

Agenda

Forty-second Meeting Crown Estate Scotland Board Quartermile Two, Edinburgh 28 August 2024 10am – 3pm

10.00	1. Standing Items			
	1.1 Apologies and Declarations of Interest			
	1.2 Approval of Minutes of Meeting held on 29 May 2024	Chair	Attached	
	1.3 Matters Arising and Action Tracker	Chair	Attached	
10.15	2. Chair's Report			
	2.1 Board Appointments and Committee Membership	Chair	BD(2024)42.1	
	2.2 Stakeholder Meetings	Chair	BD(2024)42.2	
10.20	3. Board Committees			
	3.1 Remuneration Committee	JL	Verbal	
	3.2 Investment Committee	AR	Verbal	
	3.3 Audit and Risk Committee		KB	Verbal
10.40	4. Decisions and Discussion			
	4.1 Advance Programme		AP	BD(2024)42.3
	4.2 Corporate Plan	AB	BD(2024)42.4	
	4.3 Communications & Engagement Strategy	HMacD	BD(2024)42.5	
	4.4 Nigg Update		AM/TF	Verbal
	4.5 Farm Sales Pilot – Interim Lessons Learned	OM	BD(2024)42.6	
12.30	LUNCH#			
13.00	5. Management Reports			
	5.1 Chief Executive's Report	ROH	BD(2024)42.7	
	5.2 Directors' Reports	AB	BD(2024)42.8	
	5.3 Finance Report	AM	BD(2024)42.9	
	5.4 People Report	AM	BD(2024)42.10	
	5.5 Operational Asset Register	OM/SW	BD(2024)42.11	
	5.6 Glenlivet Sporting Lease Update	OM	BD(2024)42.12	
	5.7 Health & Safety Annual Report		OM	BD(2024)42.13

14.30 6. Governance

6.1 Board Calendar of Meetings 2025

Chair BD(2024)42.14

7. Any other Business

Chair

8. Date of Next Meeting

27 November 2024

Minutes for	Forty-second Board Meeting	BD(2024)42
Meeting date	28 August 2024	
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 at Quatermile 2, Edinburgh and by video conference call on Wednesday, 28 August 2024		

Present:

Euan McVicar	Chair
Ann Allen	
Katerina Brown	
Adam Bruce	
Michael Foxley	
Liz Leonard	
Jean Lindsay	
Ailsa Raeburn	

In attendance:

Ronan O'Hara	Chief Executive and Accountable Officer
Ann Jacob-Chandler	Director of Development, Capital Delivery and Decarbonisation
Oster Milambo	Director of Property
Alastair Milloy	Director of Finance & Business Services
Mike Spain	Director of Aquaculture and Ecosystem Services
[REDACTED]	Interim Director of Marine
[REDACTED]	Interim Head of Governance

By invitation:

Lorne Macleod	Board Member appointment commencing 1 September 2024
[REDACTED]	Head of Policy
[REDACTED]	Strutt and Parker (Item 5.1, Annex A)
[REDACTED]	Head of People (Item 3.5)
[REDACTED]	Head of Corporate Affairs (Item 4.3)
[REDACTED]	Culture & Engagement Lead (Item 4.1)
[REDACTED]	Mainstreet (Item 4.1)

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1. Standing Items

1.1 Welcome, Apologies and Declarations of Interest

The Chair welcomed new Board Member Adam Bruce to his first Board meeting, together with Lorne Macleod who would be taking up appointment on 1 September 2024, and new Executive Team members Mike Spain and Ann Jacob-Chandler.

Apologies had been received from Robert Mackenzie.

The Board noted Lorne Macleod's membership of the Scottish Land Commission, in case it should be necessary for him to declare an interest on that basis at any point during the meeting.

The Board were reminded that Ailsa Raeburn is a member of the Board of Highlands and Islands Enterprise (HIE) and that HIE were also involved in the potential development at Nigg. Ms Raeburn does not take part in the discussions on Nigg during HIE Board meetings.

