



## 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

We invest in farming businesses, working with our tenants to improve productivity and environmental quality. We support tenant farmers (with tenancies totalling approximately 30,790 hectares) to strengthen, grow and diversify their businesses and to support and maintain various assets and infrastructure. Our success relies on partnership working and a strong landlord tenant relationship. As a significant public provider of tenancies it is through this partnership that we most effectively deliver value to the natural environment and to rural communities in Scotland.

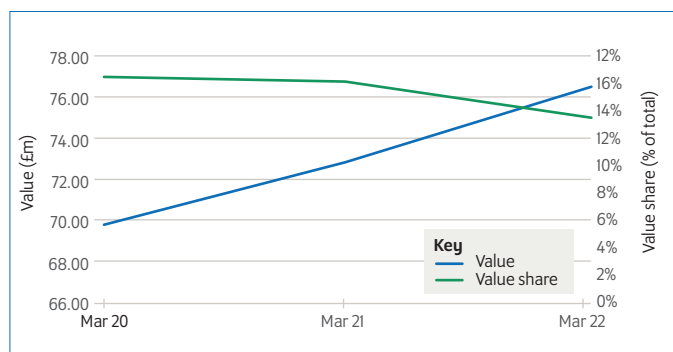
### Asset information

No of agreements	237
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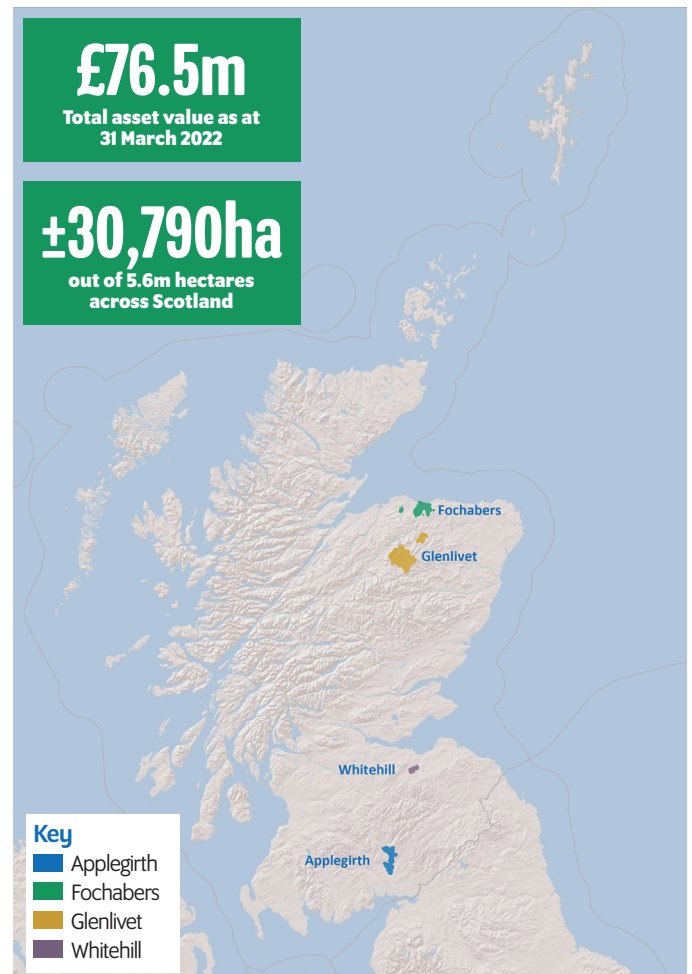
### Financial information

Value (March 2022)	£76.5m
Value share (% of total Estate value, March 2022)	£13.5

