

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.

Asset summary

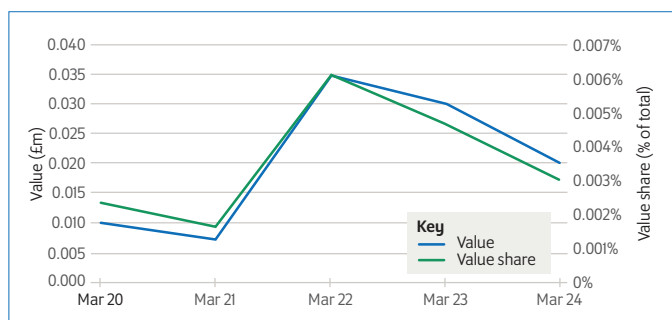
Scotland has the potential to use our offshore geological storage assets, such as can be found in the Central North Sea, to host cutting-edge Carbon Capture and Storage (CCS) technology to respond to climate change demands to reduce CO₂ in the world's atmosphere.

Scotland is uniquely positioned to make use of both its natural resources and existing skills within our energy supply chain to take substantial steps to meet Scotland's climate change targets. There is also opportunity to provide a hub for storage for the UK and also for import from Europe.

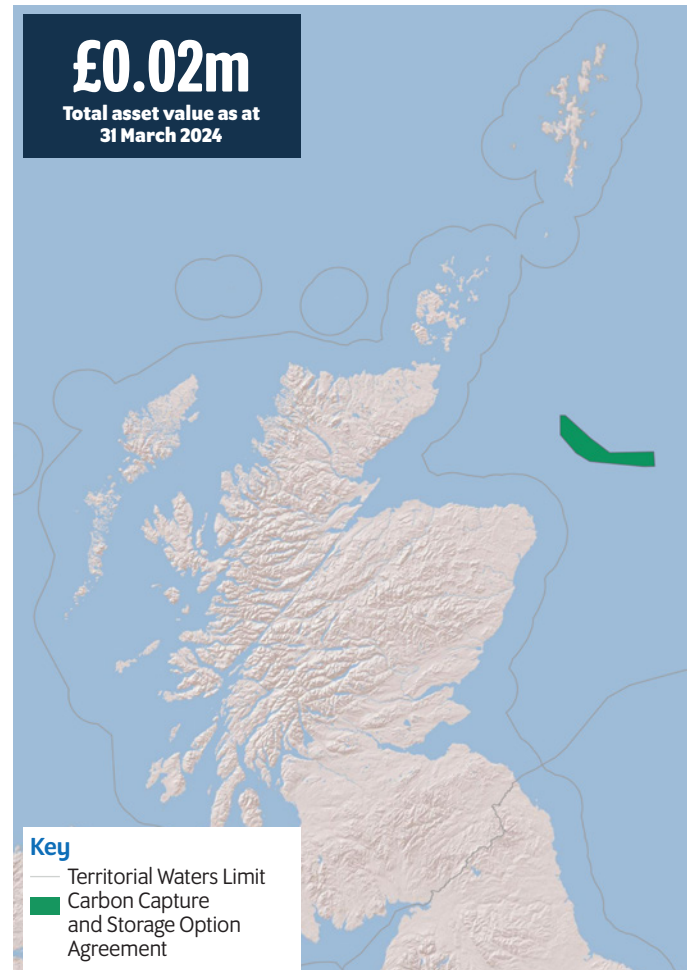
Asset and financial information

Asset information	Value
No of agreements	1
Value (March 2024)	£0.02m
Value share (% of total Estate value, March 2024)	0.003

Carbon Capture & Storage – change in value and value share over time

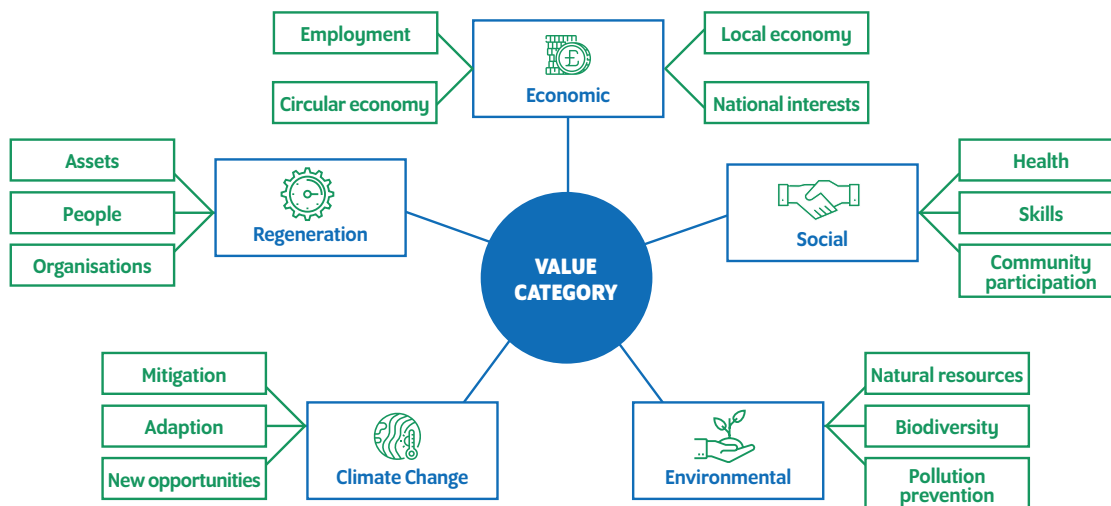


Carbon capture & storage asset map



Map correct as at September 2024. 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

Next steps

The Value Project started in 2019 as a direct response to this need to define the wider value of CES's activities.

