

Agenda
Twenty First Meeting
Crown Estate Scotland Board
Video Conference Call
29 July 2020
8.30am – 12.30pm

- | | | |
|---------------------------------|--|--------------|
| | 1. Standing Items | |
| 8.30 | 1.1 Welcome and Declarations of Interest | |
| | 1.2 Approval of Minutes of Meetings held 27 May 2020 | Attached |
| | 1.3 Matters Arising and Action Trackers | Attached |
| | + 1.4 Papers considered out of meeting | BD(2020)21.1 |
| | + 1.5 Stakeholder Meetings | BD(2020)21.2 |
| | 2. Board Committees | |
| 8.50 | * 2.1 Audit & Risk Committee Minutes (23 June) | Attached |
| 9.10 | * 2.2 People Committee Minutes (1 July) | Attached |
| | 3. Strategies and plans | |
| 9.15 | 3.1 People Strategy | BD(2020)21.3 |
| 9.40 | 3.2 Workforce Planning | BD(2020)21.4 |
| 10.00 | 3.3 Discussion to inform comms strategy | Presentation |
| 10.30 Break – 30 minutes | | |
| | 4. Business Management | |
| 11:00 | 4.1 Chief Executive's Report | BD(2020)21.5 |
| 11:15 | 4.2 Performance Management Dashboard (Q1 2020-21) | BD(2020)21.6 |
| 11:20 | * 4.3 Finance Report | BD(2020)21.7 |
| 11:40 | * 4.4 External Audit Update | BD(2020)21.8 |
| 12:10 | * 4.5 Covid-19 Impacts | BD(2020)21.9 |
| 12:15 | 4.6 New Office Project - update | Verbal |
| 12:20 | 5. Any Other Business | |
| 12:30 | 6. Date of Next Meeting | |
| | 29/30 September 2020 | |

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

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

+ This item is for noting

Minutes for	Twenty-First Board Meeting	BD(2020)21
Meeting date	29 July 2020	
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 held by video conference call on Wednesday, 29 July 2020		

Present:

Amanda Bryan	Chair
Dr Michael Foxley	
Liz Leonard	
Jean Lindsay	(until Minute item 3.3)
Andrew MacDonald	
Robert Mackenzie	
Richard Morris	
Alister Steele MBE	

In attendance:

Simon Hodge	Chief Executive
Esther Black	Director of Corporate Operations
Colin Palmer	Director of Marine
Andrew Wells	Director of Property
Helen Howden	Governance Manager (minutes)

By invitation:

Martha Walsh	Shadowing observer
Marc Mazzucco	RSM Risk Assurance Services LLP
Carol Anne Knight	Senior HR Manager (for Minute items 1 to 3.2)
David Shedden	Senior Corporate Affairs Manager (for Minute item 3.3)
Anna Morgan	Financial Controller (for Minute items 4.1 to 4.5)
Joanne Brown	Grant Thornton UK LLP (for Minute items 4.3 and 4.4)

1. Standing Items

1.1 Welcome and Apologies

The Chair welcomed everyone to the meeting, including Marc Mazzucco from RSM Risk Assurance Services LLP who was observing the meeting as part of a governance audit. It was noted that Jean Lindsay had given her apologies for being unable to stay for the whole meeting but comments she wished raised in relation to the Agenda items had been given in advance to the Chair. Members were thanked for having intimated in advance the items which they would like to raise points or ask questions on and were asked to signal to the Chair during the meeting if there were other contributions they wished to make.

1.2 Declarations of Interest

There were no declarations of interest in any of the items on the Agenda. Jean Lindsay indicated that if there was to be a discussion on whether Land and Buildings Transaction Tax was payable by Crown Estate Scotland then she would leave the meeting due to her position as a board member of Revenue Scotland.

The Chair congratulated Robert Mackenzie on his recent appointment to the board of Ferguson Marine.

Secretary's note: Robert Mackenzie updated his register of interests on appointment to Ferguson Marine (Port Glasgow) Holdings Limited, Ferguson Marine (Port Glasgow) Limited, Ferguson Marine (801-802) Limited, and Ferguson Marine (803-805) Limited, effective 10 June 2020.

1.3 Approval of Minutes of Meeting held on 27 May 2020

Noted that:

- (a) the wording in minute item 5.1 did not fully record the Board discussion and the request for consideration of including in the contract controls, including clawback provisions, for non-performance.

Agreed that:

- (a) the Governance Manager would amend the wording and provide an amended draft of the minutes to the Chair for final approval.

Action: HH (21/1)

1.4 Matters Arising and Action Tracker

Noted that:

- (a) following the May meeting, Alister Steele had had further engagement with the Value Project Manager and the Senior Policy Manager in relation to the Value Project. An additional session on the Project was being arranged for the Board in November.
- (b) the Board had requested that the Audit & Risk Committee keep the operation of the scheme of delegation under review and not just review it October 2020 (action 19/9).
- (c) each action should have a timescale for completion given to it.

1.5 Papers considered out of meeting (paper (BD(2020)21.1)

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

1.6 Stakeholder Meetings (paper BD(2019)21.2)

Noted that:

- (a) the number of meetings held had declined during the lockdown however a conscious effort was now being made to increase stakeholder activity with meetings having been

arranged with the Leaders of Orkney and Shetland Islands Councils, with Community Land Scotland amongst others.

- (b) as lockdown eased the Chair would be speaking to the Chief Executive and the Executive Team about how to arrange face-to-face meetings with relevant stakeholders and Board members.
- (c) the Director of Marine Scotland was intending to retire at the end of August and that his successor had not yet been publicly announced.

2. Board Committees

2.1 Audit & Risk Committee Meeting – 23 June 2020

Noted that:

- (a) the Committee had received an encouraging finance report, noting the stronger than expected financial position during the first two months of the financial year. The position was being closely monitored by the finance team and an update would be presented to the Board later in the meeting.
- (b) a paper had been received on the budgetary management of the enabler role and the Committee had noted that a portion of the budget was currently being held as unallocated to allow funding to be made available later in the year to support green or Covid-19 recovery projects.
- (c) significant change had been made to the procurement processes within the organisation which the Committee viewed as a positive improvement which would bring benefits across the business as well as strengthening compliance.
- (d) a report on the external audit progress had been received and it had been agreed that if there were any material changes to the position during the remainder of the audit process then the Committee Chair would be contacted to assess whether an additional meeting of the Committee should be arranged. No such contact had been made and the external auditor would join the Board meeting later to provide a further report.
- (e) two reports had been received from the internal auditors covering a follow-up of the previous audit of managing agents and a risk management audit. The Committee had been pleased with the reports and the progress demonstrated by them. Changes had already been made to the format of the risk register in implementation of some of the recommendations in the audit report.
- (f) the Committee had endorsed the recommendation from the Executive Team not to make any changes to the risk appetite of the organisation at this stage, accepting the reasoning which had been put forward.
- (g) the Board were made aware of the assurance checklists which had been completed by each executive Director and uploaded to the library on the board portal. These have been used for the first time this year as part of the internal assurance process.

- (h) feedback had been provided on the draft Whistleblowing policy after the meeting and the policy would be redrafted.
- (i) Andrew Macdonald asked whether the Montrose Zero Four site had been added to the risk register. The Chair of the Committee advised that the acquisition itself did not add strategic risk to the business. That position would change once development commenced and would be managed in accordance with the risk management policy.

2.2 People Committee Meeting – 1 July 2020

Noted that:

- (a) the two main items of business discussed by the Committee – People Strategy and Workforce Planning – were on the agenda for discussion by the Board during today's meeting.
- (b) the Committee had received a report from the Senior HR Manager on staff contracts and the work being undertaken to move staff on to a standardised contract. The Committee noted the timescale for doing so and that this involved formal engagement with the recognised trade union.
- (c) the Committee had been shown the matrix which was being used by the Executive Team to monitor and manage the impact of change projects within the business.
- (d) the minutes were still in draft and that there were still some changes which one member of the Committee wanted to see made.

3. Strategies and plans

3.1 People Strategy (paper BD(2020)21.3)

Noted that:

- (a) following receipt of feedback from the People Committee in March the Strategy had been reworked to ensure that it was closely aligned to the Corporate Plan. Jean Lindsay had assisted in providing detailed comments between Committee meetings. There was some work to be finished on the presentation before the Strategy was finalised. A wellbeing programme had been developed and was included as an annex to the Strategy.
- (b) as lockdown eased there was a focus on what the “new normal” would look like, particularly in the context of an office relocation. There was significant interest in this from the recognised trade union, PCS. The relationship with the new PCS regional officer was being developed and regular meetings built into the HR calendar.
- (c) a behavioural competence framework had been developed with input from staff and was now incorporated into performance management. A framework of technical competency was now being developed, with particular emphasis on line manager competence. The intention was to create a “licence to operate” for line managers who would require to

complete standard training, such as financial and commercial awareness and having difficult conversations.

