist the Committee in deciding what investment approach is taken.

An overview of the capital value of offshore renewables was provided to the Committee including a timeline on forecast revenue streams.

At the Chair's request, clarification on the term Contract For Difference was given to the Committee.

The Committee discussed the limitations placed on Crown Estate Scotland with regard to investment and it was noted that borrowing is limited but there could be scope to look at joint ventures and pilot initiatives. It was also noted that the Chief Executive is meeting with legal advisors to explore further vehicles for borrowing and co-investing, with for example, commercial developers and government bodies.

The Committee concluded the discussion by noting that areas of direct investment could include gold mining, Rhu marina, an urban development programme and rural development (in particular the Whitehill estate). The organisation has ambitions but it will also depend on the Investment Committee's appetite to diversify or not.

It was also noted that the recent Finfish rent review will deliver around £800k additional revenue income in the next few years (dependent on continuing successful production figures) and that annual rental income for offshore renewables will increase by around £1.2m once the Beatrice project commences.

The Chair thanked the Committee for a helpful discussion. The Chair will meet with the Chief Executive to take forward how the strategy document is shaped. It was agreed that the next version of the draft Strategy Document will go to the Crown Estate Scotland Board on the 8th September. It was noted that the document will be drafted based on a moderate approach which can be amended to minimalist or accelerated if required.

ACTION

1/2 A written description of each estate, including investment potential as per the verbal update from the Head of Property, is to be developed.

1/3 The Chair will meet with the Chief Executive to take forward how the strategy document is shaped.

5. Any other business

The Chair noted that the minute of this meeting and the draft Investment Strategy paper will be an agenda item for the Crown Estate Scotland Board meeting on the 8th September.

6. Next Meeting

The next meeting will take place on the 4th October.