Crown Estate Scotland
Oighreachd a' Chrùin Alba

2017-18 Highlights

Introduction

Crown Estate Scotland started operating on 1 April 2017. As an interim body, we are tasked with managing the assets – which together comprise the Scottish Crown Estate – until new legislation implementing long-term arrangements comes into force.

These assets stretch the length and breadth of Scotland. The seabed, 620 square kilometres of foreshore (just under half of Scotland's total), rural land, commercial property and the rights to wild salmon fishing and naturally-occurring gold and silver: the estate is a unique mix of land, property and rights. How we manage it impacts thousands of businesses, communities and organisations – as well as the wider Scottish economy and environment.

In our first annual report we have outlined what we delivered in our first year of operation - and look ahead to the opportunities and challenges that we will work on with partners and tenants in 2018-19 and beyond.

Our vision, goals and values

VISION

Innovating with land and property to create prosperity for Scotland and its communities

GOALS

Enhance and develop natural resources through sustainable investment and management

Grow Scotland's low carbon economy through leadership and innovation

Build social capital in communities through strong networks and partnerships

VALUES

Collaboration   **Excellence**   **Integrity**   **Commercialism**

Map & assets

MARINE
£151.5m
FAIR VALUE

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

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

RURAL
£123.9m
FAIR VALUE

The Glenlivet, Whitehill, Fochabers and Applegirth 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
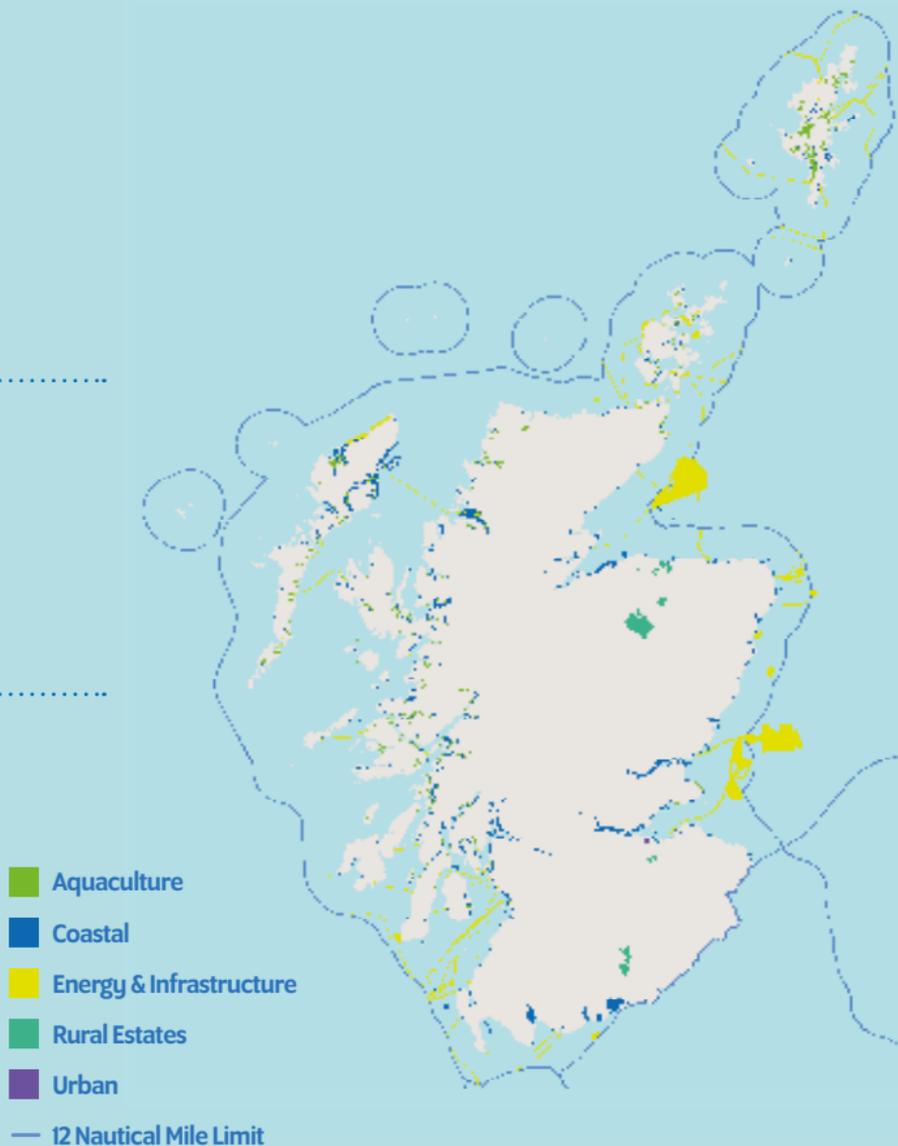
COASTAL
£32.5m
FAIR VALUE

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

URBAN
£16.7m
FAIR VALUE

A property in central Edinburgh with retail and office space

Aquaculture

Coastal

Energy & Infrastructure

Rural Estates

Urban

— **12 Nautical Mile Limit**

Not all assets and activities are shown.
For a comprehensive map see www.crownestatescotland.com

Property value as at 31 March 2018, assessed by independent valuers. Figures have been rounded.
Aquaculture is £27m and Energy & Infrastructure (offshore renewables, cables & pipelines) is £124.5m.

Overview of 2017-18 financial performance

We began operating as a self-funding public corporation in April 2017 and, without any funding in place, we were required to immediately generate income. The first year of operation has been characterised by careful financial management to meet targets and manage cashflow.

Returning £9m to Scottish Government (over £3m ahead of budget) and having net capital funds in the bank at the year end demonstrates the success of this approach, the result of a 'one team' effort by staff, managing agents and other partners and suppliers.