- (d) the Board appreciated the work which had gone into the development of the Strategy however it asked that the wording be sharpened with all actions being removed and put into the underlying action plan. There was work to be done on equality and diversity as well as on the measures of success. References to costs in the Strategy required to be removed as those should be in the action plan. The Executive Team acknowledged the comments about the length of the document and the changes which were suggested.
- (e) the Board welcomed the wellbeing programme but had reservations about the understanding of staff relating to the financial aspects of the programme and cautioned that care be exercised in relation to the nature of activity carried out, making sure that no advice was given to staff in relation to financial matters. The intention was to ask MyCSP to deliver sessions to staff on pensions rather than for Crown Estate Scotland to provide advice.
- (f) the Chief Executive and the Senior HR Manager had initiated discussions with the Executive Team on “leadership shadow” and these would be continued at an away day in late August.

Agreed that:

- (a) the Board delegated authority to approve the Strategy to non-executive members of the People Committee, once suitably amended.

3.2 Workforce Planning (paper BD(2020)21.4)

Noted that:

- (a) initial workforce planning had been undertaken by the Executive Team in 2019 and this was continuing with a view to covering the full Corporate Plan period (2020-23). Included within the planning was a need implement the findings of the outsourced services review, expand capacity for management of built development projects, to build resilience in the HR function and support the management of legal advice.
- (b) there was a need for financial prudence, as far as possible refocusing or migrating existing capacity, and a recognition of potential changes in support requirements as a result of the Covid-19 crisis when undertaking the planning as well as looking to the impact of IT developments.
- (c) the E&I team were still undertaking functional planning, which will be finalised in the autumn.
- (d) the proposals being made to the Board were to build on internal engagement and partnership working progressively over the next three years with the phased creation of three regional engagement manager roles. These posts would be line managed by the Partnerships Manager. The first post to be created would be to cover the Highlands and Islands which the Executive Team had identified as being a priority area. Subsequent posts would be to cover the North East and the South of Scotland / Central Belt.

- (e) it was recognised that some additional, project-specific capability might be required at times and that this would be resourced using specialist consultants or fixed-term appointments.
- (f) there was no immediate need for additional capacity in the Finance and Business Services team as there was an opportunity to refocus the work of one role. In the Property team there was a requirement for an additional two posts (a senior manager and a project manager) to support the rapid expansion of built development activity set out in the Corporate Plan.
- (g) the Executive Team had identified that the recruitment of an additional, time-limited administration resource would support the HR function and governance function to release capacity in those functions. The Senior HR Manager had identified that there was still some work to be completed in putting in place HR policies, procedures and processes and this would be completed quicker with additional resource. Providing administrative resource to the Governance Manager would allow that post-holder to proactively manage the legal advice which had been received by the organisation.
- (h) the Board welcomed the direction of travel set out in the plan, particularly the release and refocusing of resources and the creation of the regional engagement manager roles which would have an important part to play in the green recovery from the Covid-19 crisis and would be able to engage with the City and Region Growth Deals across Scotland.
- (i) in response to Board questions it was confirmed that the regional engagement manager roles would be similar but were unlikely to be identical given that there would be variations in the activity to be carried on in each region. Liz Leonard suggested there would also be an opportunity to learn from the recruitment of the first role in the Highlands and Islands to inform future recruitment.
- (j) Michael Foxley suggested the Board would welcome further briefing on the interaction of the regional engagement managers with the work of the managing agents. Management of reputational risk was an important aspect to be considered.

Agreed that:

- (a) the Board supported the proposals set out in the paper and requested that the Executive Team consider bringing forward the recruitment of the regional engagement manager for the North East given the volume of activity planned for the area.
- (b) the Director of Property would prepare and circulate a briefing note for the Board on the interaction of the regional engagement manager roles with the future role of the managing agents as set out in the Invitation to Tender currently being prepared.

Action: SH (21/2)

Action: AW (21/3)

The Senior HR Manager was thanked for her contribution and she left the meeting. Jean Lindsay offered her apologies and left the meeting.

The Board adjourned for a break for fifteen minutes. The Senior Corporate Affairs Manager joined the meeting when it re-commenced.

3.3 Discussion to Inform Comms Strategy

The Director of Corporate Operations gave a short presentation to the Board outlining the scope of the communications strategy.

Noted that:

- (a) the intention was that this strategy, which would cover the period 2020-23, would be fully developed in the autumn and that the Board were being asked to provide comments to inform the development and content of the strategy, in particular in identifying the priority target audiences and messages.
- (b) the outcomes focused strategy would require to work within the existing resource and so there needed to be a prioritisation of what was to be delivered by the strategy. The breadth of activity undertaken by Crown Estate Scotland provided challenges both in terms of content of communications but also in the format of that communication.
- (c) the Board commented that initial messaging had been focused on tenants and those who used Scottish Crown Estate assets and that it was now appropriate to communicate more widely about Crown Estate Scotland objectives and the roles in which activity was undertaken – investor, enabler, asset manager and coordinator. The Board also felt that it was important not to neglect communications with tenants.
- (d) Liz Leonard suggested that the future strategy should be proactive, rather than reactive, enabling key Crown Estate Scotland messaging to be heard in advance of others, by utilising strategic external engagement.
- (e) the team were already monitoring their impact and tracking sentiment and awareness and that there should be KPIs developed to allow the impact of the strategy to be monitored.
- (f) members felt that there was work to be done in communication to those Crown Estate Scotland did not currently do business with, building the reputation for commercial delivery – either alone or in partnership. An outcome of the strategy could be to be identified as being a partner of choice, that the organisation was automatically invited to engage in discussion or activity.
- (g) the communications team would continue to work on the strategy, refining it, and would test it with some Board members in advance of it being brought back to the Board later in the year.

The Senior Corporate Affairs Manager was thanked for his attendance and he left the meeting.

The Financial Controller joined the meeting.

4. Business Management

4.1 Chief Executive's Report (paper BD(2020)21.5)

Noted that:

- (a) the Chief Executive acknowledged the performance of the staff team who had remained focused on delivery throughout lockdown noting the conclusion of the Memorandum of Understanding with North Ayrshire Council, the well-attended digital ScotWind engagement event, preparation of the annual report and accounts, the publication of the Less than Market Value Policy and the development of the Sustainable Communities Fund which would launch before the end of July.
- (b) as had been discussed earlier in the meeting, the format of the risk register had been amended following the internal audit of risk management and the links between the register and corporate objectives had been strengthened. The Executive Team were proposing that at the next review three risks should be removed from the register (failure of financial management; governance failure; and launch of ScotWind).
- (c) Andrew Macdonald queried whether, given the internal audit follow-up report which had reported a non-compliance with debt management policy, it was appropriate to remove the risks of financial management failure and governance failure from the register. The Chair of the Audit & Risk Committee advised the meeting that the Committee were satisfied that the risks had been appropriately mitigated or controlled and that the non-compliance was a minor point which did not create a significant risk. The risk register included the potential impacts of Brexit and Covid-19 on the organisation and its tenants.
- (d) Crown Estate Scotland participated in an annual independent survey of local authorities which indicated significant improvement in awareness of, favourability and satisfaction of contact with the organisation among Chief Executives and Heads of Economic Development in the Councils surveyed. The figures for Council Leaders indicated that awareness and favourability had decreased although satisfaction with contact had improved. The results were encouraging and indicated that there were further opportunities for communication of the activities and roles of Crown Estate Scotland.
- (e) Michael Foxley asked if the organisation was tracking the expenditure of the net revenue which had been distributed by the Scottish Government to local authorities. As the funds did not belong to Crown Estate Scotland their use was not being tracked. The Cabinet Secretary for the Environment, Climate Change and Land Reform had written to local authorities requesting that they report back on how the funds were used.
- (f) Liz Leonard flagged the progress made in relation to cyber security, having recently been awarded Cyber Essentials Plus.
- (g) significant input had been given to the development of the Scottish Government's draft Blue Economy action plan and would continue to be given as the plan evolved. Engagement with Scottish Government on BEIS on two strategic offshore wind matters – clarification of the devolution status of offshore wind associated with oil and gas production and a review of the strategic development of the transmission grid (to support expansion of offshore wind) – is underway.

4.2 Performance Management Dashboard (paper BD(2020)21.6)

Noted that:

- (a) In response to a question from Andrew Macdonald, the Board was advised that the marine litter project which had originally been planned for this year was delayed due to

Covid-19 restrictions and it was now intended to undertake the activity in 2021-22. Discussions were taking place with Keep Scotland Beautiful to see if there were any opportunities to work on marine litter with them during 2020-21.

