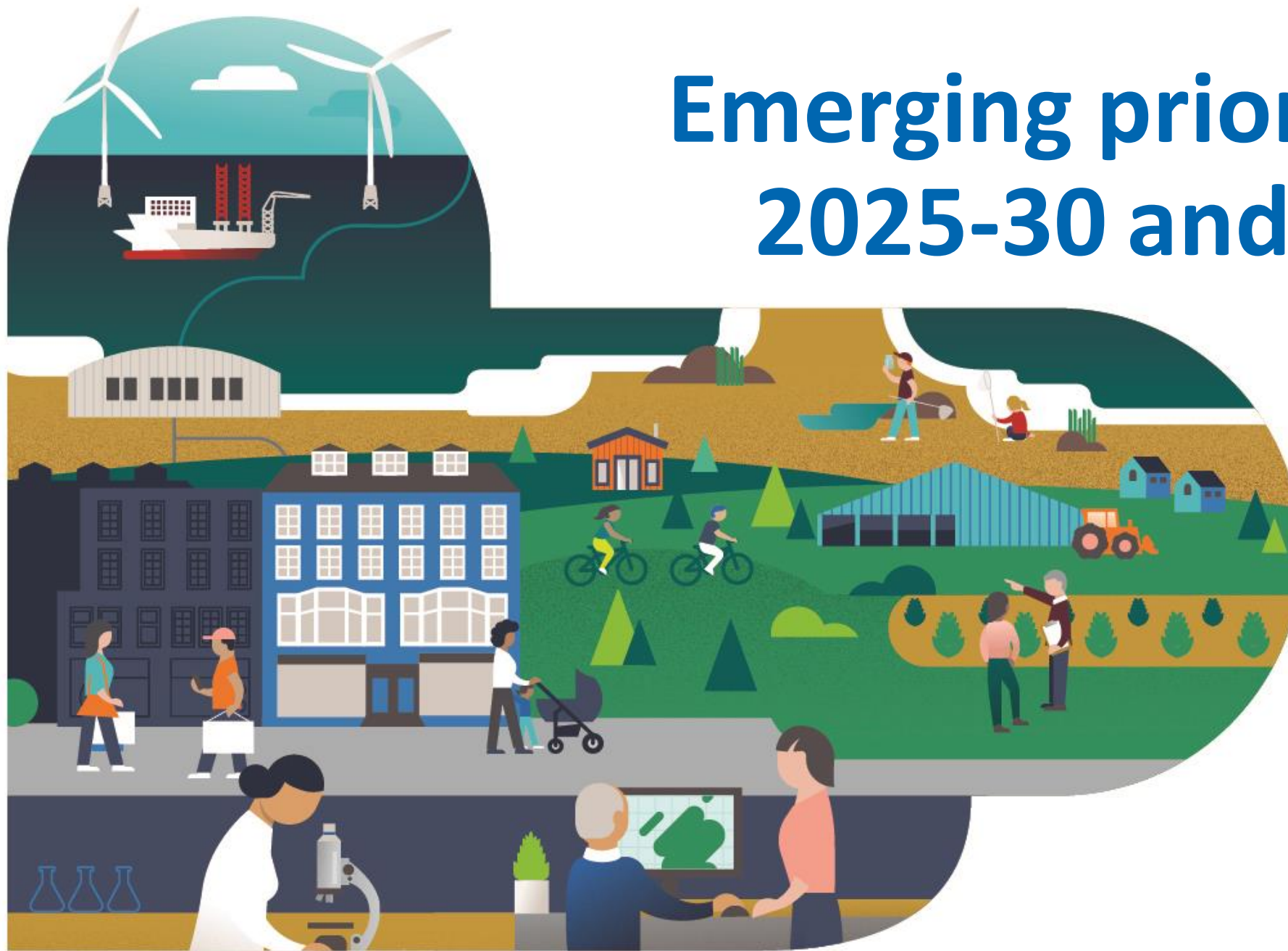


# Emerging priorities for 2025-30 and beyond



# Foreword

We're both hugely proud of what Crown Estate Scotland has delivered since being established in 2017. Our work to manage and invest in the Estate is delivering in offshore wind, farming, tourism, community and environmental initiatives, as well as generating revenue for public spending that benefits people across Scotland.

We're now planning how we can deliver even more for Scotland from 2025 to 2030 and beyond.

To inform that planning, over the last two years we've asked a wide range of stakeholders what they think the biggest opportunities and challenges are for us. This document reflects that research and debate, setting out the emerging themes that will help form the basis of our 2025-30 Corporate Plan ('the plan') including a long-term vision for the organisation out to 2050.

