



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

# 2021-22 Business Plan



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## Introduction and look ahead

Welcome to our 2021-22 Business Plan covering the second year of our 2020-23 Corporate Plan.

In 2020-21, our first full year as a permanent body and against the backdrop of COVID-19, Crown Estate Scotland continued to deliver against our core purpose: investing to generate lasting value for the people of Scotland.

Our focus on the coastal and marine-based industries and sectors that drive the blue economy grew, as did our activity relating to buildings & place.

After a detailed planning phase, we launched ScotWind, the first round of leasing for offshore wind farms in Scottish waters for a decade. Developer interest has been encouraging, and ScotWind has the potential to make a big, positive impact on both the Scottish economy and the country's progress toward net zero emissions by 2045.

In tandem with ScotWind, we undertook a major study of ports and harbours to highlight how Scotland's infrastructure can best support the offshore wind projects of the future and we acquired the ZeroFour development site near Montrose, which we plan to develop into a hub for companies involved with offshore energy and the wider blue economy (marine-based industries and sectors).

We have progressed work with local authorities and community partners across Scotland, reflecting our commitment to involve people in decision-making and support them in realising their ambitions.

In 2020-21, we announced a new partnership with North Ayrshire Council to explore investment opportunities and support the area's regeneration in order to deliver long term, sustainable benefits to communities.

We also published our first Climate Change Action Plan, which committed us to reach zero direct emissions by 2040 and adaptation actions, and managed our move into our new Edinburgh office, ready for use when COVID-19 restrictions allow.

Our new partnership with Forth District Salmon Fishery Board will grant them new responsibilities over salmon fishing rights within their area, and an agreement with Orkney Islands Council will see communities inform

decisions on foreshore and seabed leasing.

These are two of four 'pilot projects' that will trial new ways of devolving decision-making and management. The remaining two projects – one with Shetland Islands Council and one with Western Isles Council and Galson Estate Trust – will continue to be progressed in 2021-22.

We are on track to pay the budgeted £8.1m to the public purse for 2020-21 activities and are proud to make this contribution to Scotland's public spending. Most of these funds will be redistributed to coastal local authorities.

Our last business plan, written in the early part of the COVID-19 pandemic, predicted that the virus would bring unique challenges for our tenants and the country at large – and so it has proved.

We have taken a range of steps to mitigate the impact of COVID-19, including launching a new £750,000 fund for communities and working closely with tenants who are facing particular challenges.

Our responsive partnership approach will continue throughout 2021-22 as the longer-term impacts of Brexit and COVID-19 become clearer.

### Look ahead

To deliver lasting value, our five strategic objectives for this three-year period are to:

- Support the sustainable expansion of Scotland's blue economy, focussing on marine and coastal development
- Invest in buildings and help create great places
- Promote new sustainable ways of using natural resource to produce energy, food and other products
- Involve people in how land, coastline and seabed are managed
- Use our skills and knowledge to deliver financial success and help business and communities to thrive

More detail on actions to deliver against these objectives is in the sections that follow.

## Who we are and what we do

Crown Estate Scotland manages property – including buildings, land, coastline, and seabed – on behalf of the Scottish people. Together these assets and property form the Scottish Crown Estate ('the Estate').

Ownership of the Estate lies with the Monarch and management responsibility sits with Scottish Ministers who in turn delegate to Crown Estate Scotland.

Our purpose is to invest in property, natural resources, and people to generate lasting value for Scotland.

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.

Our work supports the Scottish public sector's overall purpose of creating a more successful country, with opportunities for all of Scotland to flourish through increasing wellbeing, and sustainable and inclusive economic growth. Our 2020-23 Corporate Plan sets out how we align with the National Performance Framework and contribute to work to address the climate emergency.

Scottish Ministers' vision for the Estate is that it is 'managed sustainably, responsibly and fairly, and in a transparent and inclusive manner, to deliver financial benefits and wider and long-term social, economic and environment benefits for Scotland and its communities'.

Our strategic framework aligns with this (see Annex 1). It includes four different roles for Crown Estate Scotland as well as our values of integrity, excellence, collaboration and commercialism. The latter provide the foundation for our behaviour as an organisation and as employees and non-executives: how we deliver is as important as what we deliver.