- (b) a request under Freedom of Information legislation had been received inquiring on what due diligence had been carried out prior to the purchase of the Montrose Zero Four site. Information on requests received and the responses given were published on the Crown Estate Scotland website.

Joanne Brown was welcomed to the meeting.

4.3 Finance Report (paper BD(2020)21.7)

Noted that:

- (a) the overall revenue position at the end of the first quarter was ahead of budget, with income from an unbudgeted option agreement offsetting reduced receipts from the coastal assets whose rent was turnover based. Both direct and indirect expenditure were below budgeted levels, but it was anticipated that as lockdown restrictions eased the anticipated expenditure would proceed. The first reforecast of the financial year would be carried out in August.
- (b) the capital position overall showed a net investment of £3.9m as a result of the purchase of the site at Montrose.
- (c) the Board again welcomed the analysis of the position with debtors and the active management of debt being undertaken by the Finance team. The Audit & Risk Committee had commended the work undertaken to provide transparency on cashflow, including the reporting in the Committee and Board papers.
- (d) Andrew Macdonald inquired as to why there was approximately £184k of enabler role funding currently in the budget without specific allocation. The Board was advised that the money was being held to allow support to be given to the green recovery from Covid-19. The Director of Marine and the Financial Controller were engaged with Marine Scotland to identify projects which aligned with the Corporate Plan and which were suitable for support.
- (e) the budget for built development had been established before the appointment of the Built Development Manager. Since her appointment a programme plan had been prepared and an amended budget would form part of the August reforecast.
- (f) changes had been made to the existing E&I capital budget to allow £300k to be committed to support activities identified by Scottish Offshore Wind Energy Council (SOWEC) in relation to offshore wind and the path to net zero.
- (g) the Finance team have been engaged with the external auditors in the preparation of the accounts for 2019-20. An update on progress would be provided to the Board by the external auditor during the meeting and the Board were requested to confirm a process for the final approval off the accounts.

Agreed that:

- (a) once the preparation of annual report and accounts had been completed, they would be circulated to the Board. Final approval was delegated to Amanda Bryan, Robert Mackenzie and Alister Steele.

Action: AM (21/4)

4.4 External Audit Update (paper BD(2020)21.8)

Noted that:

- (a) the auditors expressed their thanks to the Finance team who had provided a good set of financial statements at the start of the audit. The Covid-19 restrictions meant that the audit process was being conducted remotely and additional procedures had been brought in to allow that to happen.
- (b) the original intention in the audit plan had been for the audit to be finalised by 5 August however delays in the process and in finalising audit testing procedures now meant that the final audit conclusions will not be reported until mid-August. As part of the audit process an external valuations expert was engaged to provide additional assurance in relation to the significant risk association with the investment properties. The engagement and challenge between the auditor's expert and Crown Estate Scotland's experts had taken longer than anticipated and had contributed to the delay in audit finalisation.
- (c) the current position was that approximately 85% of the testing of the financial statements had been completed and the expectation remained that an unqualified audit opinion would be issued. As had been discussed with the Audit & Risk Committee there would require to be an emphasis of matter referring to the disclosure on the effect of Covid-19 on the value of assets.
- (d) initial conversations on lessons learned had taken place and would continue once the current process had concluded.
- (e) the Board asked if the emphasis of matter would be common across public bodies and were advised that it was anticipated that the accounts of most public bodies would contain this statement. It was not anticipated that there would be any additional reporting or Parliamentary scrutiny applied as a result. As had previously been discussed by the Board, the impact on valuations would be seen over the coming years.

Joanne Brown was thanked for her contribution and she left the meeting.

4.5 Covid-19 Impacts (paper BD(2020)21.9)

Noted that:

- (a) the paper set out the impacts across the business, some of which had already been discussed during the meeting. For office-based staff the presumption of home working remained although following completion of risk assessments and discussions with PCS, outdoor working had resumed.

- (b) the focus on wellbeing was continuing and staff were being encouraged to use leave to help mitigate lockdown fatigue. Whilst this was encouragement rather than a requirement, the Executive Team were monitoring the amount of leave being taken to avoid disruption in Q4. A review of the position would be taken at the end of the summer holiday period.
- (c) the tenant of the retail property in George Street had requested flexibility in rental payment terms and negotiations with them were continuing. As lockdown eased some of the tourism related businesses and facilities were able to reopen, including the mountain bike trails and Rhu marina. The Board commented on the issues which had been faced across rural Scotland with irresponsible access. Parts of the estate had been affected but this was starting to ease, and activity was now only moderately above what would normally be expected at this time of year.

The Financial Controller was thanked for her contribution and she left the meeting at this point.

4.6 New Office Project

Noted that:

- (a) negotiations on lease terms for the new premises were continuing and a contract for a limited fit-out had been agreed with Cushman & Wakefield. A consultation with staff had just concluded and had included questions on workspace, how to use the office space, and future ways of working.
- (b) the project board and staff advisory group would be asked to review the consultation responses and to make recommendations to the Executive Team for consideration. The staff advisory group would continue until after the move into the new office. It was acknowledged by the Executive Team that the use of the new office would evolve once staff had settled in, and that there would be an initial period of restricted use due to Covid-19 requirements.
- (c) Richard Morris asked for confirmation if the terms of the lease would contain Covid-19 clauses, such as a rent-free period or rent reduction during periods when government restrictions meant that the office could not be occupied. The Director of Finance and Business Services will confirm the position and advise the Board whether the lease contained such terms.

Action: AM (21/5)

5. Any Other Business

There was no other business for the Board to consider.

6. Date of Next meeting

Members were requested to hold both 29 and 30 September 2020 in their diaries for the next meeting and a decision on location would be taken in mid-August in accordance with the advice published by Scottish Government at that time.

Amanda Bryan
Chair, Crown Estate Scotland

Date

Board	Twenty First Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	Papers Considered Out of Meeting BD(2020)21.1	
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. This paper, which is for noting, records a decision made by the Board out of meeting.

Decisions

2. **BD(2020)OOM6 – Montrose Due Diligence**

A paper confirming that the due diligence reports obtained in relation to the site at Montrose had been received and were satisfactory and seeking Board approval to proceed to complete the purchase was issue to the Board by email on 1 June 2020. Members all confirmed approval to proceed.

3. **BD(2020)OOM7 – Less than Market Value Policy**

A paper was sent electronically to the Board on 5 June 2020 requesting approval to publish the Less than Market Value Policy (which was annexed to the paper). The Board were asked to note that the Policy started by requesting feedback and that the Policy would be reviewed early in 2021.

Some members provided detailed comments on aspects of the wording of the Policy and the Board, welcoming the decision to review the Policy in the early part of 2021, approved the publication of the Policy.

4. **BD(2020)OOM8 – Impacts of Covid-19 update**

A paper updating the Board on the impacts of Covid-19 on the organisation was circulated to members by email on 29 June 2020.

Board	Twenty First Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	Stakeholder Meetings BD(2020)21.2	
Security classification	Unclassified	
Presented by	Amanda Bryan/Simon Hodge	
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. This Paper is to ensure the Board is aware of the meetings with Crown Estate Scotland stakeholders which the Chair, the Chief Executive and members of the Executive Team have held during the period from 16 May 2020 to 18 July 2020. The country went into lockdown in response to the Covid-19 pandemic on 23 March 2020 and all meetings since that date have been held in a virtual environment.

Meetings and Events attended

2. The Chair attended or met:
 - Graham Black, Director, Marine Scotland on 22 June 2020.
3. The Chief Executive attended or met with:
 - CEO, Director of Strategic Engagement and Sustainability Director, Scottish Salmon Producers Organisation, on 9 June 2020 (also attended by Colin Palmer and Alex Adrian).
 - Covid-19 CEO Strategic Group on 12 June and 10 July 2020.
 - CEO, Scottish Canals, on 17 June 2020.
 - CEO, ZeroWaste Scotland, on 22 June 2020.
 - Chaired the Environment and Economy Leaders Group (EELG) meeting on 26 June 2020.
 - Cllr Roddie MacKay, Leader Comhairle nan Eilean Siar on 8 July 2020 (also attended by John Robertson and Tom Mallows).
4. The Director of Corporate Operations attended or met with:
 - EELG Operational Delivery Liaison Group meeting on 2 and 14 July 2020.