We're now inviting feedback in advance of preparing a draft plan for consultation in 2024.

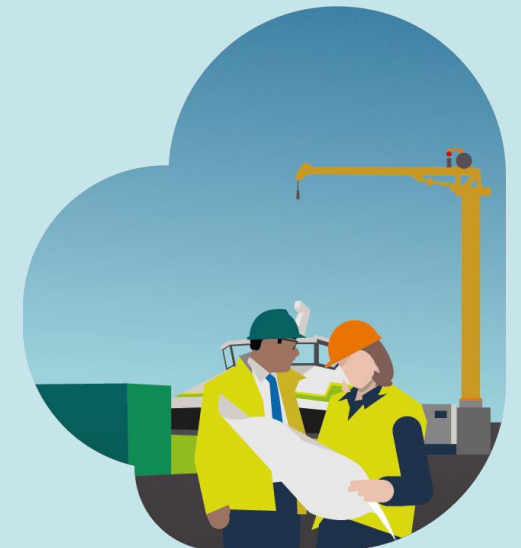
Other work underway to prepare for the plan includes developing

- a 10+ Year Portfolio Model
- an approach to how we develop our team, our tenant service, and our organisation
- a new performance framework encompassing KPIs and targets
- an investment and growth strategy

Please email [corporate@crownestatescotland.com](mailto:corporate@crownestatescotland.com) to access our short survey.

Thank you.

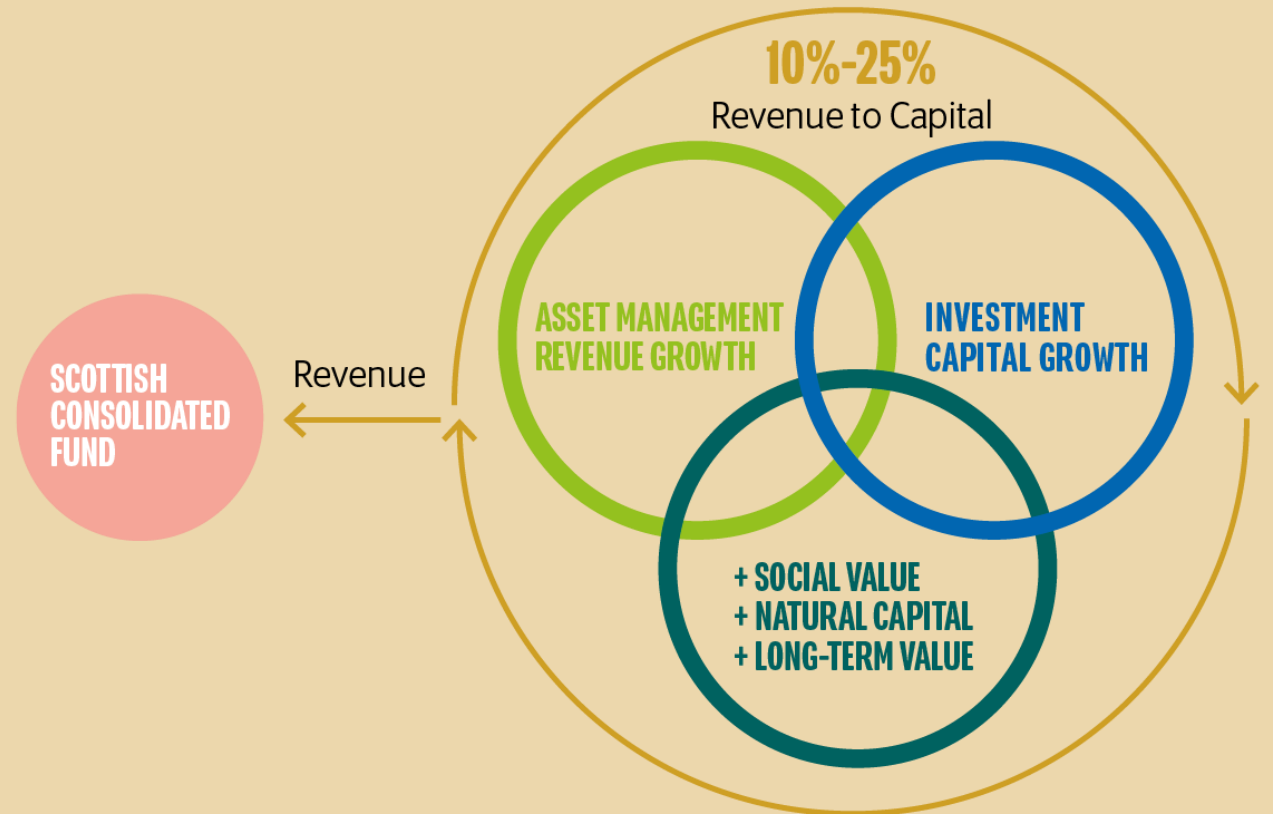
**Euan McVicar (Chair) & Ronan O'Hara (Chief Executive)**