The Estate is a unique mix of land, property and rights, with a total property value at March 2020 of £426.2m. It includes ancient rights held by The Crown (e.g. wild salmon fishing) as well acquired property (e.g. Glenlivet Estate and the ZeroFour site near Montrose).

Crown Estate Scotland manages the assets across four categories or types:

- Marine (Aquaculture; Energy & Infrastructure);
- Coastal;
- Rural Land; and
- Built Environment.

As a public corporation, our Chair and Board are appointed by Scottish Ministers. We appoint staff (who are not civil servants), and we manage our own budget. More on our governance structure is in Annex 2.

## Asset map

Credit: Esri, Garmin, GEBCO, NOAA NGDC, and other contributors.

- Energy & Infrastructure
- Rural
- Coastal
- Aquaculture
- Urban
- River Salmon Fishing

### MARINE (ENERGY & INFRASTRUCTURE)

**£230.4**

Rights to lease seabed for renewable energy generation and gas and carbon dioxide storage out to the 200-nautical mile limit

### RURAL

**£121m**

The Applegirth, Fochabers, Glenlivet and Whitehill estates cover 37,000ha (inc. agricultural, commercial and residential tenancies, 5000ha forestry, sporting and mineral rights)

Rights to fish wild salmon and sea trout in river and coastal areas, as well as rights to naturally-occurring gold & silver across most of Scotland (not shown on map).

### COASTAL

**£35.4m**

Rights to lease seabed out to the 12-nautical mile limit, plus just under half of Scotland's foreshore, for marine infrastructure

### MARINE (AQUACULTURE)

**£26.5m**

Rights to lease seabed for fish farms, plus telecommunication and electricity cables and oil & gas pipelines, out to the 12-nautical mile limit

### URBAN

**£13.0m**

Currently consists of one property in central Edinburgh with retail and office space



## Finance

Crown Estate Scotland is a self-funding body and all income, after operating costs and permissible transfers to the capital account, is payable to the Scottish Consolidated Fund and, ultimately, to the Scottish Government. Capital remains the property of the Monarch and must be reinvested in the Estate.

Capital investment and expenditure is funded from the sale of assets and other transactions (for example, payments arising from offshore wind developments achieving specific project milestones).

Our annual report & accounts can be found at [www.crownestatescotland.com](http://www.crownestatescotland.com)

We have developed our financial budgeting and reporting to align with the four Crown Estate Scotland roles as set out in our 2020-23 Corporate Plan. These are investor, enabler, asset manager and coordinator.

### Revenue

Gross revenue for 2021-22 is budgeted to be £26.1m, an increase from £21.6m for 2020-21. This is largely due to an increase in offshore wind turnover as production starts at sites<sup>1</sup>.

Income is anticipated to increase further over the coming years from revenue streams that are anticipated to be minimally impacted by either COVID-19 or Brexit.

Our work during this year is anticipated to generate an estimated £12m for the Scottish Consolidated Fund for public spending. The figure could be considerably greater depending on option fee income for ScotWind seabed lease sites.

To ensure we deliver value for money, we keep direct and indirect costs under review.

In 2019-20 we commissioned an assessment of our outsourced support. Following that work, we retendered our coastal and rural managing agents' contracts and developed a workforce plan to ensure

Best Value alongside access to the capacity and capability needed to deliver our 2020-23 Corporate Plan.

Total costs include maintenance, repairs, managing agents and other expenditure related to the property in our care, as well as the costs of running the organisation. These have increased on last year from a budgeted £11m to £12m as we continue to improve the quality of the assets and build our team.

The 2021-22 revenue budget includes:

- Rental income from offshore wind projects increasing as production matures and developers start work on new projects.
- Expenditure on rural properties to complete actions arising from the 2018-19 conditions survey. Some of these have been postponed from 2020-21 due to COVID-19.
- Running costs that reflect the move to our new Edinburgh hub following the end of the lease at our old office.
- £1.9m for enabling activities, some joint-funded with Scottish Government, designed to further sustainable development. These include support for Regional Marine Planning Partnerships and increased funds available through our Sustainable Communities Fund.
- Creating a number of new jobs as we focus more on local and regional engagement and sustainable development of Scotland's marine-based sectors and industries. Several new roles will be based outside Edinburgh.

