



1. Context

Crown Estate Scotland manages property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

We work in a way that:

- Generates prosperity and value for all of Scotland;
- Supports the growth of sustainable business and industry in Scottish seas and on the coast;
- Makes places better for those who live, work and visit there;
- Promotes sustainable ways of producing energy, food, and other products; and
- Creates opportunities for people to use and benefit from the Scottish Crown Estate.

The Scottish Crown Estate Act 2019 requires us to manage the assets in a way that is likely to contribute to the promotion of improvement of economic development, regeneration, social wellbeing and environmental wellbeing. To do this, we need to understand the wider value delivered by the assets and our management activities.



Asset profiles have been developed for the Estate's 21 asset classes. The profiles include information on financial returns, the public benefits delivered through our management activities, and our view of the opportunities for wider value creation.

The analysis has been undertaken in-house, using qualitative assessment and expert judgment.

2. Asset summary

Crown Estate Scotland plays a critical role in the development of offshore wind, primarily by supporting development of the offshore wind sector and awarding and managing leases. We work with developers and other stakeholders to support the projects and the wider sector to progress and to build investor confidence.

- As of April 2021, there are 17 offshore wind projects, six of which are fully operational with 159 turbines and total installed capacity of 896 MW
- The operating projects have annual energy production of around 3,400 GWh
- The three sites currently under construction will add a further 160 turbines with total installed capacity 1,447 MW
- The remaining eight sites may add several thousand MW and several hundred turbines

