

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

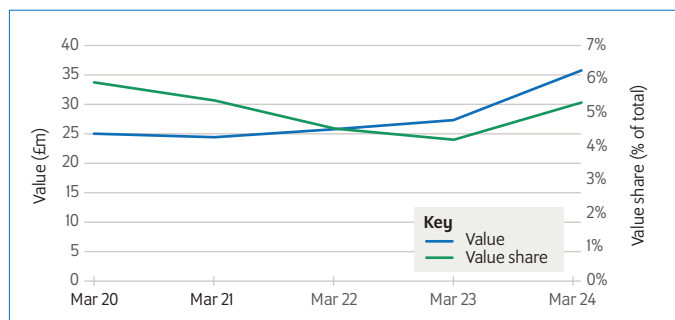
We provide licences to give developers the property rights they need to lay, maintain and operate cables and pipelines on the seabed up to 12 nautical miles from the shore. Electricity cables includes transmission voltage cables connecting two onshore points. Cables to connect offshore generation to shore are not included in this category. Pipelines are licensed as a single category. Telecoms cables can be divided into:

- Transiting Cables, which pass through Scottish Territorial Waters (STW) but do not make landfall in the UK; or International Cables, which start / terminate in Scotland and start / terminate outside STW (and are not local cables); and
- Local Cables, which start and terminate in the UK, Ireland and the Isle of Man, serving local connectivity demands.

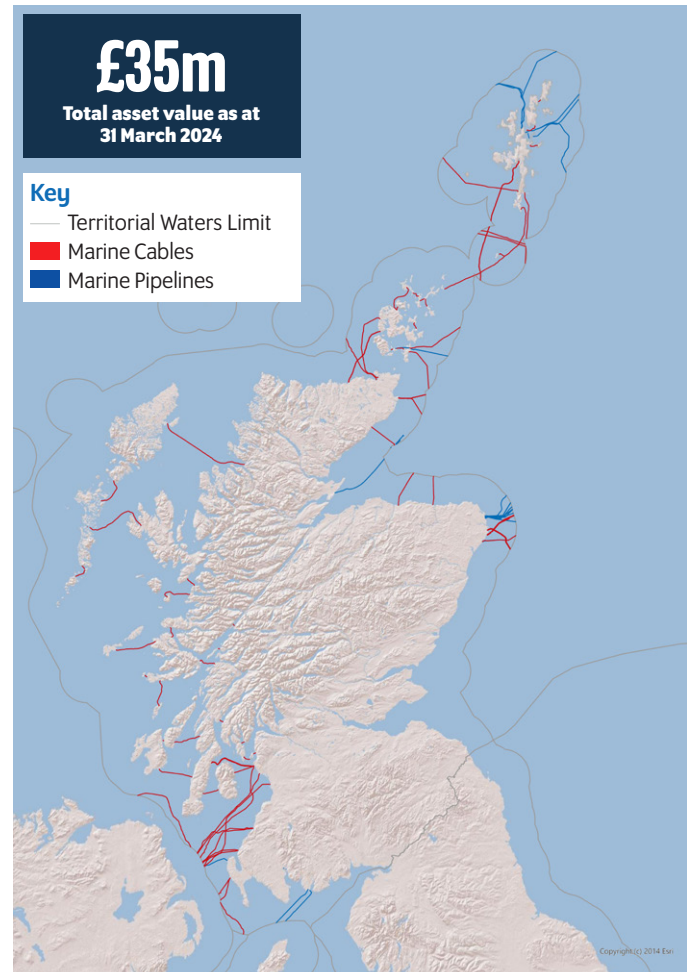
Asset and financial information

Asset information	Value
No of agreements	48
Value (March 2024)	£35m
Value share (% of total Estate value, March 2024)	5.3

Marine Cables & Pipelines – change in value and value share over time

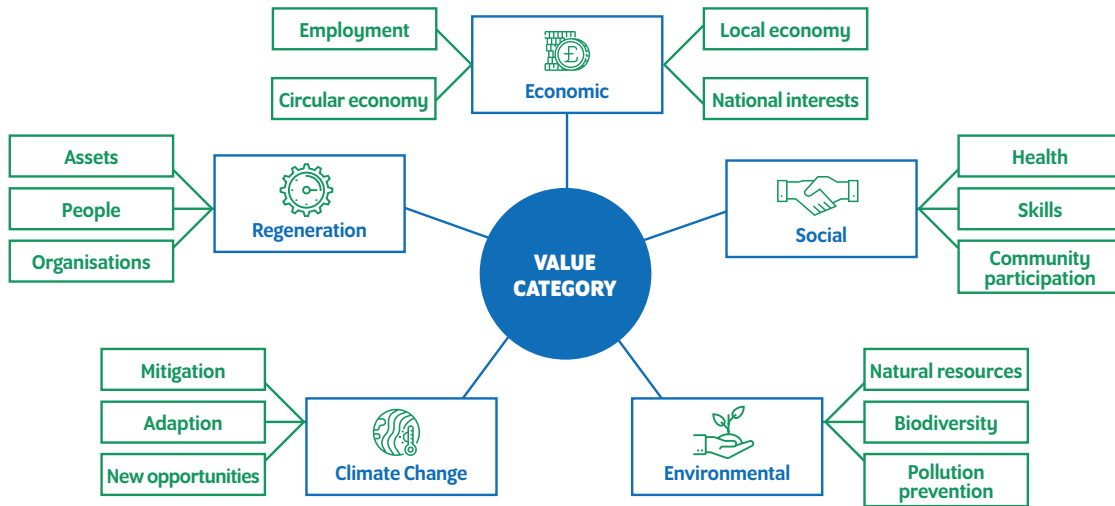


Marine Cables & Pipelines asset map



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 marine cables & pipelines, key areas identified with potential for increased wider value include:

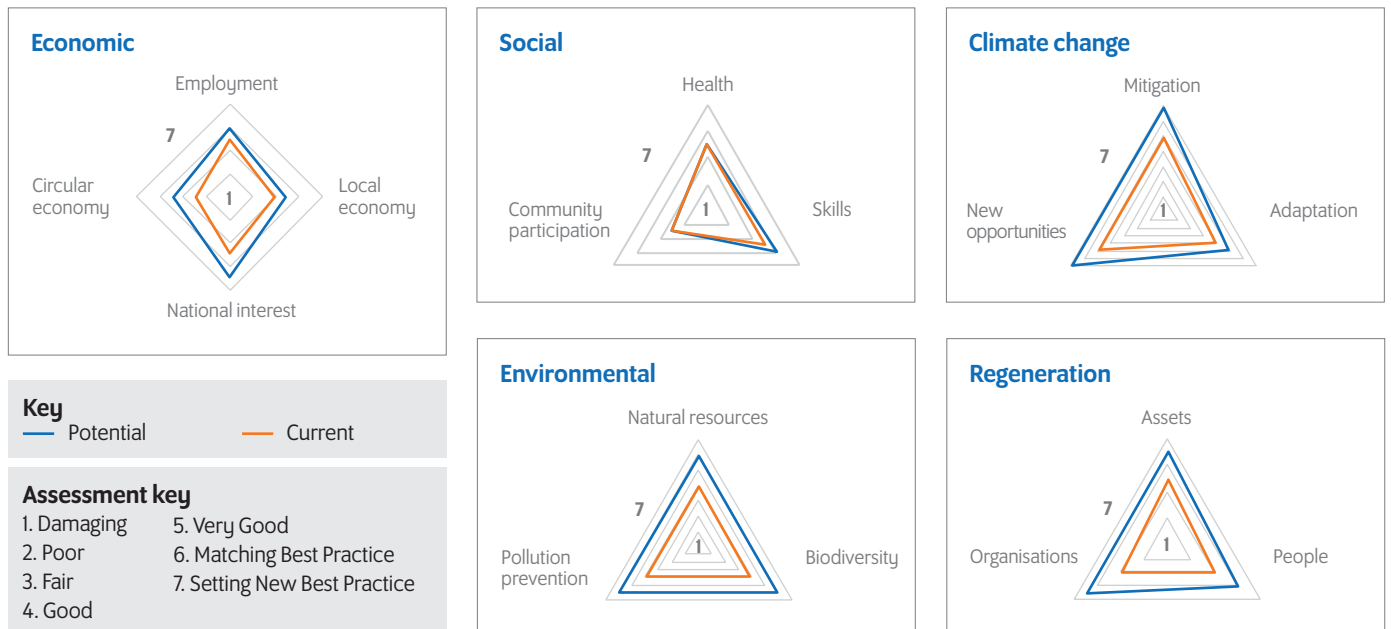
- **Economic** – Significant potential for national interest in relation to energy interconnectors, pipelines for hydrogen transport and gas storage, and especially data centres. These can drive substantial economic growth by attracting new investors, supporting employment, and strengthening local supply chains. The expansion of data centres will enhance Scotland's competitiveness and internet resilience, providing direct links to international markets and boosting the digital and data economy. Oil and gas jobs likely to decrease in the medium-term. Circular economy potential where existing pipelines can be reused for hydrogen transport and gas storage.
- **Climate change** – Significant opportunities for investment into electricity cables to enable a Net Zero electricity system. By positioning Scotland as a leader in green data hosting, the country can significantly reduce carbon emissions and promote eco-friendly practices in the digital sector.

Opportunities

- Reuse of pipelines for new non hydrocarbon gas transport;
- Increased demand for subsea fibre optic cables as demand for internet capacity grows;
- Increased broadband delivery to islands and remote locations which delivers economic growth; and
- Investment into electricity cables to enable a Net Zero electricity system.

Threats

- Declining oil and gas sector will lead to decommissioning of assets in the North Sea; and
- Changing risk profile for energy & digital infrastructure security as more critical assets located offshore.



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 marine cables & pipelines, some examples of our activities include:

Asset Manager

- Leasing agreements that enable grid reinforcement and expansions project to enable renewable generation and deliver Net Zero.
- Working with tenants and wider stakeholders to ensure assets at the end of their life are decommissioned appropriately.

Enabler

- Completed a study with Scottish Enterprise and Scottish Futures Trust to identify potential sites for data centres.
- Working with the pipeline sector to understand the potential future use of assets.

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.

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

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