

Framework Document between The Scottish Government and Crown Estate Scotland

August 2025

Framework Document for Scottish Government and Crown Estate Scotland

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Part 1: Management statement for Crown Estate Scotland

1. Functions, duties and powers

1.1 Founding Legislation; Status

In November 2014 The Smith Commission recommended that responsibility for the management of the Crown Estate's economic assets in Scotland, and the revenue generated from these assets, should be transferred to the Scottish Parliament.

[The Scotland Act 2016](#) ("the 2016 Act") established a process for devolution of the management of The Crown Estate's assets in Scotland, and the net revenue profit generated from these assets to the Scottish Parliament. As part of this process, the 2016 Act allowed for the Treasury to make a scheme transferring all the Scottish functions of the Crown Estate Commissioners to the Scottish Ministers or a body nominated by them via a statutory instrument.

Crown Estate Scotland (Interim Management), which was created via [The Crown Estate Scotland \(Interim Management\) Order 2017](#) ("the 2017 Order"), was nominated by the Scottish Ministers to receive the transfer. The Scottish functions of the Crown Estate Commissioners were transferred to Crown Estate Scotland (Interim Management) via the [Crown Estate Transfer Scheme 2017](#).

[The Scottish Crown Estate Act 2019](#) ("the 2019 Act") makes provision in section 1 to rename Crown Estate Scotland (Interim Management) as Crown Estate Scotland and makes provision about the management of the Scottish Crown Estate.

1.2 The Functions, Duties and Powers of Crown Estate Scotland

As a manager of the Scottish Crown Estate, Crown Estate Scotland has a duty under [Section 7](#) of the 2019 Act to maintain and seek to enhance the value of the assets and the income arising from them. In complying with that duty, the manager must act in the way best calculated to further the achievement of sustainable development in Scotland and must seek to manage the assets in a way that is likely to contribute to the promotion or the improvement in Scotland of economic development, regeneration, social wellbeing and environmental wellbeing.

In accordance with section 1(2) the [Civil List Act 1952](#), the payment of hereditary revenues from the Scottish crown assets are to be paid into the Scottish Consolidated Fund.

Crown Estate Scotland's strategic aims must be aligned to support the Scottish Government's purpose of creating a more successful country, with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth. Scottish Ministers expect Crown Estate Scotland to do this by aligning its aims and objectives with the Scottish Government's published [Programme for Government](#), [Economic Strategy](#) and [National Performance Framework](#).

In fulfilling these functions Crown Estate Scotland should consult and work in partnership with the appropriate bodies, most notably with enterprise agencies, local authorities, community representatives, conservation groups and any other asset manager and publicly owned energy investment body. Crown Estate Scotland may agree Memoranda of Understanding with these and other organisations.

1.3 Classification

For policy/administrative purposes Crown Estate Scotland is classified as a Public Corporation.

For national accounts purposes Crown Estate Scotland is classified to the public corporations sector.

References to Crown Estate Scotland include, where appropriate, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document that follows the principles set out in this document and (where practicable) the procedures set out here noting the arrangements between it and Crown Estate Scotland.

2. Aim(s), objectives and priorities

2.1 Overall Aim of Crown Estate Scotland

Crown Estate Scotland's purpose is investing in property, natural resources and people to generate lasting value for Scotland. Crown Estate Scotland must maintain and seek to enhance income from, and the value of, the Scottish Crown Estate while supporting delivery of the Scottish Government's purpose. When doing this they must act in the way best calculated to further the achievement of sustainable development in Scotland and must seek to manage the assets in a way that is likely to contribute to the promotion or the improvement in Scotland of economic development, regeneration, social wellbeing and environmental wellbeing.

2.2 Objectives and Priorities

Crown Estate Scotland's performance framework should be agreed with the Sponsor Team in the light of the Scottish Government's strategic objectives/priorities and core purpose of achieving sustainable economic growth. Crown Estate Scotland's objectives and key targets shall be agreed within Crown Estate Scotland's Corporate Plan.

3. Responsibilities and accountability

3.1 Governance and Accountability

Crown Estate Scotland must, so far as reasonably practicable, operate in a way which –

- a) is transparent and accountable; and
- b) is consistent with any other principle of good governance which appears to it to constitute best practice.

3.2 Relationship between Scottish Government and Crown Estate Scotland

Effective strategic engagement between the Scottish Government and Crown Estate Scotland is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes.

Both the Scottish Government and Crown Estate Scotland will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on [‘Strategic Engagement between the Scottish Government and Scotland’s NDPBs’](#).¹

¹ Crown Estate Scotland is a Public Corporation, the assets under management are held on behalf of the Monarch (“in right of the Crown”) with net revenue profit arising from the management of the estate paid each year to the Scottish Consolidated Fund.

The Scottish Government and Crown Estate Scotland will strive to maintain a strong working relationship characterised by cooperation and good communication, and particularly early warning from either side about any emerging risk or issue with significant implications for the Scottish Government or the operation or governance of Crown Estate Scotland.

The Scottish Government and Crown Estate Scotland are committed to regular dialogue and a constructive and transparent relationship in order that they work together as effectively as possible. If the possibility of a Ministerial Direction were to be under consideration, the Scottish Government would discuss the matter with Crown Estate Scotland to see whether a jointly agreed course of action can be reached². Such discussions may result in an amendment to this framework document to record the agreed understanding.

3.3 The Scottish Ministers

Crown Estate Scotland manages the whole Scottish Crown Estate and are ultimately accountable to the Scottish Parliament for the activities, capital funding and performance of Crown Estate Scotland and for ensuring that the Board is discharging its duties effectively. The Parliament will scrutinise the performance of Crown Estate Scotland directly as it does with all public sector bodies.