# Purpose: Investing in property, natural resources and people to create lasting value for Scotland

## Features

- Unique legal framework
- Self-financing
- Commercial
- Active investment
- Active asset management
- Creating financial + non-financial value
- Serving current + future generations
- Working in partnership
- £multi-million contribution to SCF



# What we can and cannot do

## We must

- maintain and seek to enhance value of and income from the Estate
- maintain the Estate as an “estate in land”
- obtain market value when we transact\*
- manage the Estate in a way that promotes / supports / improves sustainable development, economic development, regeneration, social wellbeing, environmental wellbeing.
- have due regard to Scottish Ministers’ plans and policy objectives and the Scottish Public Finance Manual

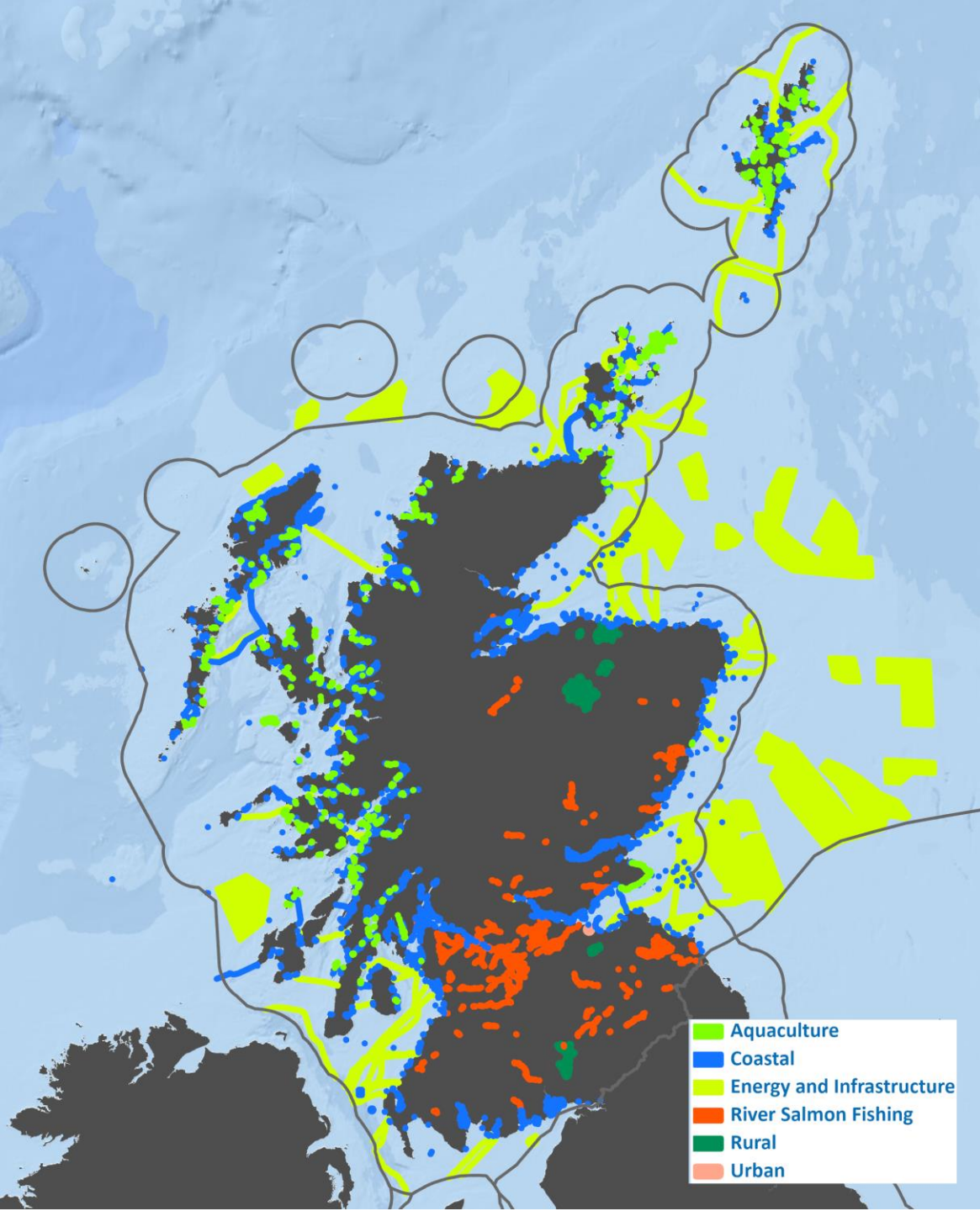
## We cannot

- run a business or invest in the stock market
- invest in assets which do not form part of the Scottish Crown Estate
- sell seabed without Scottish Ministers’ consent

\* Except when Section 11(2) of the Scottish Crown Estate (2019) Act applies



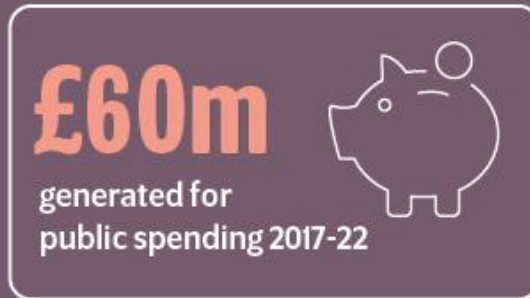




# The Estate

- Seabed out to 12 nautical miles (nm), rights to renewable energy and gas storage up to 200nm
- Four rural estates (forestry, farming, residential)
- Commercial property
- Naturally-occurring gold & silver
- Salmon fishing rights
- Just under half of foreshore
- Assets valued at £653m (March 2023).
- Increasing % income is volatile (production-based)
- 4000 agreements and over 2000 tenants

# A few facts and figures



ha – hectare GW – gigawatt

# Our roles



## Asset manager

Asset management across 4000 agreements forms the bulk of our work. It involves commercial, financial, data & IT specialists as well as specialist asset teams, managing agents and legal advisors.

**Maintain & Optimise**



## Investor

Investing in, for example, property development to enhance value. This includes essential capital expenditure to meet health & safety and other standards (e.g. energy efficiency), much of which does not generate financial returns.

**Develop & Grow**



## Enabler

Empowering others by supporting local plans and projects; funding development roles with partner organisations; breaking down barriers to sector growth, and providing grants to support sustainable development.