### Farming – change in value and value share over time

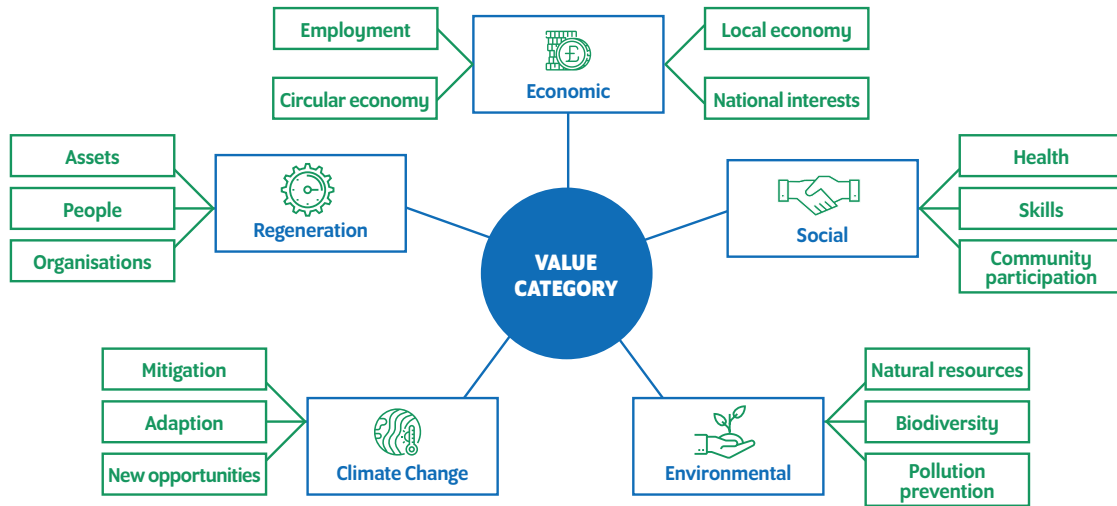


## Farming asset map



Map correct as at November 2022. Under the Open Government Licence, we give free access to our open datasets and map which can be found on our [Spatial Data Hub](#) which gives access to view and download spatial data, PDF maps for download, and our [interactive 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

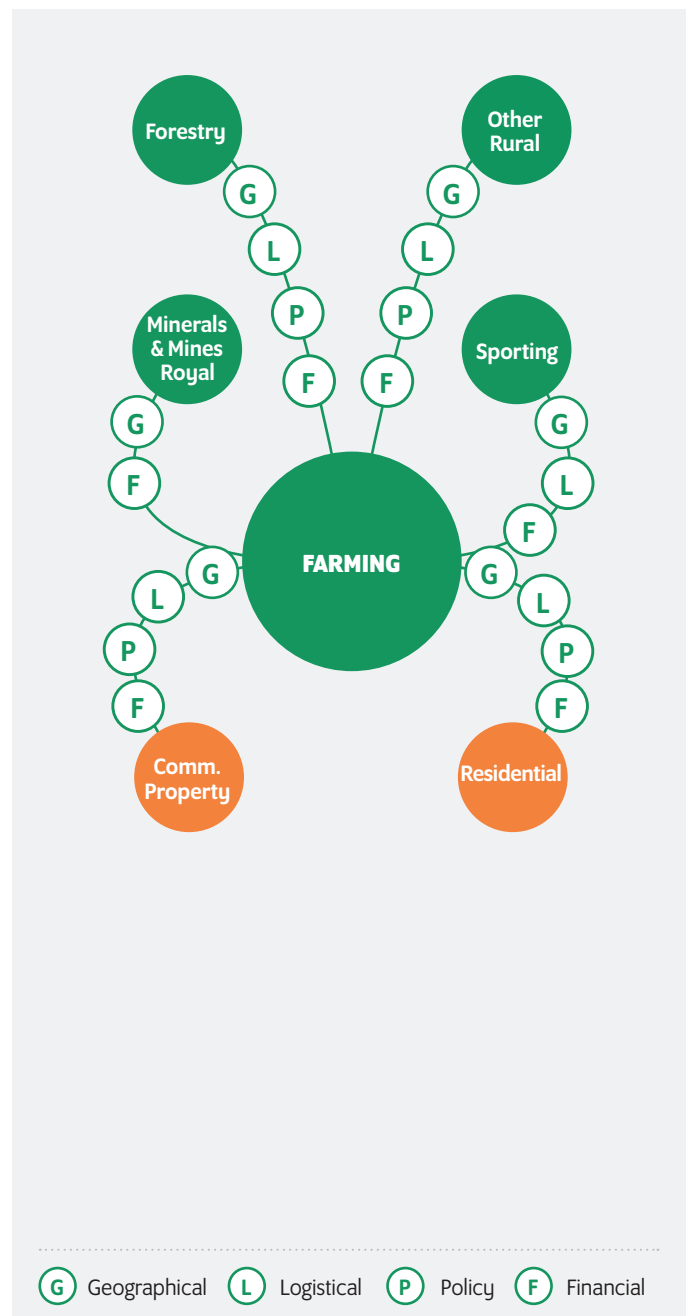
##### Climate change

- 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 farming, key areas identified with potential increased wider value include:

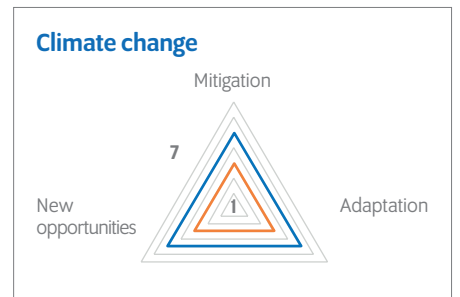
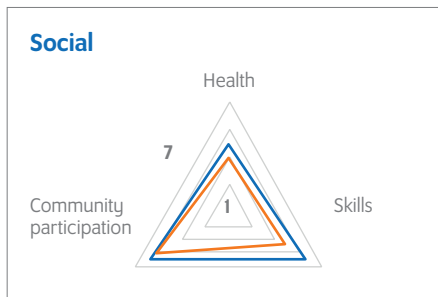
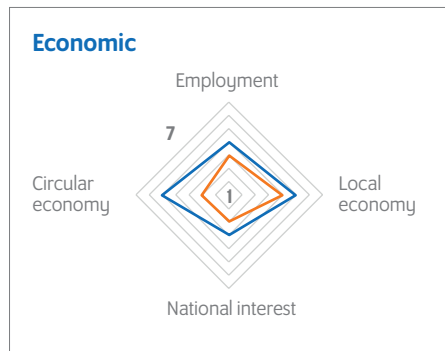
- **Economic** – Opportunities associated with diversification into agri-forestry and ancillary businesses as well as new markets emerging from changing consumer demand.
- **Environment** – Opportunities associated with improving soil quality; reducing diffuse pollution and managing water quality; and improving biodiversity.

### Opportunities

- Increased efficiency through greater participation in R&D;
- Strengthening biodiversity;
- Heightened demand for new, expanded produce from vegan / vegetarian market;
- Providing opportunities for new entrants and the next generation of farmers on our land;
- Premium for high quality, locally produced food;
- Diversification into agri-forestry provides new income streams and climate change benefits; and
- Diversification into small-scale renewables and ancillary farm businesses.

### Threats

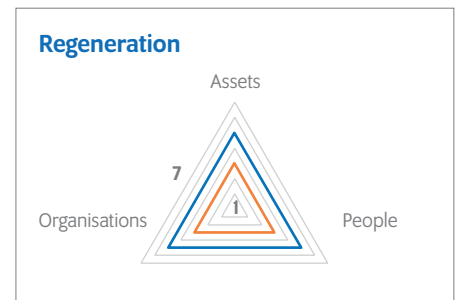
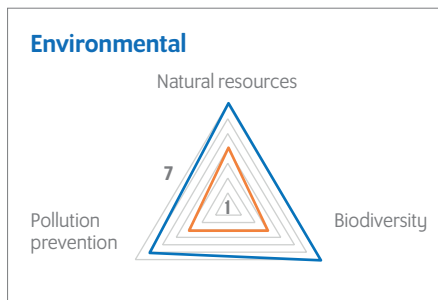
- Greenhouse gas emissions from agriculture;
- Vegan / vegetarian diets rise; meat, dairy demand falls;
- Climate change impacts on livestock and arable farming e.g. water shortages and increased disease risk;
- Ageing population of farmers;
- Impact of Brexit, government agricultural support uncertainties and future trade deals; and
- Cost of living inflationary increases and geopolitical issues are affecting supply chains, and costs associated with fertilisers, fuel and other inputs.



**Key**  
— Potential      — Current

**Assessment key**

1. Damaging	5. Very Good
2. Poor	6. Matching Best Practice
3. Fair	7. Setting New Best Practice
4. Good	



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.

#### 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 farming, some examples of our activities include:

#### Investor

- Annual investment of around £2-3m in farm infrastructure e.g. new buildings, silage pits and improvements to existing buildings.

#### Asset manager

- Requiring new tenants to submit a business plan setting out the wider benefits that they will deliver especially in terms of sustainability and community benefits.
- Providing funding for tenants to undertake a business audit to include an assessment of financial and environmental viability.
- Crown Estate Scotland offered farmers on secure tenancies across two pilot areas - on the Applegirth Estate in Dumfries & Galloway, and the area around Auchindoun in Moray – the opportunity to buy the holdings which they currently lease.

#### Enabler

- Farm management specialists from our agents are meeting with farm tenants individually to discuss their business and identify any opportunities for us to support them in taking forward new sustainable agriculture initiatives.
- Working with Moredun Research Institute to improve control of livestock diseases affecting cattle and sheep and demonstrate how different business decisions might affect the environment, thus helping to support more sustainable decision making.

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.

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

Financial info as of March 2022, other information as of October 2022. Some figures in this profile have been rounded.

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