**Table 1: 2021-22 costs and net revenue (£m)**

	2021-22
Gross revenue	26.1
Direct costs	5.9
Indirect costs	6.2
Statutory transfers to capital	2.0
Net revenue (paid to Scottish Government)	12.0

<sup>1</sup> This figure does not include uncertain option fees for seabed leases for Energy & Infrastructure and other marine activities.

## Capital

Managing capital is critical to the short and long-term success of Crown Estate Scotland.

Capital receipts are retained as part of the Scottish Crown Estate and we have a statutory duty to maintain and seek to enhance capital value as well as deliver broader economic, social, and environmental value.

To achieve this, we must ensure that we have funds to maintain properties and to invest in assets and activity that generate income. This reinvestment includes staff costs for roles which are specifically focused on growing longer-term portfolio value.

Capital expenditure covers essential expenditure on farming units, rural and coastal infrastructure, research related to CCUS (carbon capture, utilisation & storage) and offshore renewables, alongside furthering development opportunities across our portfolio.

Receipts relate not only to property sales but also to other types of capital transactions such as the sale of rights (for example, dredging). Receipts may also arise from offshore wind projects reaching certain milestones and from property sales.

This year, Crown Estate Scotland has allocated up to £20.8m for capital investment covering acquisitions as well as other expenditure. Receipts are expected to total £10.2m, giving a net capital investment of £10.6m.

This budget reflects current market intelligence. There are uncertainties relating to the impact of COVID-19 and Brexit on the property market, tenants, and potential investors.

The capital budget for 2021-22 includes:

- Potential new acquisitions that align with our investment strategy.
- Staff costs relating to offshore renewables and property development.

- Development costs relating to sites such as Whitehill Estate in Midlothian and Zero4 near Montrose.
- £4.6m expenditure on the four rural estates covering:
  - Forestry costs including replanting and identified fencing works;
  - Capital improvements for rural properties following the conditions survey; and
  - Ongoing expenditure on farm buildings, infrastructure, roads and bridges, and work to ensure water supplies and electricity wiring meet required standards.
- In 2021-22 we will launch three capital 'challenge funds' of £3m each. These are designed to support investment opportunities in boat-based tourism, natural resources, and local partnerships.

**Table 2: 2021-22 capital receipts and expenditure (£m).<sup>2</sup>**

<b>Receipts</b>	
Buildings & Places	1.4
Rural land	0.7
Coastal	0.3
Marine (Energy & Infrastructure; Aquaculture)	7.8
	<b>10.2</b>
<b>Expenditure</b>	
Buildings & Places	(0.8)
Rural land	(7.2)
Coastal	(0.2)
Marine (Energy & Infrastructure; Aquaculture)	(11.5)
Capitalised salaries	(1.1)
	<b>(20.8)</b>
<b>Net*</b>	<b>(10.6)</b>

\*Figures have been rounded

<sup>2</sup> NB. These figures were devised pre-COVID-19 and therefore are subject to revision as impacts become clearer.

## What we will deliver

In the sections below we set out the actions and milestones relating to key activity. These all have a March 2022 delivery date unless stated otherwise.

A lot of day-to-day operational activity is not captured here but forms a key part of ensuring Crown Estate Scotland operates effectively and efficiently.

### 1. Corporate plan objective: Support the sustainable expansion of Scotland's blue economy, focusing on marine and coastal development

ACTION NO.	ACTION	MILESTONE
1	<p>Play a key role in supporting Scottish Government in the development and implementation of their Blue Economy Action Plan.</p> <p>Advance opportunities for investment in ports to help unlock the potential of the 'Blue Economy', including in offshore renewables</p>	<p>Crown Estate Scotland input into work of Blue Economy Action Plan Steering Group delivered.</p> <p>Opportunities identified and recommendations presented to Investment Committee.</p> <p>(Further milestones relating to blue economy are in the sections that follow below.)</p>