**Unlock & Catalyse**

# Proposed principles

## Across our corporate plan activity, we will

- deliver on **our statutory duty** to maintain and seek to enhance the value of and income from the Scottish Crown Estate in a way that promotes sustainable development
- **align with Scottish Ministers' policy priorities** and plans
- **innovate** to support a just transition to climate- and nature-friendly practices
- strive to provide the highest **quality of service**
- take a **risk-based approach** to deploying resources, particularly in relation to health & safety
- take a **plan-led approach** to leasing to align with local priorities and impact assessments
- embed **diversity & inclusion** internally and in how we manage the Estate
- be **open and transparent** (while respecting commercial confidentiality)
- take **evidence-based** decisions





# 2025-30 and beyond

Over the following slides we outline challenges, opportunities and potential activity related to

- The Scottish Crown Estate
- Aquaculture and energy & infrastructure (marine assets)
- Land, buildings & place (terrestrial assets)
- Crown Estate Scotland as a public corporation

## Emerging themes include:

- long-term **sustainable stewardship** of the Estate and the business
- new **market opportunities**
- **community** including wealth-building
- protecting **climate**
- restoring **nature**



# 2025-30 and beyond – emerging themes

1. **Sustainable stewardship of the Estate and the business to deliver wider value for Scotland** – delivering on statutory duties; ensuring assets are in the right condition; developing data-led risk-based approach; health & safety; delivering quality tenant service; di/investment strategy; organisational resilience.
2. **New market opportunities** – offshore renewables, hydrogen, enabling cables & pipelines, decommissioning, seaweed & shellfish, sustainable farming, investing in energy ports to unlock supply chain benefits.
3. **Community** including wealth-building – place-based built environment & regeneration; sustainable development grants; enhancing community involvement in land e.g Community Land Accelerator; local energy systems; innovative aquaculture agreements.
4. **Protecting climate** – offshore renewables; CCS leasing; identifying adaptation & decarbonisation opportunities.
5. **Restoring nature** – building our role in biodiversity; community-led marine natural capital initiatives; land-based skills & education; developing policy & approach to marine natural capital asset management, validation and assessment.

