



# Finfish Farming Asset Profile

## 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

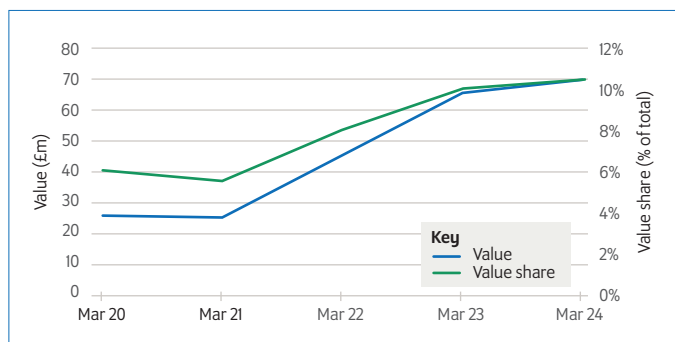
Finfish farming is one of Scotland's most important industries and is both Scotland and the UK's top food export. As a sector it boosts economy and employment, particularly in coastal locations where other job opportunities are scarce.

Finfish farming operations require a Crown Estate Scotland lease. However, we are not a regulator and have no statutory function in relation to the industry. Planning consent is issued by local authorities and a marine licence is issued from the Scottish Government's Marine Directorate. Finfish sites also require a CAR licence from SEPA.

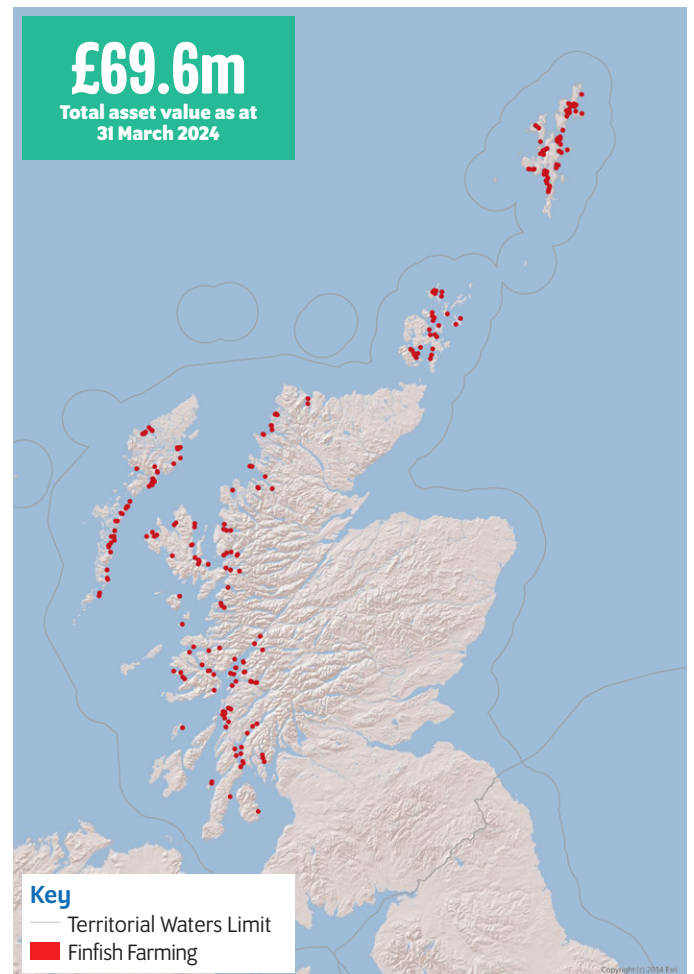
### Asset and financial information

Asset information	Value
No of agreements	282
Value (March 2024)	£69.6m
Value share (% of total Estate value, March 2024)	10.46

### Finfish farming – change in value and value share over time

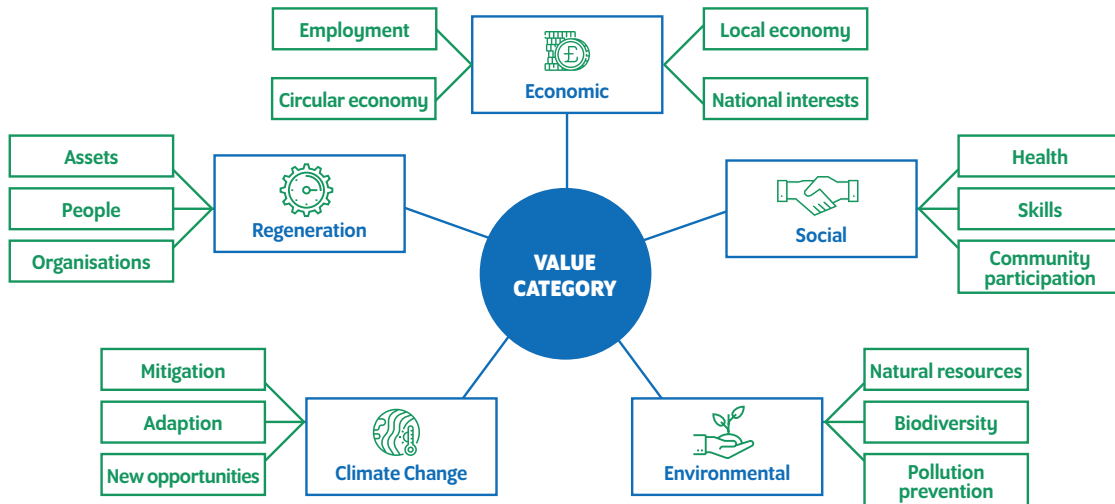


### Finfish asset map



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.