The assets remain the property of the Monarch. We maintain a strict separation between revenue and capital accounts with transfers only permitted under certain circumstances or as defined within legislation.

£9m to Scottish Government

£3m over target

£2.2m capital invested in rural estates
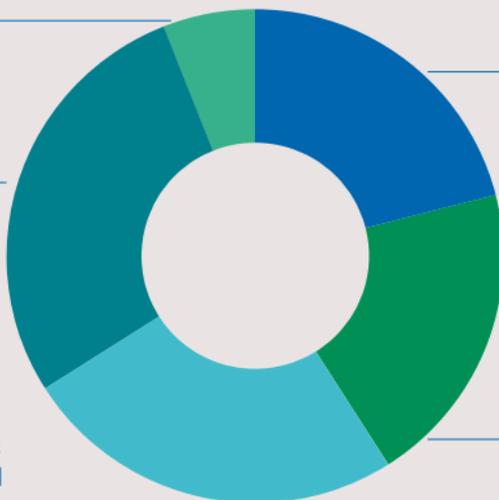
GROSS REVENUE BY OPERATING DIVISION £M

Urban 0.9

Rural 3.5

Marine
(Aquaculture) 4.6

Coastal 3.3

Marine (Energy &
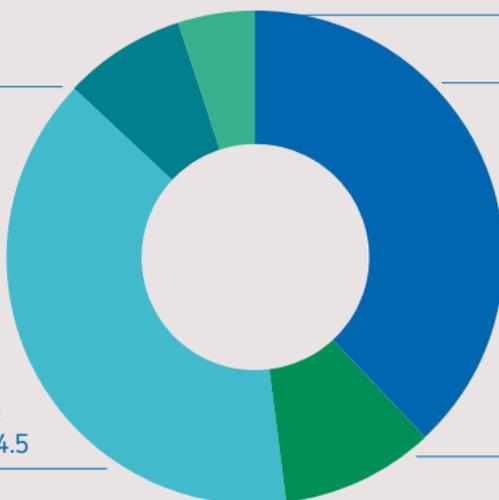Infrastructure) 4.1

PROPERTY VALUATION BY ASSET £M

Urban 16.7

Rural 123.9

Marine
(Aquaculture) 27

Coastal 32.5

Marine (Energy &
Infrastructure) 124.5

WHAT WE SAID WE WOULD DO

Prepare the organisation to respond to Scottish Ministers' long-term objectives for the management of the estate

WHAT WE DID

- Developed and consulted on our Local Asset Management Pilots Scheme which enables community bodies and local authorities to manage Scottish Crown Estate land and property

- Started to develop a framework to assess the wider benefits and value that the Scottish Crown Estate assets deliver for Scotland, including a trial of the Natural Capital Protocol

- Developed the design of a proposed new offshore wind leasing round, with input from industry, government and non-governmental organisations (NGOs)

- Started working towards voluntary land registration to promote transparency, scoping the requirements and setting a 2018-19 target of registering 25% of the rural and coastal assets

WHAT WE DID

- Generated total turnover of £16.4m (against budget of £14.7m) reflecting a particularly strong year for aquaculture, with higher than anticipated finfish production – related rental income

- Exceeded revenue profit target by over £3m, with a £9m contribution to Scottish Government to benefit public finances

- Introduced measures to deliver efficiencies and savings including a new procurement policy, re-tendering of professional services and effective contract management

- Continued to invest in staff development and technology to ensure we benefit from new tools and techniques in areas such as digital communications, procurement, cyber resilience and data management

WHAT WE SAID WE WOULD DO

Establish recognition of Crown Estate Scotland by continuing to build strong partnerships with customers and stakeholders, and by changing how we engage with communities and coastal local authorities

WHAT WE DID

- Carried out engagement, communication and partnership working to raise awareness and understanding of our role. This covered a wide-range of activity including Board visits across Scotland, a Parliamentary reception, and supporting a number of community, education and environmental projects

- Embedded our new core value of collaboration in day-to-day operations with a particular focus on working as part of the public sector's 'Team Scotland'

- Conducted independent research with tenants and stakeholders. Results show very high awareness and a good level of knowledge of Crown Estate Scotland. Used these results and other feedback to develop our Engagement Charter

WHAT WE SAID WE WOULD DO

Identify and sell assets to raise up to £10m that can then be reinvested with the aim of creating a more balanced property portfolio

WHAT WE DID

- Raised £10.1 million in capital receipts, with a net balance (before transfers from revenue) of £7m. This includes:
  - The sale of one farm
  - The final instalment of a capital receipt for sale of land
  - The sale of land across two sites for commercial/industrial developments
  - The sale of cottages at Fochabers & Stirling
  - £1m received from offshore wind tenants
  - Capital dredging income and sales of foreshore and nearshore seabed

- Invested £3.2m expenditure covering
  - Strategic research and studies
  - Staff costs where the roles are focused on growing the value of the estate
  - £2.2m in agricultural fixed equipment, tenancy restructures, infrastructure and forestry

Contact us

Our Annual Report and Accounts to March 31 2018 is at
www.crownestatescotland.com/maps-and-publications
and a list of contacts including managing agents is at
www.crownestatescotland.com/contact-us

Head Office

6 Bells Brae
Edinburgh
EH4 3BJ

Tel. 0131 260 6070
enquiries@crownestatescotland.com

Glenlivet

Main Street
Tomintoul
Banffshire
AB37 9EX

Tel: 01479 870 070
glenlivetestate@crownestatescotland.com

@CrownEstateScot

www.crownestatescotland.com
www.glenlivetestate.co.uk