# Forward look: a challenging operating environment

- There are various challenges facing Scotland's key sectors (offshore renewables, farming and aquaculture, built environment etc).
- These in turn impact how we manage the Estate and the financial and non-financial benefits we deliver for Scotland.
- The following slides cover potential Estate-wide activity as well as opportunities and potential activity related to specific assets and sectors.



A word cloud of challenges is presented within a light pink speech bubble. The words are arranged in a circular pattern and vary in size and color. The colors include shades of green, blue, orange, red, and purple. The challenges listed are:

- Global competition for 'green' investment
- Marine spatial squeeze
- Public sector's limited risk appetite
- Inflation
- Supply chain pressures
- Heightening competition between stakeholder interests
- Changes in international trade
- Complex policy, planning and consenting environment
- Structural changes in farming
- Evolving ESG expectations
- Changing climate impacting food production
- Regional economic inequalities
- Political uncertainty
- Lack of infrastructure (housing, childcare etc)
- Complexity of energy transition
- Skills & labour shortages
- Declining and / or ageing regional populations
- Need for public sector reform
- Tightening public sector budgets

# The Scottish Crown Estate - potential focus

To fulfil our core duty of sustainable stewardship - managing the Estate to protect and enhance capital value and revenue and in doing so deliver benefit for the people of Scotland - we will

- Invest in tenant service to support businesses, families and communities who lease or access the Estate.
- Gather comprehensive data to enable risk-informed decision-making that delivers improvement in the condition of terrestrial assets and the value they deliver for Scotland.
- Continue building knowledge to support optimal use of seabed, working with others to manage interactions and spatial pressures.
- Develop our approach to health & safety as the business and Estate evolves
- Be a responsible investor – establish investment strategy and terrestrial net zero transition plan, identify opportunities in climate adaptation and mitigation, develop reporting of non-financial value.
- Deploy capital in new and existing assets to protect revenues and enhance capital return.
- Deliver projects that support community-wealth building and land ownership diversification.
- Develop a Sustainability Framework to ensure sustainable development remains at the heart of what we do.





# Energy & Infrastructure – opportunities

- There are complex interdependencies to achieving just energy transition covering offshore wind, wave & tidal, grid, electrification of oil and gas, Carbon Capture & Storage (CCS), and hydrogen and interactions. These create an opportunity for Crown Estate Scotland to play a key role in optimising seabed use if a co-ordinated approach can be achieved with stakeholders including Scottish and UK Governments.
- Careful coordination of policy and agency support across UK and Scottish governments could secure substantial investment in Scottish supply chain benefits for Scotland.
- Proactive development of ports & harbours infrastructure can help attract investment opportunities including offshore wind growth, O&G decommissioning and new carbon and hydrogen market development.
- Tenant and government investment in subsea cables could support Scotland to become a fully digital nation.



# Energy & Infrastructure - potential focus

- Managing 140 agreements across offshore wind, wave & tidal, cables & pipelines, and CCS throughout development, construction, operation and end of life.
- Seabed spatial & interactions management in co-ordination with stakeholders
- Energy ports – identifying appropriate investments to help secure offshore wind supply chain benefits for Scotland
- Gas storage – CCS leasing, development management, market enabling (for example to progress CCS opportunity or hydrogen storage) & coordination with other stakeholders
- Offshore wind – leasing, enabling activities to i) support successful build-out, ii) build evidence base, iii) remove barriers to sector growth, iv) develop supply chain
- Telecoms cables – leasing and enabling (aligning with public sector support / policy).
- Support tenants' electrical cable development to facilitate net zero
- Energy Integration & Transition – leasing and enabling across wave & tidal and other emerging technologies, local systems, and hydrogen (integration potential).
- Decommissioning – O&G, early planning for offshore wind, operational alignment with regulators



# Aquaculture and marine natural capital – opportunities

- Improved regulation processes are expected following the Aquaculture Regulatory Process Review in 2021.
- Finfish sector continues to advance innovative techniques to sustainably develop the industry such as closed containment and equipment for sites further offshore.
- Shellfish and seaweed farming sectors offer significant potential for green economic growth that benefits communities.
- Managing farming in a shared public space provides opportunities for finfish sector to work with local communities and interest groups to address concerns.