5. The Director of Marine attended or met with:
 - Director of Capital Projects SSE Renewables regarding Seagreen Financial Close on 1 June 2020 (also attended by John Robertson and Colin Maciver).
 - Mike Palmer, David Pratt and Mark Christie (all MS) regarding decarbonisation of O&G on 5 June 2020 (also attended by John Robertson)
 - CEO, Director of Strategic Engagement and Sustainability Director, Scottish Salmon Producers Organisation, on 9 June 2020 (also attended by Simon Hodge and Alex Adrian).
 - Update meeting with Mike Palmer (MS) - work packages, ScotWind and O&G decarbonisation on 16 June 2020.
 - Blue Economy Strategy for Scotland meeting on 25 June 2020 (including Marine Scotland, HIE and SE) (also attended by Colin Maciver) .
 - Update meeting with Mike Palmer (MS) - work packages and O&G decarbonisation on 1 July 2020.
 - ScotWind engagement event on 7 July 2020.
6. The Director of Property attended or met with:
 - Nim Kumar, Marine Scotland Sponsor Unit, on 20 May to discuss feedback regarding handling of the Montrose proposal
 - Project Managers, Scottish Agricultural Organisation Society on 26 May 2020 (also attended by Christopher Cassels and Fiona Simpson).
 - Cairngorms Nature Strategy Group Recovery Plan discussion (including CNPA, RSPB, Forest and Land Scotland, NFUS, Scottish Land & Estates amongst others) on 29 May 2020.
 - Director Economy & Communities, North Ayrshire Council on 29 May 2020 (also attended by Tom Mallows).
 - Farm Tenants Group meeting on 10 June 2020 (also attended by Christopher Cassels and Fiona Simpson).

Board	Twenty First Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	2020-23 People Strategy BD(2020)21.3	
Security classification	Unclassified	
Presented by	Esther Black / Carol Anne Knight	
Author	Esther Black / Carol Anne Knight	
Annexes	Annex A: People Strategy Annex B: Summary Wellbeing Programme	
Recommendation	The Board is invited to discuss and to approve the 2020-21 People Strategy (Annex A).	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

1. Background

An initial outline People Strategy was initially developed with staff in 2018-19 and the draft was endorsed by Board. Since then we have:

- Conducted our second staff survey (May-June 2019) and gathered more qualitative evidence through team discussions (Aug-Sep 2019);
- Developed the strategy further to fully align with the 2020-23 Corporate Plan; and
- Discussed drafts with the People Committee (March and July 2020).

We are now seeking comments and approval on this latest version.

2. Discussion

The strategy is aligned with the Scottish Government's Fair Work principles of Respect, Security, Fulfilment, Opportunity and Effective Voice.

The priorities – organisational formation, capacity and capability, and culture and values – have been mapped across to two sets of staff survey feedback and the 2020-23 Corporate Plan.

Further detail on actions and implementation sit in a separate action plan.

Following feedback from the People Committee we have attached at Annex B a summary of our wellbeing programme due to be launched in August 2020.

3. Financial

Associated spend will be within allocated budget.

4. Sustainability

n/a

5. Legal implications

There are no direct legal implications arising from the People Strategy.

6. Risk

Developing and implementing the People Strategy is a mitigating action in treating risk number 8 in the strategic risk register.

7. People considerations

While implementing this strategy will be positive for staff, we are conscious of the change in the HR team since 2017 and the risk of over-committing and under-delivering. The strategy assumes a 12-month fixed-term support HR role being recruited to in 2020. This is needed if the HR Adviser and Senior HR Manager are to have the capacity to deliver on higher value activity such as line management training and development, policy refresh and new staff contracts. Please see separate paper on Workforce Planning (BD(2020)21.4) for detail.

8. Reputational / PR implications

Employee engagement and building Crown Estate Scotland capability will help enhance reputation over the 2020-23 plan period and beyond.

Board	Twenty First Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	Workforce planning update BD(2020)21.4	
Security classification	Restricted	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Simon Hodge / Carol Anne Knight	
Author	Simon Hodge / Esther Black	
Annexes	Annex A: 2020-23 Workforce Planning	
Recommendation	The Board is invited to support the proposals in relation to regional engagement, built development and HR/legal admin set out in Annex A.	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

1. Background

This paper provides the Board with an update on workforce planning for the 2020-23 Corporate Plan period. This paper was discussed by the People Committee on 1 July 2020. Committee members' feedback was positive, and we now present this to Board for discussion and comment.

2. Discussion

Workforce planning is a work in progress. Given the changes currently being worked through (e.g. managing agents retender, bringing property systems in-house, the office move, Covid-19 home-working) we are working through a two-staged process:

- Stage 1 as reflected in this paper.
- Stage 2 comprises a review of resource needs in relation to administration (including maintaining our property management systems) and Energy & Infrastructure. This has included the Senior HR Manager holding discussions with Directors on areas of growth, risk, retention issues etc, as well as detailed work by the Director of Marine and Head of E&I.

Both stages include exploring where / how to release resource, taking into account the short to medium-term impact of Covid-19.

3. Financial

Staff costs are outlined in the paper at Annex A.

4. Sustainability

n/a

5. Legal implications

There are no direct legal implications arising.

6. Risk

Workforce planning is a mitigating action listed under the strategic risk register (risk number 8).

7. People considerations

The paper (at Annex A) outlines how we propose to refocus existing staff, release resource through FTAs not being renewed, and create new roles in order to deliver the 2020-23 Corporate Plan. Communication on these changes will include PCS as well as the wider team.

8. Reputational / PR implications

Ensuring we have the right capacity and capability will directly impact delivery of the 2020-23 Corporate Plan.