It is recognised that Crown Estate Scotland is reliant on Scottish Ministers fulfilling their roles and responsibilities to facilitate the efficient discharge of their responsibilities. The responsibilities of Scottish Ministers include:

- appointing the Chair and up to 8 Board Members and holding the Board to account for the performance of Crown Estate Scotland and its use of resources.
- determining the terms and conditions of Board membership and remuneration. The Scottish Ministers may remove the Chair or a member of the board in certain circumstances.
- approving Crown Estate Scotland's Corporate Plan including strategic objectives and key targets. This will include revenue targets, an investment strategy; and policy and performance framework within which Crown Estate Scotland will operate;
- approving any revisions to the Code of Conduct of the Crown Estate Scotland Board.
- approving the arrangements of revenue to capital transfer through Ministerial Direction;
- approving the budget for loans or grants to Crown Estate Scotland and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in [the 2017 Order](#) or [the 2019 Act](#) such as appointments to Crown Estate Scotland's Board and laying of the Annual Report and Accounts before the Scottish Parliament.
- approving pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members;

3.4 Scottish Government Portfolio Accountable Officer

The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the Scottish Government) has designated the Director General for Net Zero

² It is recognised that there are certain circumstances where a Ministerial Direction is a requirement under [the 2019 Act](#), for example to direct a transfer of money from Crown Estate Scotland income account to Crown Estate Scotland capital account, such a direction cannot be circumvented.

as the Portfolio Accountable Officer (AO) with overall accountability for Crown Estate Scotland.³

The Portfolio AO's duties are to establish a framework for the relationship between Scottish Government and a public body, oversee the operation of that framework, ensure the public appointments to the body are made appropriately and ensure that appropriate assurance is provided on the performance and governance of the body. These activities are known collectively as '**sponsorship**'. In practice, the Portfolio AO is likely to delegate some or all sponsorship duties to a Director or Deputy Director as Senior Sponsor and/or to other Scottish Government officials in a 'Sponsor Team'. The responsibilities of a Portfolio Accountable Officer are set out in detail in the Memorandum to Accountable Officers for Parts of the Scottish Administration.

The Portfolio AO will:

- make sure the framework document is agreed between the Scottish Ministers and the Board of Crown Estate Scotland, reviewed regularly and oversee the operation of the roles and responsibilities set out;
- ensure that financial and other management controls being applied by Crown Estate Scotland are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
- in line with [Code of Practice for Ministerial Appointments](#), ensure that public appointments are made in good time and secure appropriate skills, experience and diversity amongst Board members, working with the Chair on succession planning; that there is effective induction for new appointees; and ensure that there is regular review and a formal annual appraisal of the performance of the Chair;
- support regular and effective engagement between Crown Estate Scotland and the relevant Scottish Minister(s); and
- make sure there is clear, documented delegation of responsibilities to a Senior Sponsor and/or Sponsor Team and that the Board and senior officials of Crown Estate Scotland are aware of these delegated responsibilities.
- The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of sponsorship activity.

3.5 The Sponsor Team

The Sponsor Team's primary function is to carry out the responsibilities delegated to it by the Portfolio AO, directly or via the Senior Sponsor, as described above. In addition to ensuring that the arrangements in this framework document operate effectively, managing public appointments and providing assurance to the Portfolio AO, the Sponsor Team will usually be the first point of contact for the body on any issue with Scottish Government. As part of the assurance they provide to the Portfolio AO, they must ensure that key actions and decisions agreed are documented and implemented. This includes ensuring that Scottish Government teams implement any agreed actions.

The Crown Estate Scotland Sponsor Team (CESST) is the Sponsor Team for Crown Estate Scotland. CESST, in consultation as necessary with the Principal Accountable Officer, is the primary source of advice to the Scottish Ministers on the discharge of Crown Estate Scotland's responsibilities and the primary point of contact for Crown Estate Scotland in dealing with the Scottish Ministers. The Sponsor Team shall carry out its duties under the Director and the Deputy Director for Marine Directorate of the Scottish Government who shall have primary responsibility for overseeing the activities of Crown Estate Scotland and ensuring effective relationship between the Scottish

³ Employees of Crown Estate Scotland are not Civil Servants but are crown employees as provided for under [the 2019 Act](#)

Government and Crown Estate Scotland.

The Sponsor Team shall advise and brief the Scottish Ministers on:

- proposals that exceed delegated spending limits and/or which involve novel, contentious or repercussive proposals (see part 2, section 3.7 of this document); given that Ministers need to approve such decisions.
- appropriate budgets and/or financial targets to Crown Estate Scotland in the light of the Scottish Minister's overall public expenditure priorities;
- the appropriateness of the scale of net revenues forecast by Crown Estate Scotland and the timing for their surrender to the Scottish Consolidated Fund;
- requests by Crown Estate Scotland to borrow from Scottish Ministers; and
- the appropriateness of applications by Crown Estate Scotland for external funding (not loans);

In support of the Portfolio Accountable Officer the Sponsor Team shall:

on performance and risk management:

- monitor Crown Estate Scotland's activities on a continuing basis through an adequate and timely flow of information from Crown Estate Scotland on performance, budgets, control and risk management.
- address in a timely manner any significant problems (financial or otherwise) arising in Crown Estate Scotland; including those flagged by Crown Estate Scotland's Accountable Officer; making such interventions in the affairs of Crown Estate Scotland as judged necessary;
- ensure the activities of Crown Estate Scotland and the risks associated with them are properly and appropriately considered in the Scottish Government's risk assessment and management systems;
- ensure that the performance of Crown Estate Scotland's Chair is assessed by Director/Deputy Director at least annually;
- ensure that appointments to the Board are made timeously and in accordance with [the 2017 Order](#) and the [Code of Practice for Ministerial Appointments to Public Bodies in Scotland](#), as issued by the Commissioner for Ethical Standards in Public Life in Scotland.

on communication with Crown Estate Scotland:

- inform Crown Estate Scotland of relevant Scottish Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to Crown Estate Scotland as necessary;
- bring concerns about the activities of Crown Estate Scotland to the attention of the Chief Executive and/or Chair;

Senior Sponsor Director and Deputy Director:

- As Senior Sponsor the designated Scottish Government Director and Deputy Director have responsibility for overseeing and ensuring effective strategic relationships between the Scottish Government and Crown Estate Scotland which support alignment of Crown Estate Scotland with the [National Performance Framework](#).
- the Director and Deputy Director will work closely with the Chair and Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with Crown Estate Scotland that are characterised by openness, trust, respect and mutual support. They will be supported by the Sponsor Team in discharging these functions.