### Energy & Infrastructure

ACTION NO.	ACTION	MILESTONE
2	Implement seabed agreements for offshore wind schemes as they progress through development and towards operation.	Lease agreements for current pipeline of offshore wind projects in place.
3	Progress the first round of ScotWind Leasing in alignment with Scottish Government's Sectoral Marine Plan for Offshore Wind	Application bidding window closed in the ScotWind leasing process.
4	Progress both innovation and targeted oil & gas offshore wind leasing to support the energy transition	<p>Process to facilitate offshore wind supporting North Sea transition developed with partners and published.</p> <p>Process to make seabed available for small scale innovation projects developed.</p>
5	Deliver programme of work to help maximise and enable the full potential of offshore wind in Scotland (for example, through exploring ports and harbour investment opportunities, enabling environmental studies, activity to address barriers to floating wind development (e.g. grid), O&G electrification and green hydrogen, engagement with stakeholders on key policy issues and involvement with Scottish Offshore Wind Energy Council (SOWEC) and the UK-wide Offshore Wind Evidence and Change (OWEC) Programme.)	<p>Activity delivered including:</p> <ul style="list-style-type: none"> <li>• Project management support for SOWEC;</li> <li>• Further funding for targeted Scottish Offshore Wind Energy Council (SOWEC) projects;</li> <li>• Starting two new studies focussed on enabling offshore wind; and</li> <li>• Inputting into key partner projects and programmes such as BEIS 'Offshore Transmission Network Review', the Offshore Wind Evidence and Change (OWEC) Programme, and ScotMER research projects.</li> </ul>
6	Support emerging industries (for example, CCUS, wave & tidal, energy systems, data connectivity), through both access to the seabed and enabling activity, working with industry and public sector partners as appropriate.	<ul style="list-style-type: none"> <li>• Support for NECCUS project and development of industrial cluster decarbonisation roadmap delivered.</li> <li>• Review of strategic outlook for CCUS complete, working with the Oil &amp; Gas Authority (OGA), The Crown Estate and Scottish Government.</li> <li>• Input into ministerial group on wave &amp; tidal (W&amp;T) deployment pathways and Scottish Net Zero Decarbonisation Roadmap delivered.</li> <li>• Visibility of telecoms cables sector study scoped.</li> </ul>



## Aquaculture

ACTION NO.	ACTION	MILESTONE
7	Complete our review of aquaculture leasing to promote optimisation, sustainable growth and sharing of benefits.	Engage with industry and finalise reviewed in advance of implementation in early 2023. Relevant recommendations finalised following engagement with industry and government (to be implemented in January 2022).
8	Contribute to R&D on sustainable finfish production and further development of shellfish and seaweed cultivation industries in Scotland.	Studies completed covering shellfish markets, restorative aquaculture opportunities, and aquaculture and capture fisheries interactions. Collaborative projects with Marine Scotland on sea-lice (spatial framework modelling and dispersal modelling) progressed..
9	Use new knowledge database to help inform pre-application consultation and development prospects with and by developers.	Database insights analysis projects on production / revenue, area following management, and mortality / stocking density complete.

## Coastal

ACTION NO.	ACTION	MILESTONE
10	Support Portgordon community aspirations to manage local land and property.	Memorandum of Understanding implementation on track, including agreed Terms of Reference for harbour management advisory group.
11	Implement the second round of the Sustainable Communities Fund, taking into account learnings from the first.	Fund launched in summer 2021.
12	Assess and develop investment projects resulting from the launch of the Boat Based Tourism Challenge Fund.	First stage application assessment completed and successful projects progressed to development of full business cases.
13	Review charges for coastal mooring fees.	Review complete and implementation started.
14	Deliver on our Memorandum of Understanding with North Ayrshire Council.	Potential investment and partnership opportunities identified and agreed recommendations progressed.
15	Streamline administration relating to the large number of low value agreements.	Revised protocol / charging regime launched.