**Crown Estate
Scotland**
Oighreachd a' Chrùin Alba

2020-23 Communications Strategy discussion

- July 2020

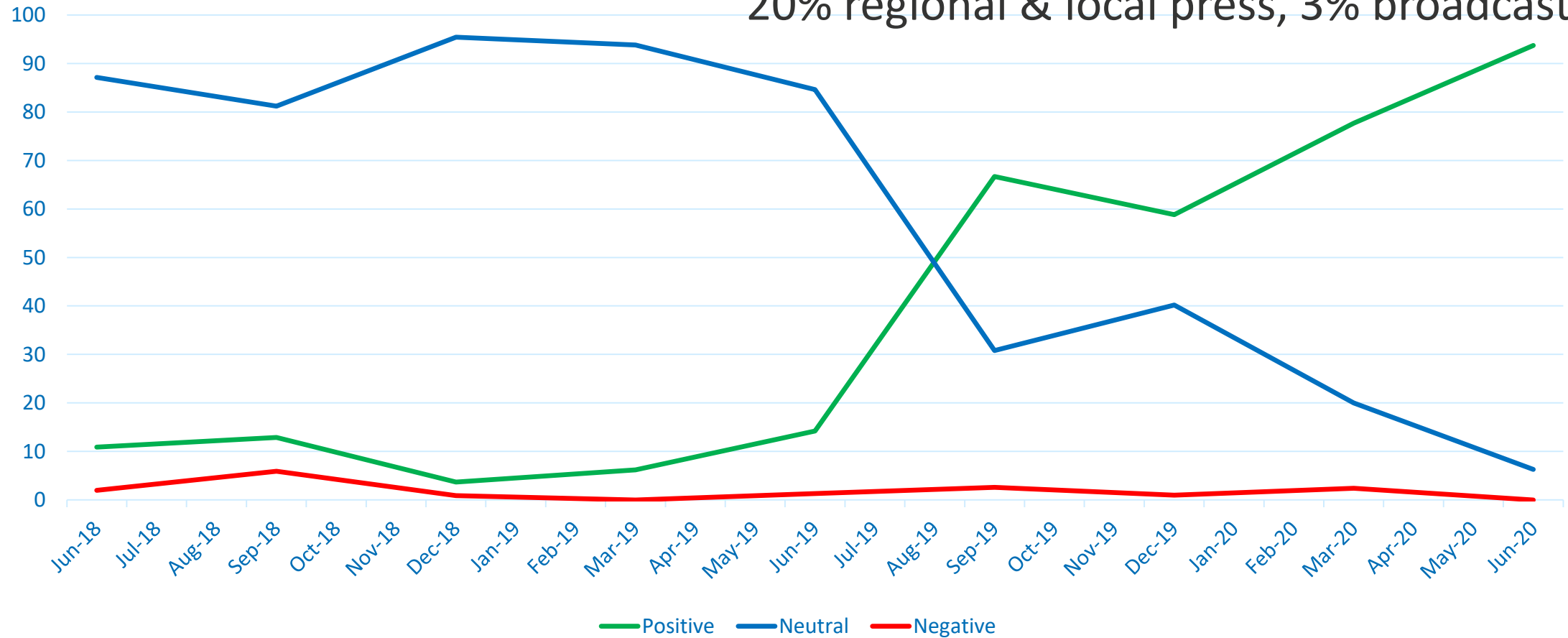
Scope of strategy

**Performance + behaviour + communications
= reputation (Doorley, 2003)**

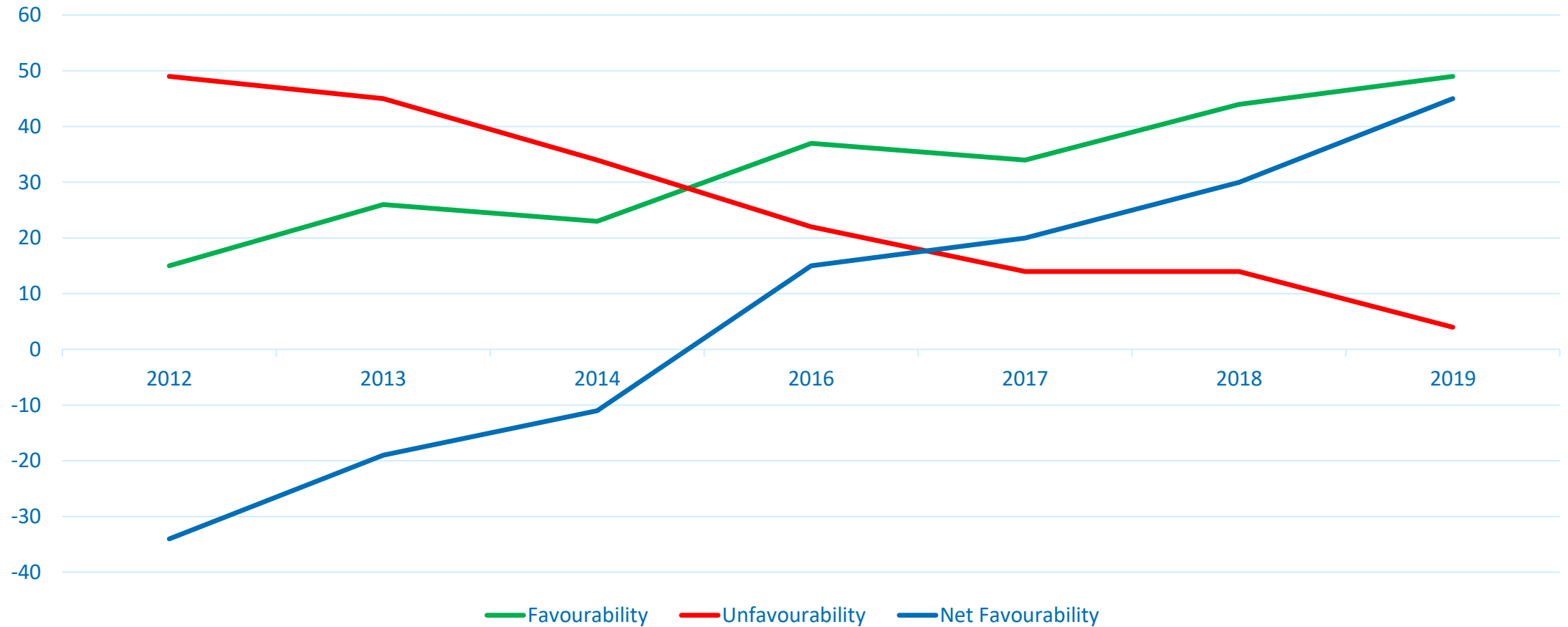
- **Outcomes** we need comms & engagement to deliver? Resource.
- **Audiences** – decision-makers and influencers – politicians, SG, media, trade / tenant & public & third sector bodies
- Key **messages**
- Paid / Earned / Social / Owned **channels** (budget); evaluation

Media – tone

Av. no. of stories per quarter: 310
Approx. 69% online, 8% national press,
20% regional & local press, 3% broadcast



Public affairs – MSP favourability



Digital communications

- Two websites – corporate and Glenlivet. Top section ‘Maps & Publications’ (E&I spatial data and maps)
- E-newsletters – 370 recipients (63% highly or sometimes engaged)
- Video increasingly important

Team also cover publications (approx. 7 pa), events, internal comms.



Crown Estate Scotland
1,585 followers
1mo •

Today we've launched [#ScotWind](#). It's Scotland's first round of seabed leasing for offshore wind for a decade - and a multi-billion pound investment opportunity to support the [#GreenRecovery](#) ...see more

ScotWind Leasing

Seabed leasing for new offshore wind farms



Crown Estate Scotland - Media centre - News, media releases & opinion - Green light for multi-billion pound investment in Scotland's net zero economy
crownestatescotland.com • 3 min read

118 • 2 Comments

Top media Tweet earned 3,874 impressions

Wondering exactly what [#Scotwind](#) is? John Robertson, our Head of Energy and Infrastructure, explains.
pic.twitter.com/KKwcxTKAOL



1 • 8 • 27

Top Tweet earned 5,790 impressions

We're pleased to announce four projects are progressing to the final stages of our Local Management Pilots Scheme to take more responsibility for decisions relating to seabed, coastline and other land in their local area. More here: bit.ly/31tkqX9
[#localmanagement](#)
pic.twitter.com/jyYFs3bVwn



13 • 22

Top media Tweet earned 5,004 impressions

A big Crown Estate Scotland welcome to the Jardines, a [#newentrant](#) farming family who have just secured a 10 year lease [#farming](#) [#dumfries](#) [#galloway](#)
crownestatescotland.com/media-and-noti...
pic.twitter.com/imBc4A80HP



6 • 8 • 40

Tenants



Survey tenants across business every two years



Comms generally clear and easy to understand



Feedback shows positive trend regarding comms and engagement over time – but little appetite to know more about what we do across the Estate



Tenants seek more targeted information on local decisions / future direction and vision. Rural & coastal tenants prefer post, marine via online & e-mail

What do we want to achieve?

- Reputation for commercial delivery – enables us to form partnerships
- Support sustainable development in business and in communities

How?

- Listen; (be seen to) respond; consistent messaging
- Open & inclusive, tone & language (research)
- **Where do we do more (e.g. built env.), where do we do less?**

Board	Twenty-First Board Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	Chief Executive's Report BD(2020)21.5	
Security classification	Restricted (in part)	
This document contains commercially sensitive and confidential information and may relate to the formulation of policy.		
Presented by	Simon Hodge	
Author	Renée Lefrançois / Simon Hodge	
Annexes	Annex A – Proposal for a Scottish blue economy action plan (Draft) - Confidential	
Recommendation	The Board is invited to note this Report	
The board secretary or chair should be advised if the contents of this paper give rise to any conflict of interest		

1. Overview

Covid-19 continues to fundamentally impact our work. However, as Scotland has moved to lift some lockdown restrictions outdoor work has resumed and recreation facilities have been reopened. The Covid report later in the agenda updates on impacts and responses, and Board will see some impacts on Business Plan delivery coming through into the dashboard.

We have worked to maintain focus on delivery initiatives, including the launch of a partnership MoU with North Ayrshire Council; agreement to joint fund further Enabling projects; holding a ScotWind digital event that attracted over 300 participants; and preparing the managing agent ITT. Our less than market value policy has been published (<https://www.crownestatescotland.com/maps-and-publications>). Our draft annual report and accounts was submitted to Scottish Government on 30 June.

This has been a period of exceptionally high press coverage, largely positive, driven by ScotWind as well as the Montrose acquisition. Scottish Government distribution of Crown Estate Scotland net revenues has also attracted much coverage, with five local authorities receiving over £1m of the £9.7m distribution. Recent survey feedback has indicated a big increase in recognition and reputation amongst local authorities; an encouraging response to our commitment to ongoing engagement.

2. Meetings/engagement

A separate list of the engagement and meetings has been submitted to the Board (BD(2020)21.2).

3. Health & Safety

The 2020-21 Q1 dashboard provides the latest information. A health and safety risk register has been developed by the Executive Team and will be considered by the Crown Estate Scotland Health and Safety Committee in August. The HR team are in the process of further developing a wellbeing programme to support staff through the continued period of home working and beyond.

4. Risk Management

We have strengthened the link between the risk register and corporate objectives and incorporated a 'three lines of defence' methodology – operational, monitoring and external scrutiny. In recognition of the work focused on risk mitigation the register shows a reduced residual risk associated with loss of skills and expertise, failure of asset management, business continuity and office accommodation. Three risks are proposed for removal at next review: failure of financial management, governance failure and launch of ScotWind.

The risk associated with Covid-19 and Brexit uncertainties is the only one with a red residual risk given the impact of factors beyond our control. However, the Audit & Risk Committee are satisfied that the Executive are taking all reasonable measures to mitigate.

A new risk has been added that relates to the cumulative impact of change projects in the property team. This is being mitigated via a programme management approach at Executive Team level – this was recently shared with the People Committee.