3.6 Crown Estate Scotland - The Chair

The Chair is appointed by the Scottish Ministers in accordance with article 5 of [the 2017 Order](#) and in line with the [Code of Practice for Ministerial Appointments to Public Bodies in Scotland](#) as issued by the Commissioner for Ethical Standards in Public Life in Scotland.

The Chair is accountable to the Scottish Ministers. The Chair shall aim to ensure that Crown Estate Scotland's strategic objectives and actions are in accordance with its statutory framework and are in line with the [National Performance Framework](#); and that Crown Estate Scotland's affairs are conducted with probity. The Chair shares with other Board Members the corporate responsibilities set out in part 1, section 3.7 of this document, and in particular the Chair is responsible for ensuring that Crown Estate Scotland fulfils the aim and objectives set by the Scottish Ministers.

The Chair has a leadership responsibility on the following matters:

- formulating the Board's corporate strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance issued by the Scottish Ministers;
- encouraging high standards of propriety and regularity;
- representing the views of the Board to the general public;
- ensuring that the Board has a balance of skills appropriate to directing Crown Estate Scotland's business in accordance with recognised good practice in corporate governance;
- ensuring that the work of the Board is subject to regular self-assessment and that the Board is working effectively;
- assessing the performance of individual Members on a continuous basis and undertaking a formal appraisal at least annually.
- in consultation with the Board as a whole, undertake an annual appraisal of the Chief Executive.
- Communications between the Board and the Scottish Ministers shall normally be through the Chair and Sponsor Team. The Chair shall ensure that other Members are kept informed of such communications.

3.7 Crown Estate Scotland - Role of the Board

Members of Crown Estate Scotland are appointed by the Scottish Ministers in accordance with article 5 [the 2017 Order](#) and in line with the [Code of Practice for Ministerial Appointments to Public Bodies in Scotland](#), as issued by the Commissioner for Ethical Standards in Public Life in Scotland. The Members constitute the Board of Crown Estate Scotland.

The Board has corporate responsibility for ensuring that Crown Estate Scotland fulfils the aim and objectives set by the Scottish Ministers.

To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of Crown Estate Scotland within the policy, planning and resources framework determined by the Scottish Ministers;
- agree the Annual Report and Corporate Plan, and approve the Business Plan;
- ensure that any statutory or administrative requirements for the use of public funds (i.e. all funds falling within the stewardship of Crown Estate Scotland) are complied with;
- operate within the limits of its statutory authority and any delegated authority agreed with the Sponsor Team, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes

- into account relevant guidance issued by the Scottish Ministers;
- ensure statutory compliance in reaching decisions in relation to the management of the Scottish Crown Estate assets;
- regularly scrutinise current and projected performance against the aims, objectives and targets set out in plans and take decisions on remedial action where required;
- ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the Accountable Officer and the Audit and Risk Committee, ensure that key risks are identified and managed;
- promote the efficient, economic and effective use of resources consistent with the principles of Best Value, and regularly scrutinise financial performance and compliance with financial guidance issued by the Scottish Government;
- promote the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that Crown Estate Scotland meets the staff management responsibilities described in the section below.
- Further guidance on how the Board should discharge its duties will be provided in appointment letters and in [On Board - A Guide for Members of Statutory Boards](#). Individual Members shall comply at all times with [Crown Estate Scotland's Code of Conduct](#) and with the rules relating to the use of public funds and conflicts of interest.

3.8 Crown Estate Scotland Chief Executive

Crown Estate Scotland is to have, as a member of staff, a Chief Executive appointed in accordance with article 9 of [the 2017 Order](#).

- The Chief Executive is responsible for safeguarding the public funds (i.e. all funds falling within the stewardship of Crown Estate Scotland) for which the Chief Executive has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of Crown Estate Scotland. The Chief Executive should operate in a way which is in accordance with the terms of this Framework Document and within the terms of guidance in the [Scottish Public Finance Manual \(SPFM\)](#) and other instructions and guidance issued by the Scottish Ministers.
- The Chief Executive should maintain an awareness of the political environment in which Crown Estate Scotland is operating with a particular focus on ensuring any legislative changes which could impact upon Crown Estate Scotland are addressed, and provide input into legislative processes as required.
- The Chief Executive has a duty to secure Best Value, which includes good corporate governance, performance management and continuous improvement. Guidance on what organisations should be able to demonstrate in fulfilment of these duties is included in the [Best Value section of the SPFM](#).
- The Chief Executive will lead and manage the staff of Crown Estate Scotland ensuring their wellbeing, learning and development are prioritised.

The Chief Executive shall exercise the following specific responsibilities on planning, performance management and monitoring:

- **Implement** Crown Estate Scotland's Corporate Plan and Business Plans taking due account of the Scottish Ministers' aims, objectives and plans;
- **Establish** a robust performance management framework which supports the achievement of Crown Estate Scotland's aims and objectives as set out in the Corporate Plan; and which enable full performance reporting to the Board, the Sponsor Team and the wider public;
- **Ensure** effective relationships with Scottish Government officials;

- **Inform** the Sponsor Team of Crown Estate Scotland's progress in helping to achieve the Scottish Ministers' policy objectives and in demonstrating how resources are being used to achieve those objectives;
- **Ensure** that timely forecasts and monitoring information on performance and finance are provided to the Sponsor Team; that the Sponsor Team is notified promptly if overspends/under spends are likely or if performance targets are at risk, along with detail of mitigating/corrective action taken and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Sponsor Team in a timely fashion.