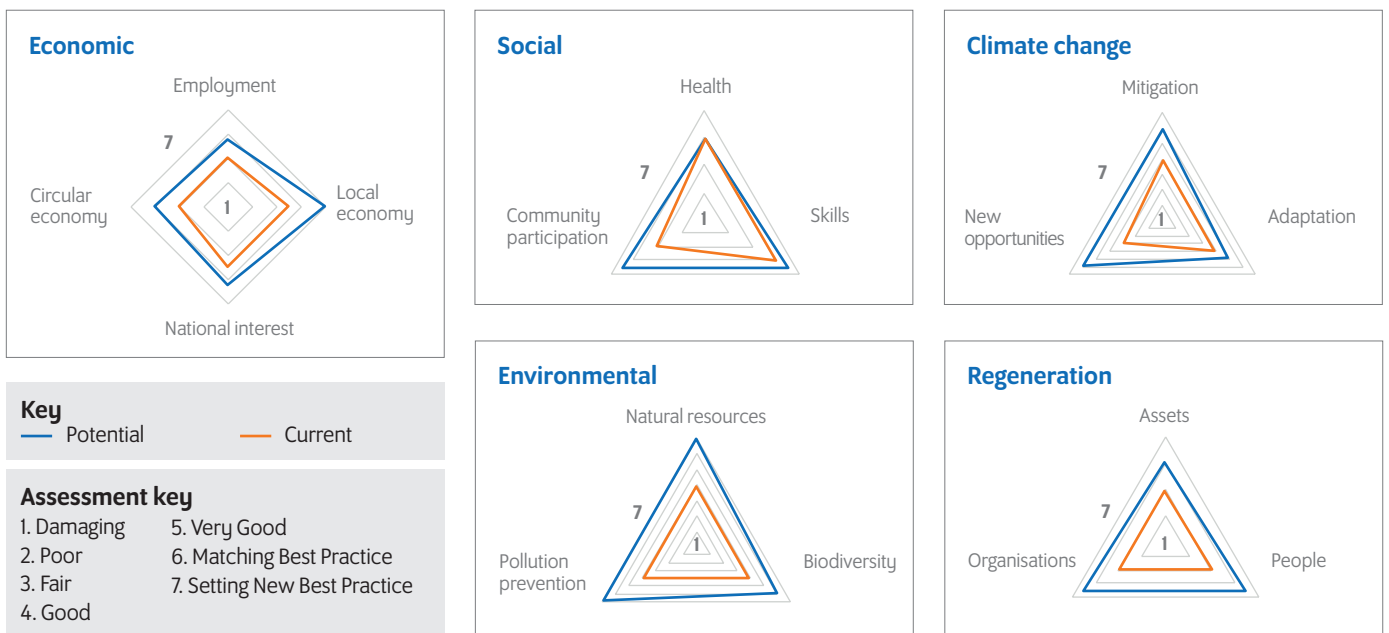
We have now incorporated indicators relating to employment, investment, and social cost of carbon into our annual reporting and further indicators will be added going forwards.

## 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 finfish, key areas identified with potential for increased wider value include:

- **Economic** – increased employment and local economy benefits, particularly in the Highlands and Islands, through expansion of the sector and increased use of the local supply chain (e.g. production of eggs).
- **Environment** – use of new technology and farming methods such as containment can deliver increased benefits in relation to pollution prevention and natural resources.
- **Climate change** – potential to reduce the carbon footprint of the sector e.g. through shifts to use of less carbon intensive feed sources such as soya.

Opportunities	Threats
<ul style="list-style-type: none"> <li>• The finfish sector continues to advance innovative techniques to sustainably develop the industry such as closed containment or waste capture technologies and equipment for finfish sites further offshore;</li> <li>• The aquaculture sector is currently going through a regulatory review which will enable improved performance accountability and social acceptance of finfish farming; and</li> <li>• Local supply chain opportunities are maximised.</li> </ul>	<ul style="list-style-type: none"> <li>• Biological challenges relating to rising sea temperatures including sea lice and gill health;</li> <li>• Land-based aquaculture systems become more prevalent internationally, lowering demand for Scottish salmon;</li> <li>• Trade agreements and transport disruptions have brought significant challenges for international trade; and</li> <li>• Managing farming activities in a shared public space, will necessitate working with local communities and interest groups to address concerns regarding the growth of the finfish sector.</li> </ul>



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 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 finfish, some examples of our activities include:

#### Investor

- We have established a new Directorate focusing on Aquaculture and Ecosystem Services to lead on this work.

#### Enabler

- Working with tenants and other stakeholders to encourage transparency in the sector, particularly in relation to site monitoring whereby tenants provide results to SEPA's Aquaculture Portal.
- Funding a post at Fisheries Management Scotland, supporting wild salmon conservation through improved liaison with the aquaculture sector.

#### Asset Manager

- We completed a [Root & Branch review of aquaculture leasing](#) in January 2022. Charges for finfish tenants have increased to put producers on a level playing field with other commercial users of the seabed. Revised lease terms have been implemented to encourage assets to be managed in a way that demonstrates responsible stewardship of a shared marine space. This involves the submission of reports on the use of plastics on leased sites and collaborative management agreements where tenants are working to manage the interactions of farmed. First reports were submitted in January 2024.

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.

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

**Key**

- Inactive
- Low
- Medium
- High

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Financial information as of March 2024, other information as of July 2024. Some figures in this profile have been rounded.

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