The Board noted Euan McVicar's previously declared part-time consultancy role with Pinsent Masons, that he has no involvement in discussions relating to Nigg, and that appropriate protocols are in place.

1.2 Minutes of Previous Meeting

Agreed:

The Minutes of the meetings held on 29 May 2024 were approved as an accurate record.

1.3 Matters Arising and Action Tracker

Agreed:

- a) Action 36/4 – The Board agreed to defer the report on the Property and Aquaculture Tenant Survey to its November meeting. **Action:OM/SW(42/1)**

2. Chair's Report

The Chair referred to the Board effectiveness review session with Campbell Tickell the previous day and highlighted the value of candid debate, engaging as equals, and creating a sense of shared endeavour. A note of actions from the session would be circulated to Board Members for comment. **Action:EM/PD(42/2)**

2.1 Board Appointments and Committee Membership

BD(2024)42.1

Adam Bruce and Lorne Macleod left the meeting while the Board agreed Committee membership arrangements.

Noted:

- a) Michael Foxley would be leaving the Board and Investment Committee.

- b) An informal sub-group had been created to provide oversight and scrutiny of Advance Programme activity (the business improvement programme). This was being chaired by Ann Allen and included Jean Lindsay, Robert Mackenzie and Adam Bruce.

Agreed:

- a) Euan McVicar would leave Investment Committee further to new appointments being made to the Board.
- b) Adam Bruce would join Investment Committee.
- c) Lorne Macleod would join Audit & Risk Committee and Remuneration Committee.
- d) Martin McEwen would be invited to join Audit & Risk Committee as an Advisory (non-voting) Member pending his appointment to the Board in May 2025.
- e) [REDACTED] would be invited to join Investment Committee as an Advisory (non-voting) Member subject to confirmation of availability and suitable arrangements being put in place. Additional skills requirements would be reviewed once further Board Appointments, to commence in May 2025, were confirmed by Scottish Government.

Action:EM/PD(42/3)

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2.2 Stakeholder Engagement

BD(2024)42.2

The Chair presented the report.

Noted:

- a) Several meetings had revolved around GB Energy and the Crown Estate Bill. The CEO/AO report on the agenda provided updates and an opportunity for discussion.

3 Board Committees

Verbal

3.1 Remuneration Committee, 30 July 2024

The Committee Chair provided a summary of business conducted at the last meeting, which had included an update on the Pay & Review Strategy Action Plan. The Equal Pay audit would now be conducted in-house. The review of HR/payroll systems was deferred to 2025. The main item of business had been a discussion of the business case for the introduction of a 35-hour working week and negotiation with the trade union over contractual changes. It was anticipated that the implementation date would be 1 October 2024. The Director of Finance & Business Services had confirmed that systems could accommodate changes and that a letter would be sent to all staff regarding changes to contracts. The impact on productivity would be monitored.

3.2 Investment Committee 6 August 2024

The Committee Chair outlined business conducted at the last meeting. The Committee agreed preparation of a full proposal for an acquisition at [REDACTED], progression of the business

case for [REDACTED], and to proceed with a business case for the [REDACTED]. One Capital Challenge Fund project, at [REDACTED], was moving forward. A detailed proposal on the [REDACTED] sale would be coming to the November meeting of the Committee. A report on asset valuation was presented taking account of wider value and interim targets for portfolio development was also presented. The report from Biggar Economics was awaited. Also expected at the November meeting were a strategy for forestry and possibly a presentation on project management including internal scrutiny arrangements. It had been agreed that Committee terms of reference would be considered outwith the meeting by the Chair and CEO/AO and any changes would be brought back to Committee and Board as appropriate for approval.

Noted:

- a. The Board had approved a capital investment at [REDACTED] out of meeting on 26 August. No concerns had arisen from due diligence, and it was expected that missives would be concluded on Friday 30 August 2024.