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance issued by the Scottish Ministers/Sponsor Team;
- advise the Board on Crown Estate Scotland's performance compared with its aims, objectives and priorities;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques as set out in the [Appraisal and Evaluation section of the SPFM](#) are followed as far as this is appropriate and practical;
- take action and inform the Sponsor Team/Portfolio Accountable Officer immediately, if the Board, or the Chair, are contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;
- inform the Sponsor Team/Portfolio Accountable Officer immediately, if the Board, or the Chair, are contemplating taking an action which would not be in accordance with this Framework Document and/or within the limits of the duties under [the 2017 Order](#) or [the 2019 Act](#).

on managing risk and resources

- ensure that a system of [Risk Management section of the SPFM](#) is embedded in the organisation to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensuring that Crown Estate Scotland adheres, where appropriate, to the Scottish Government's Programme and Project Management (PPM) Principles;
- ensure that the funds falling within the stewardship of Crown Estate Scotland are used for the purpose intended, and that such monies, together with Crown Estate Scotland's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by Crown Estate Scotland, including effective measures against fraud and theft as per [the Fraud section of the SPFM](#);
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective HR management policies are maintained, and that strategic HR planning is linked to Crown Estate Scotland's objectives;
- establishing appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM.
- ensure that the management of health and safety meets all regulatory and legislative requirements under the [Health & Safety at Work etc Act 1974](#) and other relevant legislation.

on accounting for Crown Estate Scotland's activities:

- sign a Governance Statement regarding Crown Estate Scotland's system of internal control, for inclusion in the Annual Report and Accounts as per [the Governance Statement section of the SPFM](#);
- ensure that an [effective complaints procedure](#) is in place and made widely known;
- give evidence when summoned before the Scottish Parliament on the use and stewardship of public funds by Crown Estate Scotland.
- The Chief Executive may delegate the day-to-day administration of his/her responsibilities to other employees in Crown Estate Scotland. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this Framework Document.

3.9 The Accountable Officer

The Principal Accountable Officer for the Scottish Administration designates the Chief Executive of Crown Estate Scotland as the Accountable Officer. Withdrawal of the Accountable Officer designation would also be a matter for the Principal Accountable Officer. The responsibilities of an Accountable Officer are set out in detail in [the Memorandum to Accountable Officers in SPFM](#). The Accountable Officer is supported in this role by Crown Estate Scotland's Audit and Risk Committee.

In particular the Accountable Officer shall:

- ensure the propriety and regularity of Crown Estate Scotland's finances and that there are sound and effective arrangements for internal control and risk management.
- ensure that the resources of the public body are used economically, efficiently and effectively, and that arrangements are in place to secure Best Value for the organisation and to deliver Value for Money for the public sector as a whole.
- ensure compliance with relevant guidance issued by the Scottish Ministers, in particular the [SPFM](#).
- sign the annual accounts and associated governance statements.
- Where the Accountable Officer considers that any action they are required to take is not consistent with their Accountable Officer responsibilities, they must obtain written authority from the Board and send a copy of the written authority to the Auditor General for Scotland (AGS) as soon as possible and sent to the Clerk of the Public Audit Committee. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.

4. Plans, budgets and control

4.1 The Corporate Plan

Crown Estate Scotland shall agree with the Scottish Government the issues to be addressed in the Corporate Plan (normally covering a 5 year period) and the timetable for its preparation and review. The finalised plan shall reflect Crown Estate Scotland's strategic aims and objectives as agreed by the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. The Corporate Plan should include (in addition to those provisions listed in article 19 of [the 2017 Order](#)):

- the purpose and principal aims of Crown Estate Scotland;
- an analysis of the environment in which Crown Estate Scotland operates;
- key objectives and associated key performance targets for the period of the Corporate Plan, the strategy for achieving those objectives and how these will

contribute toward the achievement of the Scottish Government's primary purpose, the [National Performance Framework](#), [National Marine Plan](#), The Programme for Government, and [Scotland's National Strategy for Economic Transformation](#).

- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services; and
- other key points agreed with the Sponsor Team as described above.
- The Corporate Plan shall be submitted, no later than three months before the expiry of the existing plan via the Sponsor Team, for approval by Scottish Ministers.

4.2 Business Plan

The Corporate Plan should inform the development of a separate Business Plan for each financial year which will include key targets and milestones for the year immediately ahead, aligned to the National Performance Framework, and be linked to budgeting information so that, where possible, resources allocated to achieve specific objectives can be identified.

- A copy of the Business Plan will be provided to the Sponsor Team prior to the start of the relevant financial year for approval by Scottish Ministers.
- A progress report against the activities, milestones and key performance targets should be submitted to the Sponsor Team in parallel with Crown Estate Scotland's Board.

4.3 Publication of Plans

The Corporate Plan and Business Plan shall be made available on Crown Estate Scotland's website.

4.4 Reporting Performance to the Sponsor Team

Crown Estate Scotland shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its Corporate and Business Plans.

Crown Estate Scotland shall inform the Sponsor Team of changes in external conditions which put the delivery of objectives at risk, or which may require a material change to the budget or objectives set out in the Corporate and Business Plans.

- Crown Estate Scotland Chief Executive shall periodically meet with the Sponsor Team to discuss progress against objectives.
- The Cabinet Secretary/Scottish Minister with portfolio responsibility for Crown Estate Scotland shall meet the Board formally each year to discuss Crown Estate Scotland's performance, its current and future activities and any policy developments relevant to those activities.
- Crown Estate Scotland's performance against key targets shall be reported in Crown Estate Scotland's Annual Report and Accounts (see part 1, section 5.1 of this document). Other forms of reporting performance to the public should also be considered.
- Where monitoring of performance indicates that the budgeted level of net revenues will not be achieved, the Accountable Officer must report this to the Sponsor Team at the earliest opportunity.

4.5 Audit and Other Committees

Crown Estate Scotland must establish an audit committee in accordance with the guidance on [Audit Committees section in the SPFM](#). Crown Estate Scotland may establish other committees and sub-committees. The membership of a committee or sub-committee may include (but may not consist entirely of) persons who are members

of the staff of Crown Estate Scotland.

Crown Estate Scotland must notify, as soon as practicable, any changes to its audit committee's terms of reference to the Sponsor Team.

5. External accountability

5.1 Annual Report and Accounts

Crown Estate Scotland financial and reporting year runs from 1 April until 31 March.

Crown Estate Scotland must have its Annual Report and Accounts prepared and submitted in draft to the Sponsor Team by 30 June each year. The Annual Report should cover the activities of any subsidiary or joint venture under the control of Crown Estate Scotland. The report must list any direction given to Crown Estate Scotland during that year, subject to the requirements of [section 26\(4\) of the 2019 Act](#).