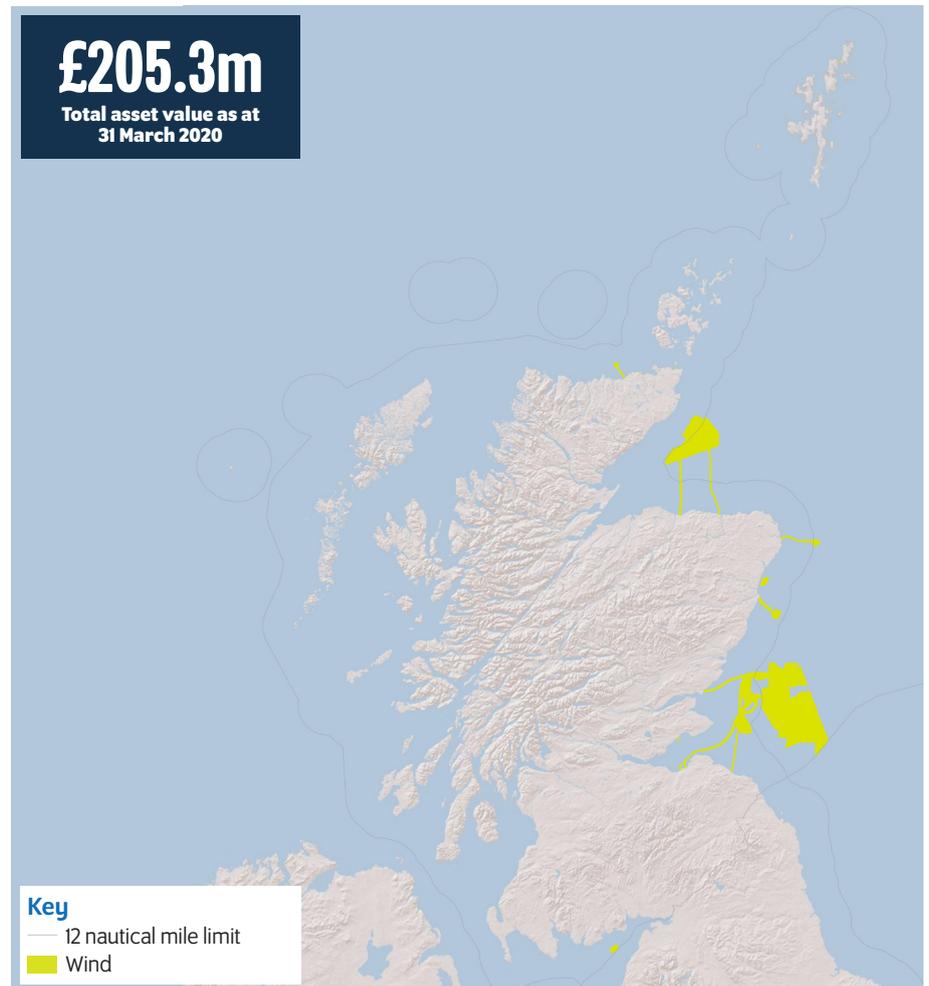
Asset information

No of agreements	32
No of tenants	15

Financial information

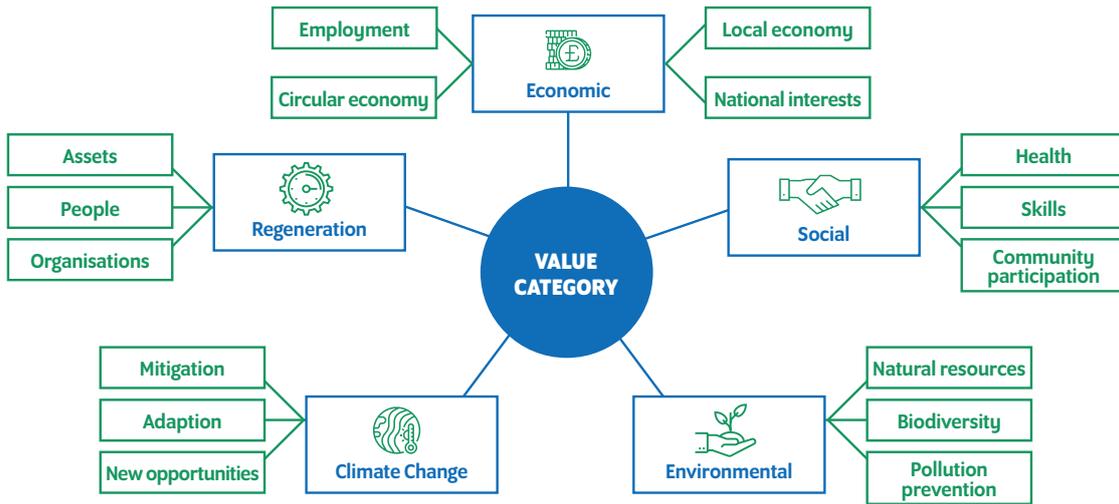
Asset value (March 2020)	£205.3m
Value share (% of total Estate value, March 2020)	48
Yield (net revenue + valuation change, 2018/19-2019/20)	52
Contribution (% of Crown Estate Scotland net revenue, 2019/20)	28

Offshore wind asset map



Map is correct as of November 2020. An up to date map is available on our website:
<https://www.crownestatescotland.com/what-we-do/map>

3. Understanding Value



Five value categories have been identified:

- Economic;
- Social;
- Environmental;
- Climate Change; and
- Regeneration.

Each value category has a set of three or four indicators. The indicators are relevant for all Scottish Crown Estate asset classes and also align with Scotland’s National Performance Framework and the UN Sustainable Development Goals.

Measures of success

Economic

- Employment** – jobs created or safeguarded
- Local economy** – local businesses are active in the supply chain and provide local employment
- National interests** – benefiting Scotland’s national economy / showing leadership
- Circular economy** – increasing efficiency / reducing waste in processes and products

Social

- Health** – reflects / promotes good health at local or national level
- Skills** – stakeholders gain valuable skills
- Community participation** – community is an active stakeholder and participant

Environmental

- Natural resources** – resources used / maintained in a sustainable way
- Biodiversity** – biodiversity is protected/strengthened
- Pollution prevention** – pollution is decreased / not increased

