

## 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.

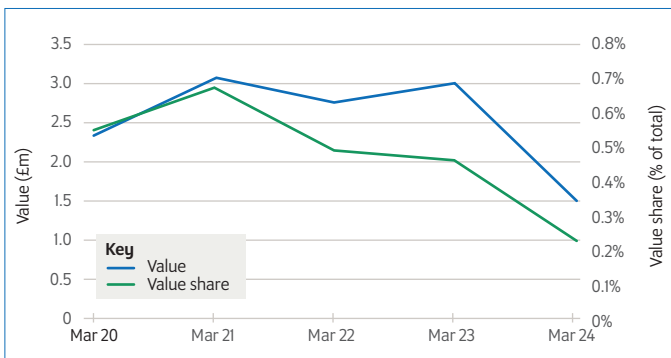
## Asset summary

We grant leases to commercial mineral operators to exploit minerals found on our four rural estates (operators require to obtain planning approval for their activity). We aim to balance generating an income from these assets with making sure they are managed responsibly. In addition, we manage the rights to naturally occurring gold and silver (known as Mines Royal) across most of Scotland. In a few specific areas, these rights have been granted away. Currently our income is derived from sand and gravel extraction at Whitehill and Fochabers, and a Mines Royal lease and options.

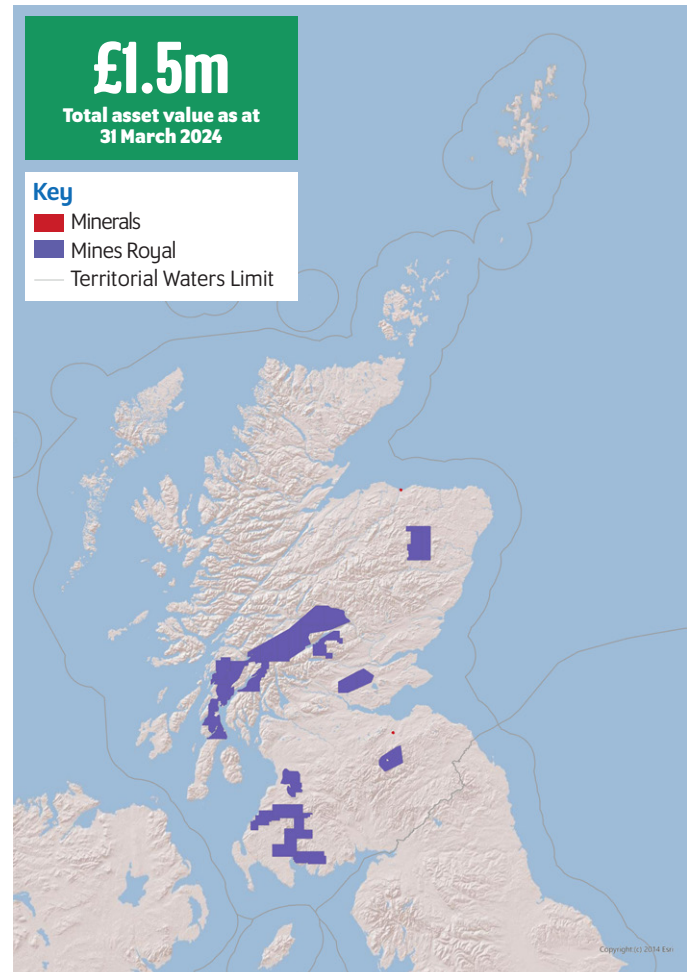
### Asset and financial information

Asset information	Value
No of agreements	32
Value (March 2024)	£1.5m
Value share (% of total Estate value, March 2024)	0.2