# Aquaculture and marine natural capital - potential focus

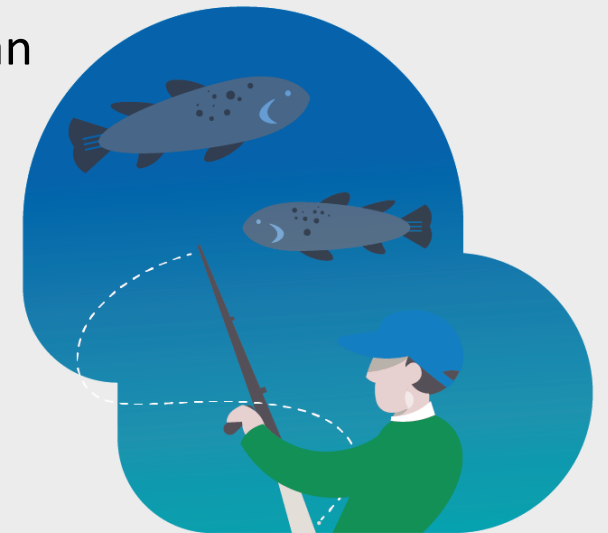
- Management approx. 580 agreements across shellfish farming, finfish farming & seaweed harvesting.
- Develop and pilot new agreements models that enhance the role of local interests
- Sustainability reporting and data management to enhance transparency and decision-making.
- Enabling and development e.g. supporting development roles within industry and providing guidance to potential seabed users.
- Aquaculture co-ordination of the seabed / co-existence and seabed management in co-ordination with other stakeholders.
- Develop policy and approach for marine natural capital asset management, assessment and validation.





# Land, buildings & place – opportunities

- The right investments in built development can help unlock value linked to the blue and green economies and help counteract income volatility across the wider estate.
- Tenants may harness the growth in rural tourism and business diversification e.g. woodland creation.
- Sporting (shooting, stalking, and fishing) can evolve to deliver more for nature.
- Carbon offsetting on rural estates may create a new revenue stream
- Boat-based tourism has proved resilient.
- Appetite for communities to develop, own and / or manage coastal zone infrastructure. such as marinas, moorings and associated onshore facilities in ways that can underpin place-based regeneration initiatives.
- Energy generation, storage and vehicle charging could help bolster community sustainability.



# Land, buildings & place - potential focus

- Managing 3120 agreements in farming, residential, coastal infrastructure, river fishing and more.
- Transformational programmes and projects delivering better outcomes for communities. Potential examples include Farming for the Future, Rural Housing Improvements, Restoring Nature, Glenlivet Estate Education, Rural Renewables, Wild Salmon Fisheries
- Identifying new ways to diversify income and ensure a balanced portfolio-based approach to investment. This will involve acquisitions, divestments and development.
- Establish minimum standards for the future management of the portfolio to protect revenues and capital value.
- Establish data-led, risk-informed decision-making including work to develop a digital twin.
- Place-based investment and development to bring forward circa 2,000 homes.
- Climate adaptation and measures to protect the communities we serve and support.
- Decarbonisation, energy storage and energy generation.



# Resilience and efficiency - potential focus

## Invest in our people and partnerships

- Implement strategic workforce planning and invest in our people to provide capacity and capability to deliver a new and ambitious corporate plan.
- Increased focus on Value for Money, delivery, impact, outcomes and benefits reporting.
- Deliver our People Strategy to ensure Crown Estate Scotland is a healthy, diverse and inclusive place to work, and that we align with the Fair Work principles.
- Strengthen our approach to diversity and inclusion, including reporting externally in line with the duties in the Equality Act 2010.
- Strengthen employee engagement & internal communications
- Support Scottish Government's Board recruitment to help ensure the right mix of sectoral and professional expertise.
- Invest in targeted engagement with stakeholders and improve use of data and insights to provide effective and accessible communications.



# Resilience and efficiency - potential focus

## Working safely and effectively

- Provide a safe, compliant and secure environment for our staff, tenants and customers.
- Strengthen governance and data security.
- Refresh the corporate performance management framework (KPIs) and benefits reporting.
- Enable evidence-led decision-making and ongoing compliance with SPFM.
- Enhance organisational capacity and resilience through an organisational design review.
- Strengthen approach to risk management including health & safety.
- Embed PMO and Project Management capability across the organisation.
- Review procurement processes to enhance sustainability and ESG.





# Please tell us what you think

- Email [corporate@crownestatescotland.com](mailto:corporate@crownestatescotland.com) for a copy of these slides and link to short survey to give us your feedback. We can also add you to our mailing list for further updates.