- The accounts will, so far as appropriate, comply with the SPFM and with any Accounts Direction or other relevant direction issued by the Scottish Ministers.
- Crown Estate Scotland are also expected to provide a realistic estimate of expected outturn position and Provisional Outturn Statement to Sponsor Team who will submit these to the Scottish Parliament.
- the final version of the report and accounts shall be laid before the Scottish Parliament later that year by the Scottish Ministers in keeping with the timetable as advised by the Sponsor Team. The accounts must not be published before they have been laid.
- Crown Estate Scotland have responsibility for their proper presentation as described in the relevant Accounts Direction issued by Scottish Ministers. Crown Estate Scotland shall be responsible, once laid in Parliament, for the publication of the report and accounts.
- Crown Estate Scotland will ensure that a copy of the Annual Report and Accounts are delivered to the Sponsor Team and to His Majesty.

5.2 External Audit

Whilst the statutory date under [Section 22\(5a\) of the Public Finance and Accountability \(Scotland\) Act 2000](#) for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on part of the Scottish Ministers that accounts will be laid in Parliament, and published at the earliest possible date following the completion of the formal sign-off and approval process.

Crown Estate Scotland's accounts will be audited by Audit Scotland or a firm of external auditors appointed by the AGS. The Sponsor Team shall submit the audited accounts to the Scottish Ministers, who shall lay them, together with the annual report, before the Parliament.

Crown Estate Scotland shall include copies of all external audit management letters (and correspondence relating to those letters) and responses in the audit committee papers which are shared with the Sponsor Team in the normal course of business.

5.3 Internal Audit

Crown Estate Scotland will:

- establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards and the Internal Audit section of the SPFM;
- set up an Audit Committee of its Board, in accordance with the Audit Committees section of the SPFM, to advise both the board and Chief Executive in his/her

- capacity as the Accountable Officer;
- ensure that the Sponsor Team and the Portfolio AO/Senior Sponsor receive promptly after they are produced or updated: the audit charter, strategy, periodic audit plans and annual audit assurance report, including the Head of Internal Audit opinion on risk management, control and governance – and provide any other relevant audit reports as requested by sponsors;
- keep records of, and prepare and forward promptly to the Scottish Government an annual report on fraud and theft suffered by Crown Estate Scotland and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.
- The Scottish Government's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material if required. Crown Estate Scotland will provide information as requested, in line with the statutory requirements of [Section 40 of the 2019 Act](#), subject to data protection and GDPR requirements.

5.4 Value For Money / 3E Examinations

The AGS, under section 23 of the [Public Finance and Accountability \(Scotland\) Act 2000](#), may initiate examinations into the economy, efficiency and effectiveness (3E examinations) under which certain bodies have used their resources in discharging their functions. 3E examinations are also commonly referred to as "section 23 examinations/reports", "value for money examinations/reports" and "performance audits/reports".

Crown Estate Scotland shall provide, in conditions to grants and contracts, for the AGS to exercise such access to documents held by grant recipients as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

6. Staff management

Within the arrangements approved by the Scottish Ministers, Crown Estate Scotland Chief Executive shall have responsibility for the recruitment, retention and motivation of its staff. To this end Crown Estate Scotland shall ensure that:

- the recruitment of its staff is based on fair and open competition and equal opportunities;
- HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- staff are to be appointed on such terms and conditions as Crown Estate Scotland determines;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the Scottish Government Pay Policy for Staff Pay Remits).
- the performance of its staff at all levels is satisfactorily appraised and Crown Estate Scotland's performance measurement systems are reviewed from time to time.
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Crown Estate Scotland's objectives;
- proper consultation with staff takes place on key issues affecting them;
- effective grievance and disciplinary procedures are in place and ensures that staff know where to access and how to use;
- effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place and ensures that staff know where to access and how to use; and
- a Staff Code of Conduct is in place and reviewed annually.

7. Records management

- Crown Estate Scotland must produce and publish a Records Management Plan and keep the plan under review in line with [section 1 of the Public Records \(Scotland\) Act 2011](#).
- Crown Estate Scotland must also ensure that its public records are managed in accordance with its Record Management Plan as agreed with the Keeper.
- The Scottish Government's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material if required. Crown Estate Scotland will provide information as requested, in line with the statutory requirements of [Section 40 of the 2019 Act](#), subject to data protection and GDPR requirements.

8. Health and safety

Crown Estate Scotland is responsible for ensuring compliance with the requirements of the [Health and Safety at Work etc Act 1974](#) and other statutory requirements and best practice, and will aim to achieve the highest standards of health and safety in its operations.

The Scottish Government's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material if required. Crown Estate Scotland will provide information as requested, in line with the statutory requirements of [Section 40 of the 2019 Act](#), subject to data protection and GDPR requirements.

Part 2: Financial memorandum for Crown Estate Scotland

The guidance contained in the SPFM and any other relevant guidance issued by the Scottish Ministers (e.g. Scottish Government Public Sector Pay Policy/Finance Guidance Notes) should be regarded as "applicable guidance" unless the Scottish Ministers have agreed a derogation.

9. Crown Estate Scotland funding

9.1 Income

Crown Estate Scotland obtains income from a number of sources including revenue from the seabed, urban assets, rural estates, mineral and fishing rights, and those stretches of the Scottish foreshore for which it is responsible. The management of the Scottish Crown Estate assets is either undertaken in-house or outsourced to managing agents.

Grants and Loans to Crown Estate Scotland:

- As per [Section 32 of the 2019 Act](#) Scottish Ministers may make grants and loans to Crown Estate Scotland.
- A grant or loan is subject to such conditions (including conditions as to repayment) as the Scottish Ministers may determine.
- The Scottish Ministers may, from time to time after the grant or loan is made, vary the conditions on which it was made.

Any grant application shall provide the Sponsor Team with sufficient information to enable the satisfactory monitoring by the Sponsor Team of:

- Crown Estate Scotland cash management;
- actual and forecast outturn of expenditure of a grant;
- actual and forecast outturn of expenditure/consumption.

Any grant should not be paid out in advance of need.

9.2 Fees or Charges for Services

Fees or charges for services or goods supplied by Crown Estate Scotland, should be determined in accordance with its statutory duties and in line with SPFM. In setting fees and charges Crown Estate Scotland shall:

- set fees in accordance with the [Fees and Charges section of the SPFM](#);
- have due regard to its duty as a public body and to the public purse, bearing in mind that those charges will have implications for other public sector expenditure;
- where required, in accordance with the Fees and Charges section of SPFM (Sponsored Bodies), seek the approval of the Scottish Ministers to proposed charges.