## 2. Invest in buildings and help create great places

ACTION NO.	ACTION	MILESTONE
16	Complete development of the masterplan and deliver plan for the Montrose Zero4 and progress appropriate consents.	Plan and framework in place.
17	Progress Development Framework and submit proposed land allocations to the Midlothian Local Development Plan (subject to MLC timescales)	At least two projects in progress.
18	Explore opportunities to develop existing local development plan allocations in Rosewell and across the wider Whitehill Estate	Consultation complete.
19	Progress the Mosstodloch (Fochabers) masterplan in partnership with Moray Council	Master planning exercise initiated.
20	Complete options appraisal for George St, Edinburgh, property and agree future direction	Management processes in place, giving clarity to partners and ensuring effective coordination.
21	Complete options appraisal for Ordiquish site at Fochabers and advance selected option	Three new agreements in place.
22	Invest in our rural estates to make improvements to homes, buildings and infrastructure including: <ul style="list-style-type: none"> <li>• Complete works identified in the Rural Condition Survey</li> <li>• Farm infrastructure revenue and capital work projects in line with investment strategy</li> </ul>	Programme of condition survey works complete.
23	Implement actions from 2020-21 review of energy efficiency status in directly-let residential properties.	Identified projects approved and work started.
24	Identify priority locations to participate in regeneration partnerships, particularly where coastal regeneration is a key objective, and explore associated investment or enabling opportunities	Partnerships identified and recommendations on investment / enabling opportunities made.
25	Identify opportunities for acquisition of strategic development land.	Proposals for potential purchases developed and submitted to Investment Committee.

## 3. Promote new ways of using natural resources to produce energy, food and other products

ACTION NO.	ACTION	MILESTONE
26	Identify a further reletting opportunity for a farming new entrant across the estates	Reletting opportunity identified.
27	Complete next stage of peatland restoration schemes at Feith Mussach on the Glenlivet Estate.	Plans and recommendations agreed and initiated.
28	Build on work to date on terrestrial Natural Capital and identify potential follow-on projects	Options paper with recommendations for future work complete.
29	Review existing marine biodiversity and marine Natural Capital initiatives and work with partners to scope potential projects	Options paper with recommendations for future work complete.
30	Continue to support the establishment of the Scottish Marine Environmental Enhancement Fund	Fund launched and receiving applications
31	Advance research on wild salmon	Funding provided for Marine Scotland's research into wild salmon genetics.
32	Complete development of land use plan for the Glenlivet Estate	Project Board in place and draft plan completed.
33	Work with farm tenants & industry / third sector to identify carbon reduction opportunities which can be piloted with tenants.	One pilot project identified and under development.
34	Complete carbon audit for in-hand Glenlivet Estate operations and develop action plan	Draft report with recommendations received.
35	Identify investment opportunities for renewables across rural estates	Initial assessment of opportunities complete, pending outcomes and recommendations from carbon audit.

ACTION NO.	ACTION	MILESTONE
36	Progress first phase of farm capital release programme and follow up responses to identify potential transactions to meet investment strategy targets	Sales mechanism / protocol agreed with stakeholders. Implementation of first phase underway.
37	Assess and develop investment projects resulting from the launch of the Innovation with Natural Resources Challenge Fund	Innovation with Natural Resources Challenge Fund launched and applications assessed according to published timeframes.
38	Encourage farm tenants to pursue woodland creation on farms	New initiative developed and launched.

## 4. Involve people in how land, coastline and seabed are managed

ACTION NO.	ACTION	MILESTONE
39	Progress local management pilots.	Agreements signed or alternative approach agreed with partner organisation. Project set-up and / or operations delivered according to pilot plans Monitoring & evaluation recorded in line with framework
40	Create forum for children and young people to inform our work.	Children and Young People's advisory group established.
41	Complete development of our approach to community engagement, including implementation of our new communications and engagement strategy and recruitment of regional engagement officers.	Internal guidance in place. Overview of our approach / commitment published. Regional Engagement Managers for Highlands & Islands and Moray / NE Scotland recruited.
42	Assess and develop investment projects resulting from the launch of the Local Partnerships Challenge Fund.	Local Partnerships Challenge Fund launched and applications assessed according to published timeframes.
43	Tackle marine litter.	Support for schemes delivered with focus on 'citizen science' and children and young people.
44	Support Regional Marine Planning Partnerships.	Funding provided to support roll-out Participation in RMPP provided as appropriate.