5. Local authorities

Every year we participate in an independent survey of local authorities. In the 2020 survey, 18 leaders, 10 Chief Executives, 16 Heads of Economic Development were interviewed between 2 March and 19 May 2020. Figures below show change since 2019, with a significant improvement among CEOs and Heads of Economic Development.

Chief Executives:

- Awareness up from 50% to 70%
- Favourability up from 43% to 80%
- Satisfaction with contact up from 36% to 80%
- We are now close to the top of table across all three criteria compared to other public sector organisations, e.g. HIE, SEPA and SNH.

Heads of Economic Development:

- Awareness up from 62% to 63%
- Favourability up from 25% to 38%
- Satisfaction with contact up from 20% to 38%
- The 2020 figures place us alongside SEPA, HIE and SportScotland.

Council Leaders:

- Awareness fell from 58% to 56%
- Favourability fell from 26% to 22%
- Satisfaction with contact up from 21% to 39%

Arrangements for distributing the 2018-19 net revenue from 0-12 nautical miles have been confirmed by Scottish Government, with £9.7m distributed up from £7.2 in the previous year. The breakdown by local authority is [here](#) and the Scottish Government news release is [here](#).

6. People

Jalissa Zupo has been selected as the new E&I Coordinator. Hannah Whyte will soon be leaving the Policy Team to join the Green Investment Group. Her replacement starts early October.

The consultation on new office accommodation will conclude on 23 July. Close liaison with the recognised trade union (PCS) continues regarding the new office and return to office-based working.

Following implementation of staff pay progression and interim pay award in May, we have been liaising with Scottish Government to secure approval for a 3% increase in Board member day rates. We hope to have this approval in time for July payroll. The increase will be backdated to April 2020.

7. Information management

The IT server migration project is underway, with three servers already built in the cloud and some of the services already starting to be migrated. Procurement is almost complete with ESRI to perform a major element of this which is the migration of the GIS service.

In parallel work is progressing with the document and record management project which is moving all our files to Office 365. End user training has been undertaken.

As a result of our IT security and governance project, we have achieved Cyber Essentials Plus certification and strengthened our Office 365 security score from 32% to 89%.

The property management system project is working with Grosvenor Systems (Propman), Bidwells and Savills to work out the full details of this project with a project deadline of the 31 March 2021 to align with managing agent retendering.

We are enrolled in the Progress Update Report programme facilitated by National Records of Scotland. The programme is an informal avenue to assess progress on the organisation's Records Management Plan on a yearly basis.

Our updates were provided to National Records of Scotland. They have indicated that we are on track for the two ambers received in 2018 (retention and archiving arrangements) to go green when we next submit our Record Management Plan. One amber remains (destruction arrangements), however this will be addressed during the migration of files into Office 365. This represents strong progress in addressing outstanding action points for compliance with the Public Records (Scotland) Act 2011.

8. Blue Economy Strategy

We have been working with Scottish Enterprise (SE), Highlands and Islands Enterprise on a report analysing blue economy strategies around the world. This has been shared with the Scottish Government with the intention of establishing a blue economy strategy for Scotland. We have since met with Marine Scotland who shared a first draft of a proposal (See [confidential Annex A](#)). We

hope the proposed Scottish Blue Economy Action Plan will form part of the next Programme for Government and that a group would be formed to develop and progress.

9. ScotWind

The reach of the ScotWind Leasing launch was significant, with global coverage extended by Reuters, Bloomberg and the Press Association. Over just seven days, our monitoring service picked up 118 media stories with a potential reach of 617m. 98% of coverage was positive, with no negative coverage. Green recovery was picked up the most (98 stories) followed by Net Zero (85 stories) and supply chain development (63 stories). A well-crafted Twitter campaign by the corporate affairs team generated 21,953 impressions and 902 engagements over seven days, with 1000 views of a series of three video tweets. An e-newsletter achieved engagement levels well above average. To date 171 users have registered on the ScotWind User Portal. The team hosted a successful stakeholder engagement event on 7 July with 365 attendees. The event included sessions with Marine Scotland and BEIS.

The Scottish Parliament's Economy, Energy and Fair Work Committee is currently examining the offshore wind supply chain. The Committee has written to Crown Estate Scotland with questions about supply chain aspects of ScotWind. Twelve parliamentary questions along similar lines have been submitted.

10. Other E&I

Seagreen 1GW offshore wind development progressed to financial close in June. There will be a significant associated capital payment to Crown Estate Scotland later in the year.

We have recently received several requests in relation to extending offshore wind option agreements. There are important points of principle to consider and the team are preparing a paper to enable Board consideration.

Crown Estate Scotland is engaging with the Scottish Government and BEIS on two strategic offshore wind issues. Firstly, there is work underway to clarify the devolution status of offshore wind associated with the oil and gas production. Secondly, we are participating in a BEIS review of strategic development of the transmission grid to support further expansion of offshore wind.

We agreed to commit a £300k (from within existing budgets) to fund 'kickstart' activities identified by the Scottish Offshore Wind Energy Council (SOWEC) to start to work towards achieving its vision of achieving 'an offshore wind sector that plays to Scotland's strengths, delivering jobs, investment and export opportunities in line with the UK Sector Deal as a key part of the path to net-zero'.

We are also match funding (£30k) with Innovate UK for phase 1 of the industrial cluster decarbonisation roadmap project, which aims to deliver a viable Net Zero Cluster in Scotland utilising CCS and Hydrogen for the Scottish Industrial cluster. We have also committed to contribute towards Phase 2 and agreed to join the steering group if this application to Innovate UK is successful.

We have also agreed to co-fund with Scottish Futures Trust (SFT) and SE work to help identify the best sites to locate new datacentres and international cable landings in Scotland. The outputs will be freely available from the 'Host in Scotland' website to help attract new investment. We will sit on the project steering group.

11. Aquaculture

The schedule for the 'root and branch review' of aquaculture lease terms has been reviewed in the context of Covid-19 with reporting to Board now due in February 2021 rather than Nov 2020 as originally planned. The intention remains to implement in January 2022.

The SSPO made a request to Cabinet Secretary Roseanna Cunningham for financial support through the waiving of Crown Estate Scotland rent to help salmon and trout farmers cope with the effects of Covid-19. We engaged with Scottish Government officials, and the request has now formally been rejected. Salmon rents due have all been received on time.

Following significant engagement with Marine Scotland, we have agreed contributions to a range of Enabler projects. We have committed £116k over two years towards an aquaculture Spatial Management Framework and £220k over three years for validating sea lice dispersal models. Since the last Board meeting we have confirmed support for the second phase of the Fisheries Management Scotland wild fish lice monitoring project. We have also committed £70k over two years to a project with Marine Scotland on improving genetic stock identification for the identification of marine caught Atlantic salmon with specific Scottish rivers. The Fisheries Management Scotland Aquaculture Interactions Manager that Marine Scotland and Crown Estate Scotland are co-funding commenced 1 July and aims to improve engagement between wild fisheries and aquaculture. Lastly, we are match funding a report commissioned by the Seaweed Review steering group looking at the potential scale of the seaweed industry in Scotland.

12. Property

The ITT for managing agents is coming together, with guidance from Robert Mackenzie and helpful input from internal auditors. The process has been supported by a Prior Information Notice, which invites interested parties to feed back on the proposed structure of the tender.

Activity on the rural estates is progressively resuming. The mountain bike lease has been concluded with opening for business on 3 July following easing of Covid-19 restrictions. Tenders have been issued for harvesting work at Glenlivet and at Applegirth (clearance of diseased larch). A new entrant to farming opportunity at Applegirth will be offered at the end of July.

The National Electrofishing Project Scotland (NEPS) 2019 report is due to be launched by the Environment Minister in late July. Our £150k funding contribution is to be highlighted in publicity.

On the coast, work continues at Portgordon harbour to undertake safety works and facilitate the development of plans by the Portgordon Community Harbour Group. Two seabed sale requests are with Scottish Government for approval relating to Cromarty Bridge and Crovie Pier.

Board	Twenty First Meeting	BD(2020)21
Meeting date	29 July 2020	
Paper title	Q1 2020-21 Performance Management Dashboard BD(2020)21.6	
Security classification	Unclassified	
Presented by	Simon Hodge	
Author	Esther Black / Renée Lefrançois	
Annexes	Annex A: Performance Management Dashboard (Q1 2020-21) Annex B: 2020-23 Corporate Plan KPIs overview	
Recommendation	The Board is invited to comment on the Q1 Performance Management Dashboard (Annex A) and the KPIs overview (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. In November 2019 the Board discussed and agreed our Management Information (MI) Framework. This sets out what is reported, to whom, when, and how.
2. As we are now in a new corporate plan period, we need to set out a consistent and appropriate way of reporting on our 2020-23 KPIs. Our proposed approach is in Annex B.
3. In line with this proposed approach, Annex A features KPIs which we propose to report on quarterly.
4. From Q2 onwards, the dashboard will include an April 2020 baseline figure for KPI 1.