9.3 Authority to Spend

Crown Estate Scotland shall have authority to incur expenditure/consume resources in accordance with the Corporate Plan, on the following conditions:

- Crown Estate Scotland shall establish and agree with the Sponsor Team a comprehensive system of internal delegated authorities which should be notified to all staff, together with a system for regularly reviewing compliance with these delegations.
- Crown Estate Scotland shall not, without prior approval of the Sponsor Team, enter into any undertaking to incur expenditure, which fall outside the specific delegations set out in Appendix A. These delegations shall not be altered without the prior agreement of the Sponsor Team;
- Prior Scottish Government approval must always be obtained before incurring any class of expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications;
- Crown Estate Scotland shall comply with the conditions set out in this Financial Memorandum regarding novel, contentious or repercussive proposals and with any relevant guidance in the SPFM; Crown Estate Scotland shall provide the Sponsor Team with such information about its operations, performance, individual projects or other expenditure as the Sponsor Team may reasonably require.

9.4 Bad Debt and Impairments

Write-off of bad debt and impairments is subject to the delegated limit set out in **Appendix A**.

10. Crown Estate Scotland's income

10.1 Borrowing

All borrowing by Crown Estate Scotland - excluding agreed overdrafts - shall be from the Scottish Ministers in accordance with guidance in [the Borrowing, Lending & Investment section of the SPFM](#).

Loans from the Scottish Government advanced to the capital account shall be repaid from the capital account along with any interest payable. Loans advanced from the Scottish Government for operating purposes (to the "income account") shall be repaid from the income account along with any interest payable.

10.2 Maximising Income from Other Sources

Crown Estate Scotland shall seek to maximise the value of Scottish Crown Estate

assets and income arising from them, provided that this is consistent with Crown Estate Scotland's duty to maintain and enhance value as per [section 7 of the 2019 Act](#), Crown Estate Scotland's main functions and its Corporate Plan. Novel or contentious proposals for new categories of income or material changes to existing categories of income must be cleared with the Sponsor Team and Scottish Government finance.

10.3 Gifts, Bequests and Donations

Crown Estate Scotland is free to retain any gifts, bequests or similar donations. Before proceeding in this way Crown Estate Scotland must consider if there are any associated costs in doing so or any conflicts of interests arising. Crown Estate Scotland must keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

11. Financial activities: general principles

11.1 Delegated Authority

Crown Estate Scotland's specific delegated financial authorities - as agreed in consultation between the Board and the Scottish Ministers - are set out in Appendix A. Crown Estate Scotland will obtain the prior written approval from the Scottish Government before entering into any undertaking to incur any expenditure that falls outside these delegations, and before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

11.2 Novel, Contentious or Repercussive Proposals

Crown Estate Scotland shall obtain prior approval from the Sponsor Team before committing to proposals which are, or may be considered novel, contentious or repercussive.

For the purposes of this document and in addition to the requirements of the SPFM novel, contentious and repercussive are defined as follows:

- **Novel:** Includes proposed expenditure or financial arrangements of a sort not previously undertaken or entered into by Crown Estate Scotland or that could not be considered, reasonably, to be the standard practice. In particular, novel proposals will involve a substantially new type of business form or arrangement unprecedented in Crown Estate Scotland and unusual in the Scottish public sector.
- **Contentious:** Involving a matter which is likely to generate nationally significant stakeholder reaction; or involving a matter likely to be of significance in relation to Scottish Government policy priorities; or involving a departure from Scottish Crown Estate plans and policies that have been communicated to Ministers; or departure from the Crown Estate Scotland risk appetite. This includes proposed expenditure or financial arrangements where there is doubt as to regularity (i.e. compliance with relevant legislation and guidance) or propriety (i.e. compliance with the standards expected of public bodies or officials).
- **Repercussive:** Committing to significant multi-annual expenditure or liability which annually exceeds Crown Estate Scotland's delegated authority limits; or committing to a change or practice which could reasonably be deemed to have a significant material impact on Crown Estate Scotland and/or other parts of the Scottish public sector.

11.3 Procurement

Crown Estate Scotland shall ensure that it complies with any relevant procurement legislation. Procurement policies should reflect relevant guidance in [the Procurement section of the SPFM](#) and any other relevant guidance issued by the Scottish

Government's Procurement and Property Directorate (taking account of any derogations which stems from Crown status) and it shall be decided, on a case by case basis, the applicability of procurement legislation to activities it undertakes, or funds other bodies to undertake, relating to the management of Scottish Crown Estate assets.

Procurement should be treated as a key component of achieving Crown Estate Scotland's objectives, as well as a means of finding the most cost-effective method for securing the quality of assets and/or services.

[The Scottish Government's directory of Frameworks and Contracts](#), is available to support Crown Estate Scotland.

11.4 Subsidy Control

The EU State aid regime was effectively revoked from UK law from 1 January 2021. Following an interim period, the UK Government introduced the [Subsidy Control Act 2022](#) which saw a new UK subsidy control regime come into effect on 4 January 2023.

All UK public funding bodies are legally obliged to adhere to the conditions set out at Part 1 section 2 of Subsidy Control Act 2022 before awarding a subsidy. Currently, any activity that Crown Estate Scotland undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, means that Crown Estate Scotland or that other party may be an enterprise for the purpose of the Subsidy Control Act 2022. All measures deemed to be a subsidy must be awarded in a compliant manner. There are various options for this, including Minimal Financial Assistance, awarding under either a streamlined route or a compliant scheme or using the standalone provision which would require the measure to be assessed against the seven principles as set out in Schedule 1 in the Subsidy Control Act 2022. Further information is available via the UK Governments [Statutory Guidance](#) and the Scottish Governments [Subsidy Control webpages](#).

11.5 Timeliness In Paying Bills

All matured and properly authorised invoices relating to transactions with suppliers should be paid in accordance with the [Expenditure and Payments](#) section of the SPFM wherever possible and appropriate within Scottish Ministers' target of payment within 10 working days of their receipt.