In 2023, with the help of Savills Earth we completed development of our new Value Reporting Framework (VRF). This framework will support CES to shape data gathering to inform non-financial metrics and will help to inform our future decision-making, reporting, and monitoring processes.

The VRF seeks to measure the value created through all of CES's activities, producing quantitative and qualitative data for investment case decision making and annual reporting.

To achieve this a systematic process for measuring value was developed, in which our five wider value categories – climate change, social, economic, environmental and regeneration – were individually assigned a specific value indicator, with each indicator directly tied to its own value creation metric.

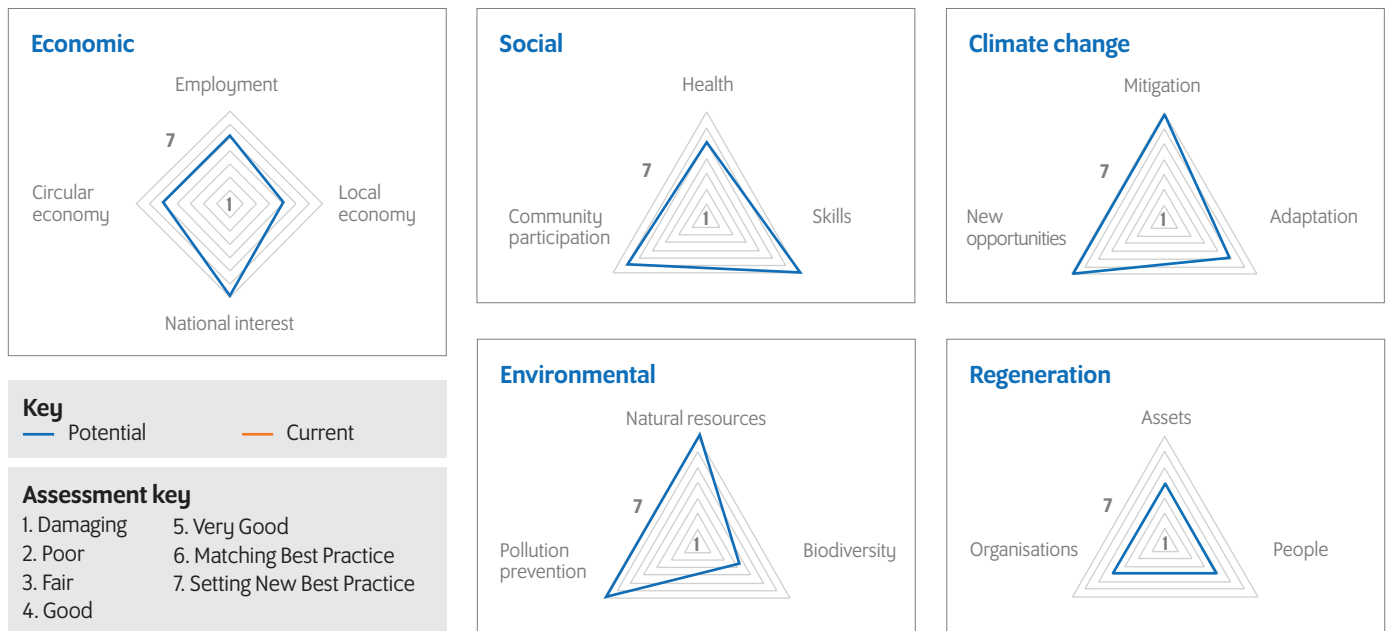
We have now incorporated indicators relating to employment, investment, and social cost of carbon into our annual reporting and further indicators will be added going forwards.

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 CCS, key areas identified with potential for increased wider value as follows:

- **Economic** –Scotland is well positioned to demonstrate leadership and operate as a hub for storage of CO₂ from the UK and Europe. There are also opportunities in relation to circular economy through the reuse of existing pipelines to transport CO₂.
- **Climate change** –significant potential has been identified in relation to mitigation and new opportunities given CCS is likely to have a key role in supporting industrial decarbonisation.

Opportunities	Threats
<ul style="list-style-type: none"> • Decarbonisation of Scotland’s industry and meeting net zero targets; • Provision of ‘no regrets’ CO2 transport and storage infrastructure that attracts inward investment to Scotland as a place to locate industry as it transitions from net emitter to net zero; • Exploring aligned leasing and licensing processes with NSTA to provide visibility, certainty and confidence to the market; • Providing skilled jobs building on oil and gas expertise; • Utilises oil and gas supply chain; and • Scale of storage capacity allows Scotland to sell storage and become major provider to Europe and beyond. 	<ul style="list-style-type: none"> • Uncertainty on timing and structure of business models and financial support mechanisms as sector transitions towards merchant-base; and • Public perception of the sector failing to find full support due to nuanced messaging and complexity.



This full value potential is indicated by the blue line. There are currently no operational CCS sites. Therefore no assessment of current performance is shown on the diagrams.

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 2020-2026 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 CCS, some examples of our activities include:

Co-ordinator

- Managing potential interactions and solutions between CCS and offshore wind projects.
- Understanding the impact of legacy oil & gas wells on the integrity of CO2 storage on the estate.

Enabler

- Supporting and funding research and technical studies to enable the CCS sector.
- Collaborating with government and enterprise agencies to progress the sector; contributing to key industry groups such as NECCUS.
- We are sponsoring a three year PhD project in partnership with researchers from the Lyell Centre for Earth and Marine Sciences – a Heriot-Watt University Global Research Institute – to examine the position of such legacy oil and gas wells and evaluate their possible impact on CCS operations, and provide valuable data to help the roll-out of this essential technology to achieve industrial decarbonisation. For more information, please visit [here](#).

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.

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

Key

- Inactive
- Low
- Medium
- High

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