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3.3 Audit & Risk Committee, 20 August 2024

Committee Member Kat Brown provided an update in the absence of the Committee Chair. The Committee had received reports on finance, procurement, health and safety and a refreshed report on risk further to the AECOM review, which was well-received. Also received were a verbal update from the External Auditor and Internal Audit reports on Financial Planning, Forestry Management, Investment Strategy and Tenant Engagement. The Internal Auditor's annual report was also presented together with audit follow-up reports and a progress report on the 2024-25 Audit Plan. A 5-year portfolio performance report that been prepared for Investment Committee was also shared for information.

Agreed:

- a. The AECOM report would be provided to the Board at its next meeting as a paper for information. **Action:ROH/PD(42/4)**
- b. The Board asked ARC to reflect on Public Sector Guidance on Taskforce for Climate-Related Financial Disclosure (TCFD) and how this could be used to improve governance of climate-related risks and opportunities. **Action:ARC Chair/Exec(42/5)**
- c. The Board asked ARC to consider anticipated changes to global internal audit standards. **Action:ARC Chair/Exec(42/6)**

4. Decisions and Discussion

4.1 Advance Programme

BD(2024)42.3

[REDACTED] and [REDACTED] joined the meeting and gave a brief presentation on current status and future phases of the project.

Noted:

- a. Good progress was being made. Phase 2B was on track for completion by end September.
- b. Resourcing challenges were profound but would be managed through a combination of bought-in expertise and additional fixed term resourcing of the OD team.
- c. The Senior Responsible Owner (SRO) is a clearly defined role in relation to driving a business change process.
- d. The programme is business critical and needs to be prioritised; financial implications will be evident in the budget brought to the Board for approval.
- e. It was suggested that discussions with trade unions will be important so that they are informed/consulted and negotiated with as appropriate and a documented approach to taking forward change be put in place with the unions.
- f. Separately it was suggested that board visibility and support for the advance programme will also be important.
- g. Developments associated with GB Energy would be accommodated within/aligned to existing plans.
- h. The organisation must maintain an outward-looking focus during its change programme and ensure it continues to position itself to take on a bigger vision and more responsibility.

Agreed:

- a. The Board endorsed the CEO/AO as SRO for the Advance Programme.
- b. In addition to reporting to the scrutiny group, the Advance Programme would be added as standing item to board agendas. This would provide a second line of scrutiny and alert the Board to times when it should ensure its visibility/engagement with staff. **Action:PD(42/7)**

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4.2 Corporate Plan

BD(2024)42.4

The Head of Policy delivered a slide presentation.

Noted:

- a. The report, which could be circulated in draft but not published at this stage, would be effective from April 2026.
- b. A business case had been commissioned for submission to Scottish Government in December 2024 or shortly thereafter with a view to consultation in Spring 2025.

Agreed:

- a. The Executive Team would prepare a paper for November Board detailing the final proposal for a performance framework or a balanced scorecard approach.
Action:AB/ROH(42/8)

4.3 Communications and Engagement Strategy

BD(2024)42.5

The Head of Corporate affairs joined the meeting to present the report.

Noted:

- a. MSPs would receive briefings on key messages in September and January. Stakeholder mapping was taking place to ensure prioritisation of most relevant MSPs, council leaders, and others.
- b. Effective communication with communities and tenants would also be essential and CES's support for those groups would need to be a key message.
- c. An economic impact report was underway.
- d. Planning would support Board Members' strategic engagement in 'soft lobbying' including meetings with stakeholders, awards ceremonies and other events.

Agreed:

- a. The Board welcomed evidence of a more structured and strategic approach to communications and engagement.
- b. Arrangements would be progressed for strategic, targeted individual board member engagement in events and other activity. **Action:HMCD(42/9)**
- c. The Executive Team were asked to confirm whether or not there is a statutory requirement for CES to have a Gaelic Language Plan. **Action:AB(42/10)**

4.4 Nigg Update

[REDACTED]

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4.5 Farm Sales Pilot – Interim Lessons Learned

BD(2024)42.6

The Director of Property presented the report.