11.6 Governance and risk

Guidance on governance requirements is available in several documents referred to earlier in this framework document:

- [the Scottish Public Finance Manual](#) (SPFM)
- [the Audit and Assurance Committee Handbook](#)
- [On Board – A Guide for Members of Statutory Boards](#)

If in any doubt about a governance issue, the Chair or Chief Executive should consult the Sponsor Team in the first instance, and sponsors may in turn consult the Scottish Government Public Bodies Unit, the Scottish Government Governance and Risk Branch and/or other teams with relevant expertise.

11.7 Risk Management

Crown Estate Scotland must develop an approach to risk management consistent with the [Risk Management section of the SPFM](#) and establish reporting and escalation arrangements with the Sponsor Team or Portfolio AO. Crown Estate Scotland shall take reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract with or to award a grant to.

The Board should have a clear understanding of the key risks, threats and hazards it may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate organisational resilience, in line with the guidance in: [Having and Promoting Business Resilience](#) (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](#).

Consideration should be given by the Accountable Officer on the maintenance of a minimum level of Capital funds for potential emergency expenditure and to ensure that Crown Estate Scotland's legal obligations can be met.

The Scottish Government/Crown Estate Scotland [Memorandum Of Understanding](#) outlines how risks associated with decommissioning of Offshore Renewable Energy Installations under the [Energy Act 2004](#) should be managed.

11.8 Internal Control

The Board should establish clear internal delegated authorities with the Chief Executive, who may in turn delegate responsibilities to other members of staff and establish an assurance framework consistent with the [internal control framework in the SPFM](#).

Counter-fraud policies and practices should be adopted to safeguard against fraud, theft, bribery and corruption - see the [Fraud section of the SPFM](#).

Any major investment programmes or projects undertaken should be subject to the guidance in the [Major Investment Projects section of the SPFM](#) and in line with delegated authorities. The Sponsor Team must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the Scottish Government's Office of the Chief Information Officer.

Crown Estate Scotland must comply with the requirements of the Freedom of Information (Scotland) Act 2002 and ensure that information is provided to members of the public in a spirit of openness and transparency. Crown Estate Scotland must also register with [Information Commissioners Office](#) and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

12. Expenditure on board members

Remuneration, allowances and any expenses paid to the Chair and Board Members must comply with the latest Scottish Government Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

13. Expenditure on staff

13.1 Staff Costs

Crown Estate Scotland is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it.

Any material changes in staff numbers or organisational structure must be notified in advance to the Sponsor Team.

13.2 Pay and Conditions Of Service

Staff pay, pensions and any severance payments must be in line with the requirements

of Public Sector Pay Policy and the responsibilities described in the section on NDPB Staff Management Responsibilities:

- All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source.
- Crown Estate Scotland will comply with Scottish Government Pay Policy in relation to staff and the Chief Executive. The Chief Executive will ensure that a pay remit, in line with the Scottish Government Pay Policy for [Staff Pay Remits section of the SPFM](#), is submitted to the Scottish Government for approval in line with the timetable notified and negotiate a pay settlement within the terms of the approved remit. This should normally be done annually, unless a multi-year deal has been agreed. Payment of salaries should also comply with the [Tax Planning and Tax Avoidance section of the SPFM](#). Proposals on non-salary rewards will comply with the guidance in the [Non-Salary Rewards section of the SPFM](#).
- Crown Estate Scotland will also seek appropriate approval under the Scottish Government [Pay Policy for Senior Appointments](#) for the Chief Executive's remuneration package prior to appointment, annually or when a new appointment or change to the remuneration package is being proposed.

13.3 Pensions, Redundancy / Compensation

Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. Crown Estate Scotland's staff shall normally be eligible for entry to Principal Civil Service Pension Scheme.

Staff may opt out of the occupational pension scheme provided by Crown Estate Scotland. However, the employer's contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

Any proposal by Crown Estate Scotland to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Scottish Ministers. Proposals on compensation payments will comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms section of the SPFM](#). This includes referral to the Scottish Ministers of any proposed severance scheme (for example, a scheme for voluntary exit), business case for a settlement agreement being considered for an individual, or proposal to make any other compensation payment. In all instances, Crown Estate Scotland should engage with the Sponsor Team prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

14. Non-staff expenditure

14.1 Capital Expenditure

Subject to being above Crown Estate Scotland's capitalisation threshold as set out in their published accounts all expenditure on the acquisition, sales of assets, or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the:

- acquisition and or sales of assets, reclamation or laying out of land;
- acquisition, sales of assets, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings;
- acquisition and/or sale of assets, installation or replacement of movable or fixed plant, machinery, vehicles and vessels; and
- staff costs where it is appropriate for them to be capitalised.

Proposals for large-scale individual capital projects, acquisitions and/or sales will normally be considered within Crown Estate Scotland's corporate planning process and within the context of its Investment Strategy.

14.2 Lending, Guarantees, Indemnities, Contingent Liabilities and Letters of Comfort

Any lending must be in line with the guidance in the [Borrowing, Lending & Investment section of the SPFM](#) on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit Crown Estate Scotland must not lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities section of the SPFM](#)), whether or not in a legally binding form, without the prior approval of sponsors, Scottish Government Finance and where necessary the relevant committee of the Scottish Parliament. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

14.3 Gifts, Losses and Special Payments

Unless covered by a specific delegated authority, prior approval from sponsors and Scottish Government Finance is required before making gifts or special payments or writing off losses. Special payments and losses are subject to the guidance in the [Losses and Special Payments section of the SPFM](#). Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards section of the SPFM](#).

14.4 Subsidiary Companies and Joint Ventures

Crown Estate Scotland is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers.

14.5 Financial Investments

Crown Estate Scotland will have the ability to invest surplus cash balances in financial savings products of investment grade, which are available in the UK and on terms which the Accountable Officer considers to be compatible with the requirements of [Section 18 of the 2019 Act](#).

14.6 Unconventional Financing

Crown Estate Scotland shall not enter into any unconventional financing arrangement, unless agreed with the Sponsor Team.

14.7 Commercial Insurance

Crown Estate Scotland must take out commercial insurance where there is a legal requirement to do so, and in accordance with the guidance in the Insurance section of the SPFM. Crown Estate Scotland insures certain of the assets under its management or control on a commercial basis and may continue to do so. Any material change to the insurance effected by Crown Estate Scotland shall be notified in advance to the Sponsor Team and in line with [Insurance section of the SPFM](#).