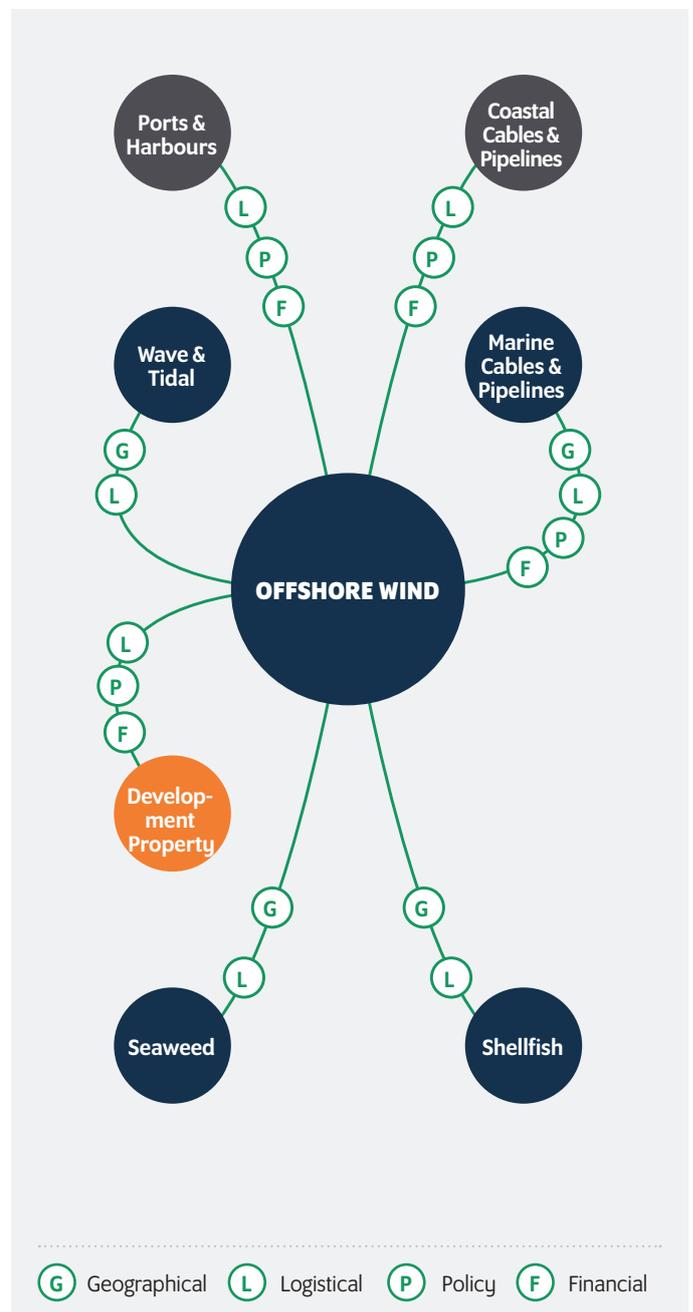
Climate change

- Mitigation** – low or zero emissions
- Adaptation** – actions increase resilience / reduce risk
- New opportunities** – new, low or net zero emissions activities/ businesses/products pursued

Regeneration

- Assets** – positive impacts on associated assets
- People** – people are enabled or empowered
- Organisations** – activities involve collaboration with other organisations

Connected assets



4. Potential for Wider Value

The diagrams below demonstrate the wider value currently generated by the asset class as a whole and indicate where we consider there is potential to deliver increased wider value. This is influenced by a range of factors including the inherent value of the assets, tenant activity, regulator activity and other external factors. For offshore wind, key areas identified with potential for increased wider value include:

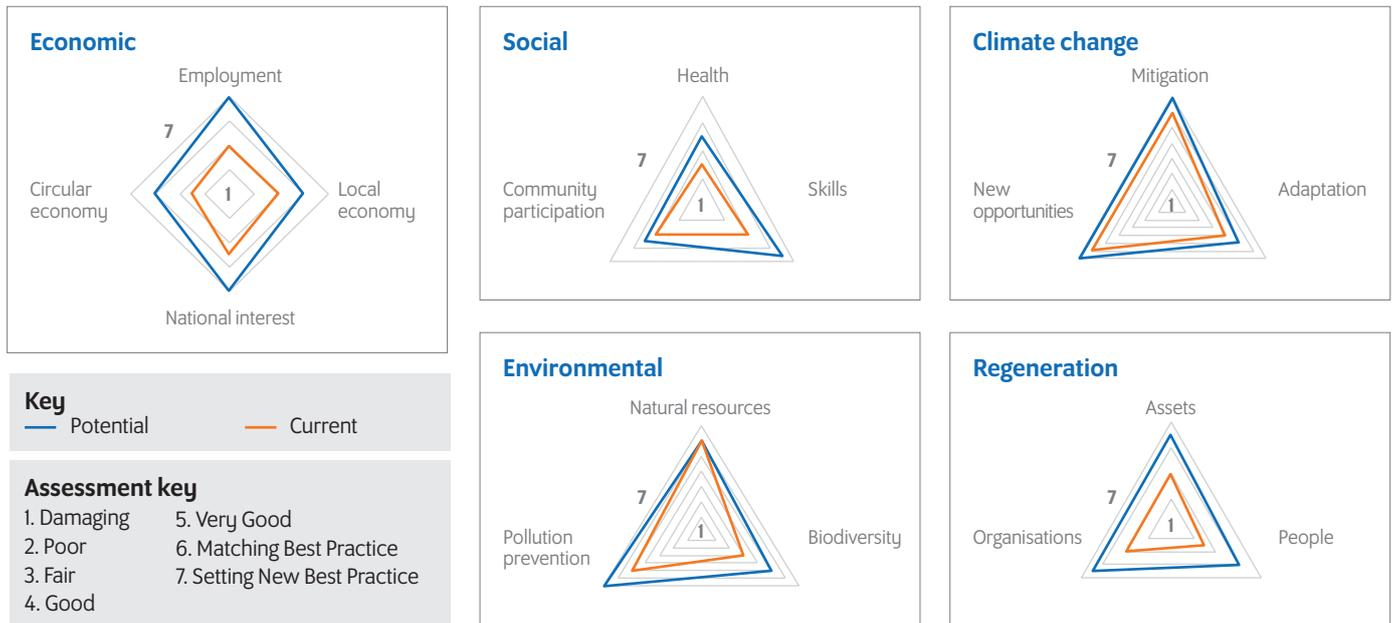
- **Environment** – increased use of local supply chain could reduce carbon emissions relating to transportation of turbine and substation components.
- **Social** – significant numbers of jobs are expected to be created as offshore wind deployment increases; UK government has established a Green Jobs Taskforce to address the skills gap.
- **Climate change** – production of green hydrogen using electricity from offshore wind for the electrolysis process. Potential for Scotland to be a focus for floating wind technology.