Noted:

- a. The report sought to be objective and not attribute blame in identifying lessons learned. The final report would include impacts and benefits.
- b. [REDACTED]
- c. [REDACTED]
- d. It would be beneficial for Investment Committee to have more detailed business cases clearing setting out the benefit to the estate of any proposed transaction related to the farm sales programme and adequate time for consideration and decision-making.

Agreed:

- a. The process for pilots should be reviewed on the basis of lessons learned, including wider risks and longer-term benefits. **Action:OM/Exec(42/11)**

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5 Management Reports

5.1 Chief Executive's Report

BD(2024)42.7

The CEO/AO highlighted sections of his report concerning GB Energy and the Crown Estate Bill. The Board held a substantive discussion on those two matters.

Noted:

[REDACTED]

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Rural Estate Snapshot

[REDACTED], Director, Head of Perth Rural, Strutt & Parker, joined the meeting to present a quarterly summary of projects across the rural estate.

Noted:

- a. As the largest tenant landlord in Scotland CES has a strategic role in setting standards.
- b. Examples of good work would be promoted as part of strategic communications and engagement activity.

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5.2 Director's Reports

BD(2024)42.8

The Head of Policy introduced the new reporting format and invited feedback.

Agreed:

- a. The Board welcomed the new format and plans for future development including links to business plan actions and improved executive summaries focused on strategic purpose.

5.3 Finance Report

BD(2024)42.9

The Financial Controller presented the report.

Noted:

- a. Expenses policies for Board and Staff were being refreshed and would be circulated in due course.

Agreed:

- a. The Financial Controller would meet with new Board Members to provide an induction on CES finances. **Action:AMo(42/12)**

5.4 People Report

BD(2024)42.10

The Head of People joined the meeting to present the report.

Noted:

- a. Monthly meetings are held with the Trade Union who are sighted on all relevant plans; it was essential to observe the distinction between matters for information, consultation and negotiation with the TU.
- b. Benchmarking had not yet taken place with regard to the proportion of staff reporting a disability; appropriate adjustments were being made in line with legal obligations.

Agreed:

- a. Duplication between the People Strategy Action Plan and Performance and Reward Strategy Action Plan should be removed to simplify reporting. **Action:FH(42/13)**

5.5 Operational Asset Register

BD(2024)42.11

The Interim Director of Marine presented the report.

Noted:

- a. The asset register had also been considered by both Investment Committee and Audit & Risk Committee; the distinction between an operational and financial asset register had been noted.
- b. PropMan is the management tool currently in place; a gap analysis which is in train will provide detailed information on requirements.
- c. Overall development of MIS systems is captured in the Corporate Plan with Advance picking up on data and systems as well.
- d. The Scottish Government supports open data as defined in the Freedom of Information (Scotland) Act 2002, which means such data may not currently be monetised.

5.6 Glenlivet Sporting Lease Update

BD(2024)42.12

The Director of Property presented the paper.

Noted:

[REDACTED]

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5.6 Health & Safety Annual Report

BD(2024)42.13

The Director of Property presented the report.

Noted:

- a. Executive Team and staff had worked hard to develop a no-blame health and safety culture.
- b. Opportunities to learn and improve systems had been well received and reporting had increased.

Agreed

- a. The Board asked that the Director of Property convey its thanks to [REDACTED] and [REDACTED] for their good work.
- b. The health and safety risk assessment policy would be circulated to Board Members for information. **Action:OM/PD(42/14)**

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6. Governance

Noted:

- a. The Executive would confirm that there were no issues with the proposed schedule prior to circulation of final version.

Agreed:

- a. Potential new arrangements would be explored including holding meetings in different locations and potentially holding a dinner and training the evening before a Board meeting. **Action:ROH/EM/PD(42/15)**

6. Any Other Business

The Board expressed its thanks to Michael Foxley for his help and support to the organisation as a board member since the inception of the organisation.

No other items of business were identified.

8. Date of Next Meeting

The date of the next meeting was confirmed as 27 November 2024.