## 5. Use our skills and knowledge to deliver financial success and help business and communities to thrive

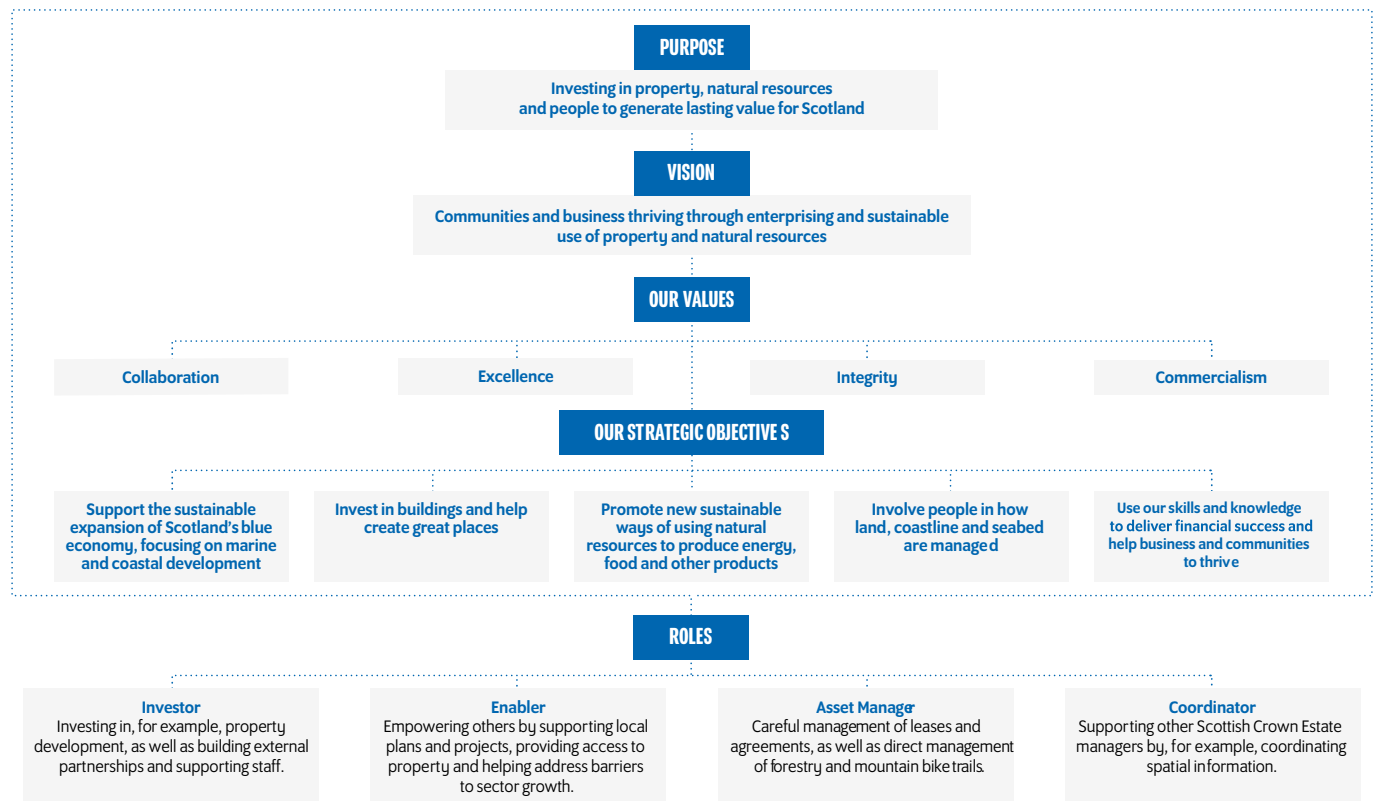
ACTION NO.	ACTION	MILESTONE
45	Start to implement our Climate Change Action Plan.	Formal emissions reporting established and reporting submitted to Scottish Government. Green office and travel plans / policies developed with staff.
46	Work with partners to contribute to COP26, helping to showcase Scotland's climate change leadership.	Second round of Sustainable Communities Fund launched with focus on projects that contribute to net zero targets. Glasgow-focused environmental event with third sector partner delivered.
47	Build and develop our workforce across Scotland.	Workforce plan delivery on track, with new colleagues in post. Full competency framework in place with refreshed learning and development policy.
48	Review our Less than Market Value policy and guidance to help people and organisations to use the assets to deliver wider value; and work with Scottish Government as Scottish Ministers prepare for transfers and delegations.	Review conducted; support on transfer and delegations provided.
49	Contribute to Scottish Government land registration targets.	Conflicts relating to Crown Estate Scotland-managed foreshore resolved. Registration of a rural estate complete.
50	New managing agents' working arrangements embedded, with refreshed KPIs.	Transition plan completed. Quarterly monitoring of KPIs and service levels in place.