### Minerals and mines – change in value and value share over time

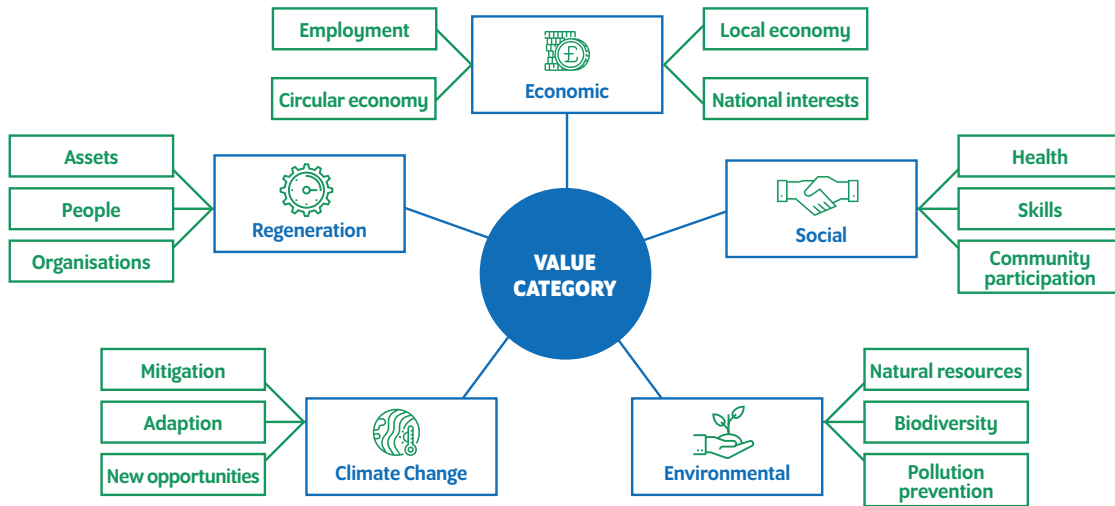


## Minerals and Mines Royal options and leases map



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 minerals and mines royal, key areas identified with potential for increased wider value include:

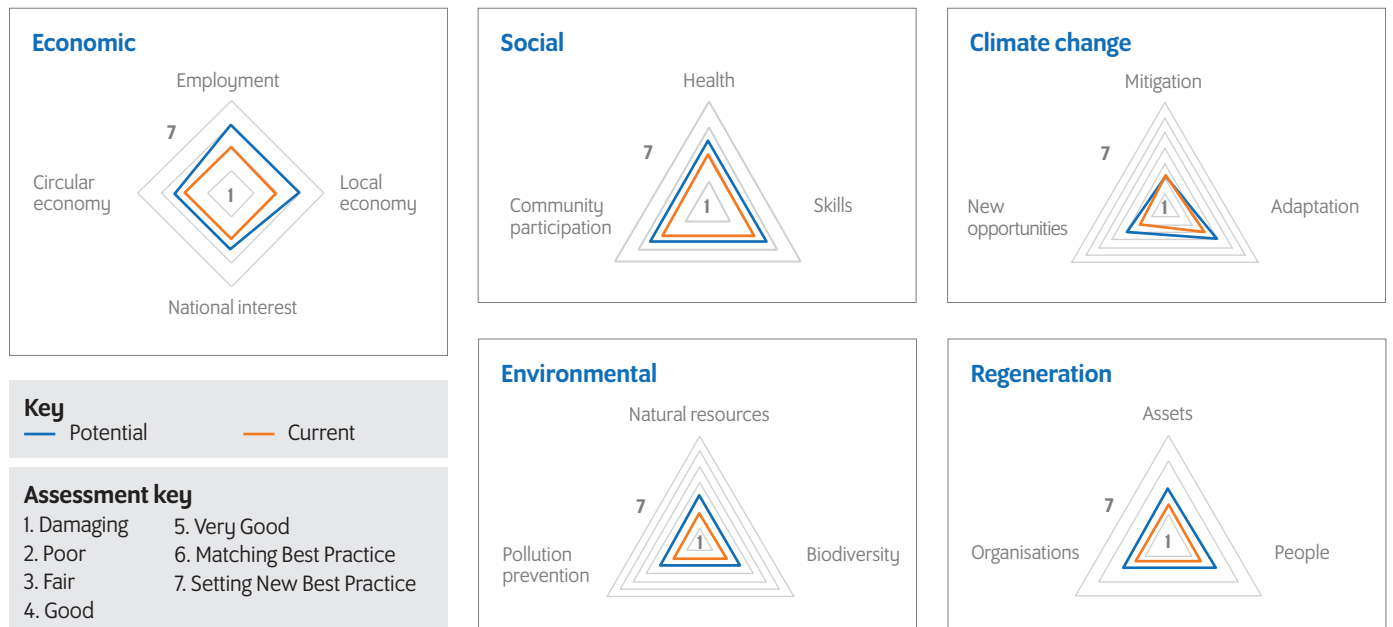
- **Economic** – New gold mines can create significant employment opportunities and associated indirect local economic benefits in remote and rural locations.

### Opportunities

- Increased employment in remote rural locations;
- Rising value of gold;
- New opportunities for gold mining resulting from improved techniques with better recovery rates;
- Scottish gold as a brand and marketing resource; and
- Increased interest in critical minerals to support renewables projects.

### Threats

- Gold mining requires significant private investment given high development costs; and
- Despite a higher gold price, private investors are focusing on critical minerals rather than gold mining.



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 minerals and mines royal, some examples of our activities include

#### Asset manager

- Scotland's only gold mine became operational and built up to full productivity in Q2 of 2022. We played a significant effort to secure an operational gold mine in Scotland. Working closely with the tenant to obtain planning approvals, structuring leasing arrangements and facilitating many initiatives. As of Q3 of 2024, we continue to support the tenant, Scotgold, while they source new financial backing to re-start production.
- For new sand and gravel operations, we review relevant planning documents and require operators to undertake community engagement.
- Working with a tenant at Whitehill to facilitate their expansion into a new area and continue production.

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.

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

**Key**

- Inactive
- Low
- Medium
- High

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