BOARD DASHBOARD

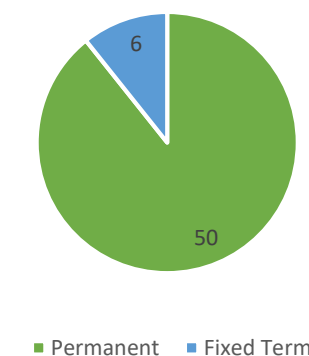
Q1 2020-21

2020-21 Business Plan (45 Green out of 58 total) – significant ambers and reds detailed below

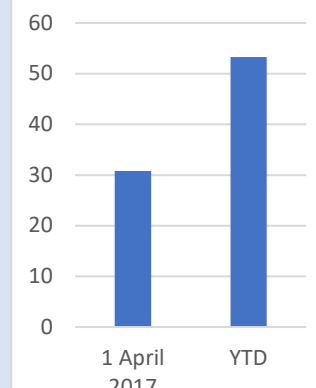
No	Action	Measure	RAG Status	Notes
10	Review coastal business processes to identify opportunities to streamline administration related to the large number of low value agreements	Review complete and agreed changes initiated	Yellow	Awaiting outcome of MA retender, Property Management System project, and related projects.
15	Complete review of charging policy in relation to coastal infrastructure and facilities	Policy and process finalised and published	Yellow	Review in conjunction with LMV
19	Consult local community on future strategic built development around Rosewell on the Whitehill estate.	Consultation complete	Yellow	COVID-19 has delayed public consultation
27	Identify potential woodland creation sites on Glenlivet Estate	Potential sites identified and incorporated into woodland creation masterplan	Yellow	Behind due to COVID-19 working restrictions
28	Identify and develop new planting schemes with farm tenants	1 new planting scheme developed	Yellow	Behind due to COVID-19 working restrictions
29	Complete phase 2 of the Glenmullach Peatland restoration project at Glenlivet	Phase 2 complete	Yellow	Possible delay due to some 2020/21 grant funding no longer being available. Investigating options
35	Support innovation through co-investing with tenants / partners	At least one project identified and supported	Yellow	Initial feasibility study under consideration for a co-operative dairy project at Applegirth
39	Trial new scheme to tackle marine litter, working with the aquaculture industry	Trial complete	Red	Project postponed until next year, due to COVID-19
52	Deliver revenue profit to Scottish Government and implement the investment strategy and continue to grow the capital value of the Scottish Crown Estate	£8.6m revenue profit delivered to Scottish Government £13.2m capital raised £10.2m capital committed Valuation shows increase on 2019-20	Yellow	Close monitoring through the management accounts of the impact from COVID-19. Further detail will be known following the re-budget exercise

Top media stories by volume and reach	Volume	Reach
ScotWind	218	1,072,453,207
Crown Estate Scotland net revenue for Covid-19 recovery	213	295,911,434
Research into children's views on Corporate Plan	32	1,050,981

Staff contract type

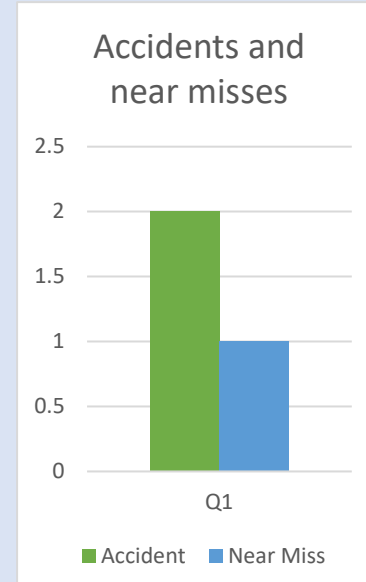
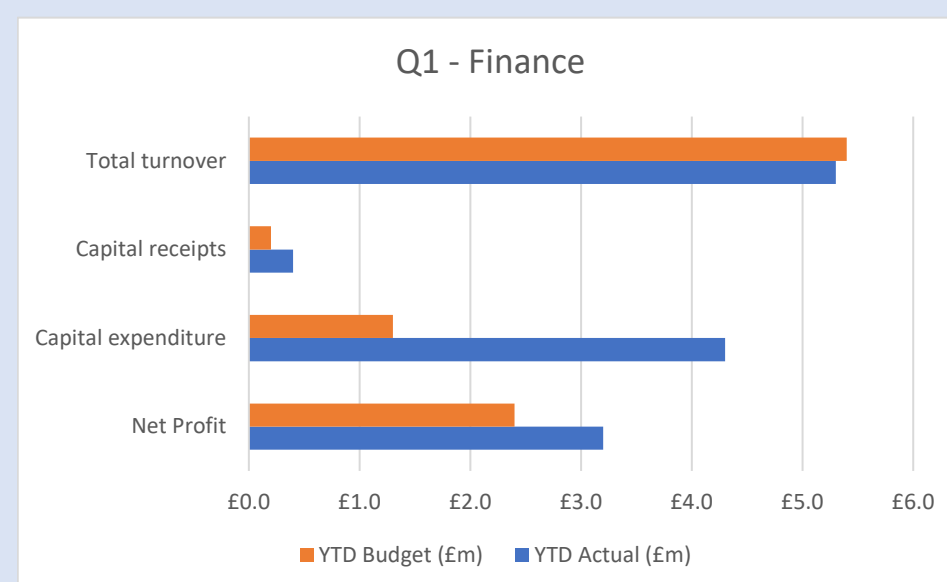


FTE



FOI Highlights & Trends:

- Total 5 requests for information received in Q1
- 1 review – upheld – Information not held
- 1 request relating to due diligence on Montrose purchase



KPI	Q1 figures
1. Offshore renewables in seabed agreements	Estimate: 9GW (see explanatory note)
2. Production capacity in new finfish agreements	8,000 tonnes of additional biomass
3. Total capital committed	£4m
4. Capital committed to place-based projects	£3.8m
5. Capital committed to blue economy	£3.9m
6. No of projects promoting sustainable natural resource use	9
8. Net revenue profit	£3.2m

Procurement Activity

Awarded (YTD)	Highlights (Quarter)
4	<ul style="list-style-type: none"> • Publication of 2 Prior Information Notices, 2 contract notices, 1 quick quote, 9 contract award notices (including 5 legacy from previous reporting periods) • Delivery of procurement training to staff and managing agents • Managing agents added to Public Contracts Scotland portal as procurement agent and supported them through 2 tenders and 1 quick quote in addition to those listed

	Rural	Coastal	E&I	Aqua	Urban	Non-Rental
Aged debt >30 days	£249,000	£177,000	£20,000	£6,000	£224,000	£166,000

Annex A

Crown Estate Scotland Dashboard - explanatory notes

Q1 2020-21

Business Plan – reporting by exception

Amber status	Partially delivered / delayed.
Red status	Target missed / abandoned.

KPI

KPI in Corporate Plan	Definition	Corporate Plan 2023 target	Notes
1. Offshore renewables in seabed agreements	GW capacity defined in options and leases	No specific target	<p>Q1 Report – indicative estimate only, fuller assessment to be done for Q2 onwards. Figure comprises approx. 8.3 GW offshore wind; 0.7 GW Wave & Tidal. Q2 dashboard will also include an April 2020 baseline figure.</p> <p>Capacity may be consented or unconsented. Given long lead-times, options included as a leading-edge indicator.</p> <p>Asset use classes: Offshore Wind; Wave & Tidal</p>
2. Production capacity in new finfish agreements	Consented capacity in new leases, including renewals	No specific target	<p>Consented capacity only. This will exclude most options but avoids counting capacity that will not gain consent.</p> <p>Asset use class: Finfish Farming</p>
3. Total capital committed	All capital committed in 2020-23 through approved final business cases and case sheets	£70m	Excludes feasibility and business case development costs.
4. Capital committed to place-based projects	Capital committed in 2020-23 through approved final business cases and case sheets for buildings & places	£27m, indicative	<p>This relates to the objective: Invest in buildings and help create great places.</p> <p>Assets: Built Environment.</p>

5. Capital committed to blue economy	Capital committed in 2020-23 through approved final business cases and case sheets for blue economy	£26m, indicative	<p>This relates to the objective: Support the sustainable expansion of Scotland's blue economy, focusing on marine and coastal development</p> <p>Assets: Mainly Marine and Coastal, but also including projects in Built Environment with direct links to the blue economy.</p>
6. No of projects promoting sustainable natural resource use	Approved Investor or Enabler projects promoting sustainable natural resource use	£3m capital, indicative	<p>This relates to the objective: Promote new sustainable ways of using natural resources to produce energy, food and other products.</p> <p>Capital or revenue projects associated with the following assets and asset use classes: Rural Land, Other Seabed, Seaweed, Shellfish Farming, Finfish Farming.</p> <p>Project may also be counted under KPI 7 if encouraging community involvement.</p>
8. Net revenue profit	Total net revenue in audited accounts	£24m revenue provided to SG	n/a

Financials

Total turnover	Total revenue income
Capital receipts	Receipts into the capital account
Capital expenditure	Expenditure from the capital account including surrender payments Q1 figures includes the Montrose purchase.
Net Profit	Net profit distributable to Scottish Government

HR Stats

FTE	Sum of Full Time Equivalent compared to when CES began
Staff contracts	Comparing number of staff with permanent contracts and number of staff on fixed-term contracts

Assets

Number of new dealings/agreements	Rural figures include Rural Estates and Mines Royal & Minerals
No. of properties vacant	Rural & Urban figures include only truly vacant land which could be let; does not include salmon fishing.