**Crown Estate Scotland  
2021-22 Business Plan**

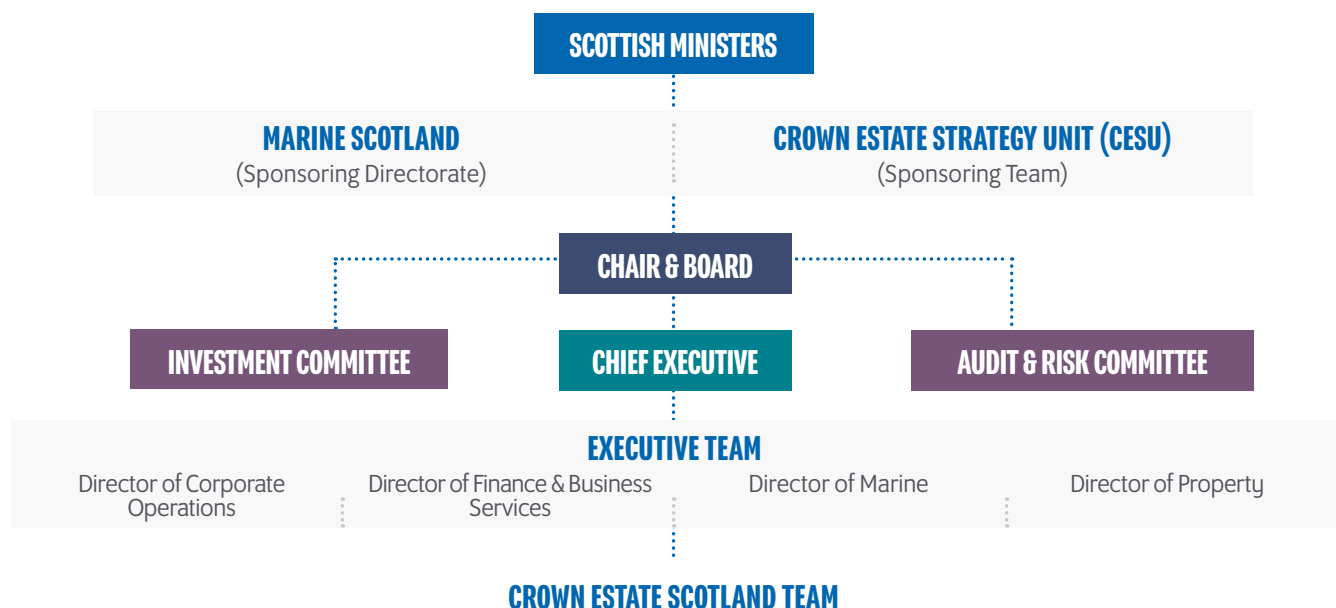
<b>ACTION NO.</b>	<b>ACTION</b>	<b>MILESTONE</b>
<b>51</b>	Implement additional cyber security and information governance controls.	Internal and external penetration test by CREST certified expert complete. New security event and information management and network monitoring service deployed. 75% of SG cyber resilience framework at the “target” level (self-assessment).
<b>52</b>	Enable industry and public access and use of core GIS datasets of our activities.	Open data GIS platform developed and in place.
<b>53</b>	Meet employer COVID-19 health & safety requirements.	Requirements met.
<b>54</b>	Gather feedback and build evidence-base to inform 2023-26 Corporate Plan.	Stakeholder research and staff engagement conducted.  Asset profiles mapping current and potential financial, social, environmental, and economic value of the Scottish Crown Estate published and analysed.
<b>55</b>	Take steps to ensure ongoing Board effectiveness.	Succession planning carried out and two new Board members onboarded.
<b>56</b>	Develop digital communications plan to ensure we are communicating in an accessible and cost-effective way.	Plan developed and implementation started.
<b>57</b>	Strengthen our approach to equality, diversity and inclusion in relation to both our employees and our external stakeholders.	Diversity and inclusion plan in place and implementation started.

## Annexes

### Annex 1: Strategic Framework



### Annex 2: Governance structure







## Head Office

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