15. Management and disposal of fixed assets

An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the Property: Acquisition, Disposal & Management section of the SPFM. Crown Estate Scotland is also subject to the Scottish Government Asset Management Policy, including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation/operational purposes, to be approved in advance by Scottish Ministers. The Property Controls Team should be consulted as

early as possible in this process.

Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the Financial Reporting Manual (FRm). When an asset (including any investment) suffers impairment, when there is significant movement in existing provisions and/or where a new provision needs to be created, this should be communicated to sponsors and Scottish Government Finance as soon as possible to determine the implications for Crown Estate Scotland's budget.

Any funding for expenditure on assets by a third party should be subject to appropriate arrangements to ensure that they are not disposed of without prior consent and that a due share of the proceeds can be secured on disposal or when they cease to be used by the third party for the intended purpose, in line with the [Clawback guidance in the SPFM](#).

Unless covered by a specific delegated authority Crown Estate Scotland must not enter into any finance, property or accommodation related lease arrangement – including the extension of an existing lease or the non-exercise of a tenant's lease break - without prior approval from sponsors. Before entering/ continuing such arrangements Crown Estate Scotland must be able to demonstrate that the lease offers better value for money than purchase and that all options of sharing existing public sector space have been explored in line with the Single Scottish Estate programme.

Non-property/accommodation related operating leases are subject to a specific delegated authority. There must be capital Departmental Expenditure Limit (DEL) provision in the budget allocation for finance leases and other transactions which are in substance borrowing.

15.1 Register of Assets

All assets (property, plant and equipment, and investment assets) are to be properly recorded and updated as necessary. Crown Estate Scotland shall review and share the Fixed Asset Register and Investment Valuation at the year end with the Sponsor Team on an annual basis by 30 June following the year end.

15.2 Disposal of Assets

Crown Estate Scotland shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Property: Acquisition, Disposal and Management section of the SPFM](#). Disposal of any assets should be in accordance with the SPFM and statutory requirements in the 2019 Act.

The Scottish Government's Property Controls Team should be notified via the Sponsor Team of relevant proposed disposals of property held by Crown Estate Scotland for operational purposes (as opposed to those held for investment purposes) at the earliest opportunity and should then submit them for trawl at least **1 month prior** to being advertised on the open market.

Any proposal to acquire land, buildings or other rights in property, unless covered by a specific exemption, should comply with the SPFM, taking account of the statutory duties regarding management of the Scottish Crown Estate. Crown Estate Scotland is also subject to the [Scottish Government Asset Management Policy](#), including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation/operational purposes, to be approved in advance by Scottish Ministers. The Scottish Government Property & Construction Division should be consulted as early

as possible in this process and at least two years notice should be given in advance of a lease event.

Information concerning Crown Estate Scotland should be accurately recorded and updated as necessary on the Office of Government Commerce electronic Property Information Mapping System.

15.3 Investments

Crown Estate Scotland will undertake acquisitions, disposals and investments in line with its legislative duties and investment strategy which is to be agreed by Scottish Ministers.

15.4 Grant Funding to Third Parties

Unless covered by a specific delegated authority or any grant arrangements/schemes which were in place at the time of this Framework Agreements Crown Estate Scotland must not provide grant funding to a third party without prior agreement from the Sponsor Team and Scottish Government Finance. Guidance on a framework for the control of third party grants is provided as an annex to the [Grant and grant aid section of the SPFM](#).

15.5 Recovery of Grant-Financed Assets

Where Crown Estate Scotland has financed expenditure on capital assets by a third party, Crown Estate Scotland shall use its best endeavours to ensure that any such assets above an agreed value are not disposed of by the third party without Crown Estate Scotland's prior consent. Crown Estate Scotland shall therefore ensure that such conditions are sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition and/or sale or improvement.

Crown Estate Scotland shall also ensure that if the assets created by grants made by Crown Estate Scotland cease to be used by the recipient of the grant within **5 years from the date** of completion for the intended purpose an appropriate proportion of the value of the asset shall be repaid to Crown Estate Scotland.

16. Banking

Crown Estate Scotland's Chief Executive is responsible for ensuring that Crown Estate Scotland's banking arrangements safeguard public funds and are carried out efficiently, economically and effectively. Banking arrangements must comply with the [Banking section of the SPFM](#).

17. Movement between income and capital

A transfer, or transfers, from income to capital is permitted under [section 29\(2\) of the 2019 Act](#), this will be directed by Scottish Ministers under [section 37\(1\) of the 2019 Act](#).

[As per Section 30\(2\) of the 2019 Act](#), the gross annual income received, and the expenses incurred, from or in connection with mining leases or the working of mines or minerals shall be carried or charged between Crown Estate Scotland income account and capital account in such proportions as the Scottish Ministers specify in a direction under [section 37\(1\) of the 2019 Act](#). Currently this is carried or charged as to one half to capital account and one half to income account.

Fund transfers are permitted between the income account and capital accounts to assist with the management of cash flow subject to the repayment rule under [section 29\(5\) of the 2019 Act](#).

Where appropriate, staff (and related) costs are charged to, and recovered from, the capital account.

18. Tax

Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Portfolio AO and Scottish Government Finance. Relevant guidance is provided in the [Tax Planning and Tax Avoidance section of the SPFM](#). Crown Estate Scotland must comply with all relevant rules on taxation, including VAT, and can recover input tax where it is entitled to do so.

19. Helpful information

The Public Bodies Support Unit has produced a register of reporting requirements for devolved public bodies which will help in regard to compliance with certain legislative asks. Copies of the register can be obtained from the [PBSU mailbox](#).

**Part 2: Financial Memorandum for Crown Estate Scotland -
specific limits on delegated authority**

Category	Annual Delegated Limit per Transaction ⁴
Capital transactions	£4,500,000
Revenue spend	£1,250,000
Single-Source tender contracts	£50,000
Claims waived or abandoned	£150,000
Write-off of bad debt and impairments	£150,000
Special payments	£2,000

⁴ Excluding VAT.



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