Aged Debt	Debtors overdue by >30 days
	Non-rental debtors' debts overdue by >30 days

Stakeholder / reputation

Top Media Stories	By volume and reach – including the top 3 (ordered by reach)
FOISA	Highlights and trends found in requests for information, as responded to under the Freedom of Information (Scotland) Act 2002 and Environmental Information (Scotland) Regulation 2004

Procurement

Total award	Total contract award in the year to date
Highlights	Key activities for the reporting quarter.

Annex B: 2020-23 Corporate Plan KPIs overview

Delivery of the 2020-23 Corporate Plan will be tracked by a set of 12 KPIs. Some of these will not change much throughout the financial year and are therefore reported on annually. Some are tracked and reported more frequently e.g. quarterly.

The table below sets out each KPI, how it is defined, how it is reported (aligning with the MI Framework), 2023 target if applicable, and the relevant asset class.

NB there will be crossover between capital counted under 3, 4 and 5 i.e. one project may be listed under all three KPIs.

KPI in Corporate Plan	Definition	Reporting to Board	Corporate Plan 2023 target	Notes
1. Offshore renewables in seabed agreements	GW capacity defined in options and leases	Quarterly Board dashboard showing quarter plus YTD	No specific target	Capacity may be consented or unconsented. Given long lead-times, options included as a leading-edge indicator. Asset use classes: Offshore Wind; Wave & Tidal
2. Production capacity in new finfish agreements	Consented capacity in new leases, including renewals	Quarterly Board dashboard showing quarter plus April 2020 figure as baseline	No specific target	Consented capacity only. This will exclude most options but avoids counting capacity that will not gain consent. Asset use class: Finfish Farming
3. Total capital committed	All capital committed in 2020-23 through approved final business cases and case sheets	Quarterly Board dashboard showing quarter plus period to date (2020-23)	£70m	Excludes feasibility and business case development costs.
4. Capital committed to place-based projects	Capital committed in 2020-23 through approved final business	Quarterly Board dashboard showing quarter plus period to date (2020-23)	£27m, indicative	This relates to the objective: Invest in buildings and help create great places.

	cases and case sheets for buildings & places			Assets: Built Environment.
5. Capital committed to blue economy	Capital committed in 2020-23 through approved final business cases and case sheets for blue economy	Quarterly Board dashboard showing quarter plus period to date (2020-23)	£26m, indicative	<p>This relates to the objective: Support the sustainable expansion of Scotland's blue economy, focusing on marine and coastal development</p> <p>Assets: Mainly Marine and Coastal, but also including projects in Built Environment with direct links to the blue economy.</p>
6. No of projects promoting sustainable natural resource use	Approved Investor or Enabler projects promoting sustainable natural resource use	Quarterly Board dashboard showing quarter plus period to date (2020-23)	£3m capital, indicative	<p>This relates to the objective: Promote new sustainable ways of using natural resources to produce energy, food and other products.</p> <p>Capital or revenue projects associated with the following assets and asset use classes: Rural Land, Other Seabed, Seaweed, Shellfish Farming, Finfish Farming.</p> <p>Project may also be counted under KPI 7 if encouraging community involvement.</p>
7. No of projects encouraging people to be more involved in	Approved Investor or Enabler projects encouraging people to	Annual Report & Accounts	£3m capital, indicative	This relates to the objective: Involve people in how land,

how land, coast and seabed are managed.	be more involved in how land, coast and seabed are managed			<p>coastline and seabed are managed.</p> <p>Capital or revenue projects involving community partnerships associated with any asset use class.</p> <p>Project may also be counted under KPI 6 if promoting sustainable natural resource use.</p>
8. Net revenue profit	Total net revenue in audited accounts	Quarterly Board dashboard	£24m revenue provided to SG	n/a
9. Capital valuation	Annual valuation in audited accounts	Annual Report & Accounts	Maintain and seek to enhance the value of the assets (2019 Act)	n/a
10. Staff satisfaction	Employee engagement score (standard score across public sector bodies so allows for comparison and benchmarking)	Staff survey results	Employee engagement score aligns with core Scottish Government score	Corporate Plan also cites target of 15% on 2019 score for staff satisfaction with employer. This will also be measured in the staff survey.
11. Tenant satisfaction	Mean rating for overall satisfaction as measured in independent tenant surveys.	Annual Report & Accounts	Increase or no change in tenant satisfaction based on rating immediately	n/a

			prior to start of Corporate Plan period	
12. Stakeholder satisfaction	MSP and local authority CEO favourability towards CES, measured as percentage through independent surveys	Annual Report & Accounts	Increase or no change in stakeholder satisfaction	n/a



Crown Estate Scotland

Board Meeting
29 July 2020
BD(2020)21.8

External Audit Update paper for the Board including timeline for proposed completion of the audit

Crown Estate Board Meeting – 29 July 2020

Joanne Brown
Engagement Leader

John Boyd
Audit Director

Hannah McKellar
Audit Associate



External audit update as at 21 July 2020

Our External Audit Plan presented to the Crown Estate Scotland ('CES') Audit and Risk Committee on 20 February 2020 and finalised on 25 March 2020, set out we planned to complete our audit testing procedures over the draft financial statements to allow finalisation of the audit by 5 August 2020. Due to delays in finalising our audit testing procedures, our final audit conclusions will be reported to CES in August 2020, allowing finalisation of the accounts by mid August.

Audit process delays

In response to the significant risk around investment properties, as part of our audit process in 2019/20 we engaged with our own external valuations expert to support the audit in providing additional scrutiny and challenge over CES's Investment Property valuations. The review has included an independent review of the valuation instructions as well as final valuation reports to provide assurance that these have been undertaken in accordance with IAS 40: *Investment Properties*, HM Treasury Financial Reporting Manual (FRoM), and RICS guidance. The engagement with third party experts was new to the audit process in the current year and the process of engagement and challenge between auditors expert and managements' experts resulted in the audit procedures taking longer than initially planned.

Due to the social distancing and travel restrictions introduced due to the outbreak of Covid-19, we have completed our audit procedures remotely. While this process has worked well, remote audit testing has required us to complete additional procedures, particularly around information provided by Management to ensure suitable audit evidence was obtained. In addition, due to performance issues in audit team performance our audit procedures have taken longer than planned to complete with reperformance required.

Current status update

Our substantive testing over CES financial statements is approximately 85% complete. This includes audit testing over significant risk areas pending final audit quality controls procedures including partner review. Our audit testing will be finalised by end July 2020 for finalisation of the audit and financial statements in August.

Review of the draft financial statements, including disclosure checks against HM Treasury FRoM have been completed and findings reported to Management and incorporated into the latest draft financial statements.

Completion timeline

The table below summarises the key next stages in finalising the annual accounts and audit process. Subject to final agreement with CES we have proposed issuing our draft External Audit Report to CES by 3 August 2020 for CES approval for finalisation of the accounts in mid August (date TBC by Management).

Deliverable	Date
• Finalising testing procedures including valuation of investment properties and final partner review	27 July 2020
• Final partner review	28 July 2020
• Final follow up queries / clearance	3 August 2020
• Draft External Audit report to CES Accountable Officer and CES	5 August 2020
• CES Accounts signed by the Accountable Officer and External Audit Opinion signed by Grant Thornton.	Mid - August 2020

Learning lessons

We have had some initial discussions with Management around how to deliver the audit process in a more timely manner in future years, including earlier engagement and testing on investment property valuations that is an area of focus as part of our work. In advance of our audit planning procedures for 2020/21, we will meet with Management to agree process for undertaking the audit next year learning lessons from the current years' work.

We would like to thank Management for their help and support during the audit process.