Opportunities

- Supports Scotland's transition to a net zero economy;
- Contributes to Scotland's climate change targets;
- Economic development in communities across Scotland ; and
- Creates a competitive, commercially attractive offshore wind sector in Scotland which can deliver both domestically and in the global offshore wind market, with a focus on project development, deeper water capability and innovative technology solutions.

Threats

- Potential cumulative effects with environmental receptors and other sea users;
- Cost of energy transmission to points of consumption;
- Lead-times of availability of energy transmission infrastructure; and
- Need to achieve cost reduction in technologies required to access Scottish resource.



This full value potential is indicated by the blue line. The actual average performance of the assets as currently managed is shown by the orange line. The opportunity for delivering enhanced value is the stretch between the orange line and the blue line.

Where potential and actual performance are the same the orange line will hide the blue line beneath it. No weighting has been applied to any indicator.

5. Benefits delivered by Crown Estate Scotland

Our latest Corporate Plan sets out our four roles:

Investor

Investing in, for example, property development, as well as building external partnerships and supporting staff.

Asset Manager

Careful management of leases and agreements, as well as direct management of forestry and mountain bike trails.

Co-ordinator

Supporting other Scottish Crown Estate managers by, for example, coordinating spatial information.

Enabler

Empowering others by supporting local plans and projects, providing access to property and helping address barriers to sector growth.

For offshore wind, some examples of our activities include:

Asset Manager

- Managing interactions between offshore wind and carbon capture and storage.

Enabler

- £300k to support projects through the Scottish Offshore Wind Energy Council, delivering Economic and Regeneration benefits.
- £200k funding to support five research projects being delivered by Marine Scotland to improve our understanding of potential environmental impacts of offshore wind projects on birds and marine mammals.
- Working with the Oil and Gas Authority to develop leasing to support the decarbonisation of oil and gas production.
- Collaborating with other organisations (industry, enterprise agencies, government) to benefit the development of the sector.

The table below presents our assessment of the significance of the benefits that we currently deliver through these four roles. Our Corporate Plan sets out actions against these four roles. Over time, we expect the significance of benefits to increase as considerations regarding wider value are embedded into decision making.

OFFSHORE WIND	Investor	Asset manager	Enabler	Coordinator
Economic				
Employment	Inactive	Medium	Medium	Inactive
Local economy	Inactive	Medium	High	Inactive
National interests	Inactive	Medium	High	Inactive
Circular economy	Inactive	Low	Low	Inactive
Social				
Health	Inactive	Low	Low	Inactive
Skills	Inactive	Medium	Medium	Inactive
Community participation	Inactive	Low	Low	Inactive
Environmental				
Natural resources	Inactive	Medium	High	Inactive
Biodiversity	Inactive	Medium	High	Inactive
Pollution prevention	Inactive	Medium	Low	Inactive
Climate change				
Mitigation	Inactive	High	High	Inactive
Adaptation	Inactive	Low	Medium	Inactive
New opportunities	Inactive	High	High	Inactive
Regeneration				
Assets	Inactive	High	High	Inactive
People	Inactive	High	High	Inactive
Organisations	Inactive	Low	Medium	Inactive

Key

- Inactive
- Low
- Medium
- High

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